Which School of thought better measure the concept of Market Orientation

(Comparison between Kohli & Jaworski and Slater & Narver)
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Abstract
Market Orientation (MO) is an important Marketing tool which is explained by various MO schools of thought. All schools of thought have identified the significant impact of market orientation on firm’s performance but, none of them entirely explained the concept of Market orientation (MO). Studies emphasized on different aspects of market orientation e.g., decision making, cultural aspect, market intelligence, strategic aspect & customer orientation perspective. This Research paper intends to support market intelligence perspective of (Kohli & Jaworski, 1990) due to its way to approach market orientation (MO) in three important ways; Intelligence dissemination, intelligence generation & intelligence responsiveness which helps organizations to understand current & future need of customer, dissemination of intelligence across various department & then organization-wide its responsiveness.

Key words: Market Orientation (MO); Schools of thought of MO; Organizational Performance

1-INTRODUCTION

1.1- Defining Market Orientation (MO)

Concept of market orientation is defined by researchers in different ways such as current studies shows market orientation as implementation of the marketing concept (Kohli & Jaworski, 1990). Market orientation (MO) is a business approach, emphasize to identify & achieve stated and hidden wants of customers. Market orientation is further defined as generation and distribution of market intelligence based on information of customer’s current & future needs & wants. And, exogenous factor influences over that needs (Kohli & Jaworski, 1990). Market orientation is considered as culture of organization based on three behavioral components e.g., customer orientation, inter-functional coordination & competitor orientation (Slater & Narver, 1994) whereas according to researcher (Kohli & Jaworski, 1990), market orientation is elaborated as ‘organization-wide generation’ of market intelligence, dissemination of the intelligence across departments and organizational-wide responsiveness to it (Kohli & Jaworski, 1990). The concept of ‘Market orientation (MO)’ is different than the concept of ‘Marketing Orientation’ where the concept of market orientation is broader that Marketing concept which focus to entire activities related to organization and the concept of marketing orientation is associated with customer’s orientation. But, concern of this research is to define and
understand the concept & significance of market orientation (MO) in term of important schools of thought.

Further, Market orientation (MO) is related to organizational culture which effectively build superior value for the customers (Narver & Slater, 1990). According to (Becker, 1999) market orientation is the degree where different management approaches of the firm are designed in a ‘market-oriented’ way. As conceptual aspect, Market orientation is considered in three perspectives such as; behavioral approach, cultural approach & system based approach/perspective (Becker, 1999). Market Orientation (MO) further conceptualized as cultural and behavioral perspective (Homburg & Pflesser, 2000).

1.2- Importance of Market Orientation

Literature shows market orientation as vital for organizations because, it has positive impact on performance of organization. According to researchers (Kohli & Jaworski, 1990; Narver & Slater, 1990), success of an organizations based in adoption of marketing concept. Market orientation affect the organizations performance either weaker or higher, depends on environmental conditions e.g., market turbulence and competitive intensity (Houston, 1986). Market Orientation is positively associated with superior performance (Harris & Ogbonna, 2001; Jaworski & Kohli, 1993; Kirca, Jayachandran, & Bearden, 2005; Langerak, 2003; Ruekert, 1992; Shoham & Rose, 2001; Slater & Narver, 2000; Webster, 1988). According to another researchers; Market orientation is positively related to the profitability (Ruekert, 1992; Slater & Narver, 1994) and increase the sales, revenue, maximum level of employee’s satisfaction as well as commitment of the employee towards organization (Slater & Narver, 1994). Some studies in literature shows that this concept of market orientation leads towards higher innovation as well enterprise success (Helfert, Ritter, & Walter, 2001). To be a market oriented is very important and fruitful for organizations because it positively affect on the efficiency of the organization(Kohli & Jaworski, 1990). Market orientation is important because it enhances the presentation of organization in market (Jaworski & Kohli, 1993). More, this concept of market orientation increases customer’s service as well retention of the customers (Slater & Narver, 1994). However, some researchers on other side, reported as non-significant effects of market orientation (MO) (Bhuian, 1997; Sandvik & Sandvik, 2003) which explain that market orientation (MO) not always put positive influence but have also negative influence.

1.3- Research Objectives & Research Questions

The basic objective to conduct this research is to understand the concept of ‘market orientation’ and ‘marketing orientation’ by studying various schools of thoughts or marketing orientations (MO). So, by doing so, this research endeavor to answer the following questions;

1. What is difference between market orientation and marketing orientation?
2. Which school of thought better explain the concept of market orientation (MO)?

2- LITERATURE REVIEW
2.1- Market Orientation (MO) schools of thought

According to market orientation (MO) schools of thought, concept of market orientation have dissimilar perspectives (Slater & Narver, 1994), (Kohli & Jaworski, 1990), (Becker, 1999), (Shapiro, 1988), (Narver & Slater, 1990), (Ruekert, 1992), (Deshpand, et al., 1993), where perspective of decision making is expressed by (Shapiro, 1988), perspective of market intelligence (Kohli & Jaworski, 1990), perspective of cultural & behavioral (Narver & Slater, 1990), perspective strategic (Ruekert, 1992), and perspective of customer orientation (Deshpand, et al., 1993). This research presented a framework of some important schools of thought that explain the concept of market orientation presented in Figure 1.

Figure 1, shows the different schools of thought of marketing orientation (MO). And, among above schools of thought (Deshpand, et al., 1993; Narver & Slater, 1990) are highly focus on culture & (Kohli & Jaworski, 1990; Ruekert, 1992; Shapiro, 1988) and managerial focus” (Sheppard).

(Figure 1: Market Orientation-School of thought)

High focus of this Research paper will be on two important schools of thought (Narver & Slater, 1990; Slater & Narver, 1992, 1994, 2000) and (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990) which are
two most well-known & well studied market orientation concepts. According to researcher marketing orientation (MO) is considered as the accomplishment of the marketing concept where to create value for the customers (Kohli & Jaworski, 1990) whereas according to (Narver & Slater, 1990) marketing orientation is considered as organization’s internal environment. This study contributes to understand the importance of both well studied schools of thought to better measure this concept of market orientation (MO). Further, marketing orientation concept defined by both schools of thought are explained below,

1.5- Narver and Slater MO school of thought

First study to identify the concept of market orientation as the determinant of a organizational profitability is presented by (Narver & Slater, 1990) & later it also identified the strong relationship between market orientation (MO) and profitability of the organization, based on; sales growth, customer retention & new product success (Narver & Slater, 1990). According to the approach of (Narver & Slater, 1990), market orientation leads higher satisfaction of customer, organizational commitment, consumer satisfaction and entire employees of the organization.

According to (Narver & Slater, 1990) market orientation is a concept where employees of the organizations are committed to continuous formation of advanced value for the customers. Market orientation (MO) perspective, includes culturally and behavioral based perspective where organizational culture is further based on three behavioral components; customer orientation, competitor orientation and inter-functional coordination (Narver & Slater, 1990). More, customer orientation involves to understanding target buyers & overtime in order to build worth for the customers. And, competitor orientation consist on acquiring information, based on existing & potential competitor to well understanding the short term strengths & weaknesses, long term capabilities of both and lastly, Inter-functional coordination involved to coordinated utilization of the recourses of the organization to creating unique and superior value for target customers.

2.2- Kohli and Jaworski MO School of thought

The concept of Kohli & Jaworski also plays an important role in defining the concept of market orientation (MO) where researchers refers to organization wide generation of market intelligence, dissemination of the intelligence across departments and organization wide responsiveness to it (Kohli & Jaworski, 1990). According to (Kohli & Jaworski, 1990) market orientation (MO) include the perspective of market intelligence and considered market orientation as marketing concept. Further, Market orientation is defined as the generation and dissemination of market intelligence (Kohli & Jaworski, 1990). Market orientation (MO) is as an important determinant of success for business and stated as a key element for organizations.

3- RESEARCH METHODOLOGIES

This study begin with the simple search through certain keywords on Google search engine e.g., ‘MO & Market orientation, ‘Marketing orientation’, ‘Market orientation vs. marketing orientation’ to
clutch & realize the basic terminologies. After this, various research papers are being downloaded from different database like JSTORE, Elsevier, Emerald and web of science for extensive literature review. Moreover, data is being collected from diverse articles got reliable internet sources; Wikipedia and libraries. Further, data reviewed from relevant books after study in manual library. Along with all these sources, 40 articles selected and then 25 papers having good impact factors are finalized to accomplishment for this study.

4- DISCUSSION ABOUT COMPARATIVE STUDY

As earlier discussed, concept of market orientation (MO) is well studied by two most important schools of thought (Kohli & Jaworski, 1990) and (Narver & Slater, 1990). Market orientation by these two schools of thought is cultural based (Narver & Slater, 1990) & activity based (Kohli & Jaworski, 1990). Market intelligence perspective of market orientation is also proposed by (Kohli & Jaworski, 1990) that is accepted as the most acceptable approach among various scholars (Caruana, Ramaseshan, & Ewing, 1998; Jaworski & Kohli, 1993; Raju, Lonial, & Gupta, 1995). Furthermore, the concept of (Kohli & Jaworski, 1990) discussed, the organization that are market-oriented, have three pillars of marketing concept; co-ordinate the marketing, profitability and customer focused. According to researcher (Kohli & Jaworski, 1990), this perspective intends to understand certain steps below presented;

- Departments are engaged such an activities to develop understanding of customer’s current & future needs and factor which affect on them.
- Sharing of this understanding across different departments,
- Lastly, various departments engaging in activities designed to meet selected customer needs.

Moreover, market orientation (MO) is also presented as organizational internally efficiency which create necessary behavior to create the value for buyers (Narver & Slater, 1990). Market orientation (MO) is determinant of company’s profitability (Narver & Slater, 1990) and the later show stronger relationship between market orientation (MO) & performance (Slater & Narver, 1994), key business success factor (Webster, 1988) etc. But on the behalf of these benefits or characteristics of each perspective, can’t be emphasized completely on any single schools of thought because none of the market orientation perspectives is comprehensive enough to determine the real picture of the market orientation of an organization (Zebal, 2003). The core objective of this research is to support one school of thought that better describe market orientation (MO). This research intends to support the Kohli and Jaworski study of market orientation due to certain reasons presented below;

4.1- Argument in support of (Kohli & Jaworski, 1990) School of Thought of market orientation (MO)

After studying literature through different articles of market orientation this paper support (Kohli & Jaworski, 1990) schools of thought to measure the concept of market orientation. Previously, description of each school of thought is defined by discussing different perspectives of market orientation (MO). This research also clarifies, that not any single school of thought completely enough to generate a real picture of market orientation because different studies emphasized on different
perspective. This study argues in the favor of Kohli and Jawroski school of thought which deals market orientation in diverse ways presented in Figure 2 and 3.

(Figure 2: Kohli & Jaworski, 1990)

This school of thought approaches market orientation (MO) in broader way and according to (Kohli & Jaworski, 1990) such as intelligence generation of marketing intelligence perspective not only understand current needs of customers but also future needs and help to go beyond the needs and preferences of different customers. Secondly sharing of information and understanding across different departments of organizations. Thirdly & lastly, all departments engaging in the activities which are designed to meet customer needs and wants in efficient way. So, Kohli & Jaworski covered a process from identification of customer need to its fulfillment. Further, this school of thought explain the concept of market orientation (MO) presented in Figure 3 based on customer understanding, sharing this understanding and engaging departments (Kohli & Jaworski, 1990) which covers maximum aspects to satisfy customer’s need where organizations try to create value for the customer and which is actual achievement for an organizations to create value, because, it helps to create long term relationship with customer. Organizations know the importance of customer’s loyalty and customer loyalty can only be gained through value creation. So, this concept of (Kohli & Jaworski, 1990) helps organizations to achieve this objective having multiple approaches as compare to other school of thought.

(Figure 3: Kohli & Jaworski, 1990)

4.2- Criticism

On the other side different researcher also criticized the (Narver & Slater, 1990) school of thought. Researcher claimed about the concept of this school of thought (Dreher, 1993).

Moreover, according to (Jaworski & Kohli, 1993) who criticized this school of thought in three actual points. Firstly, they claimed, the study identifies the market only as competitor and customer without considering the different
factors that influence over them such as environmental factors. Secondly, their study does not considered the speed with which market information is generated and dispersed across an organization. Thirdly, their scale items do not reflect specific activities and behaviors which reflect a market orientation.

5- CONCLUSION

It is concluded, there are different schools of thought explained the concept of market orientation in diverse perspectives which shows affect of market orientation (MO) on firm’s performance but, none of them completely explained the concept of market orientation (MO). Different researches emphasized on different perspectives of marketing orientation e.g. market intelligence, decision making, cultural, strategic as well as customer orientation perspective. This Research paper intends to support market intelligence perspective of Kohli and Jaworski due to its way to approach MO in three different & important ways like; intelligence generation, intelligence dissemination and intelligence responsiveness which helps to understand current and future need of customer, dissemination of intelligence across various department and then organization-wide its responsiveness.

REFERENCES


