THE ANTECEDENTS OF MARKET ORIENTATION IN FMCG SECTOR OF PAKISTAN

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ABSTRACT

Despite the substantial importance of the marketing concept and its implementation in the modern business arena, extensive research has not been undertaken in developing countries. Market orientation models have only been developed and tested for developed countries. This need for a market orientation model that is applicable to developing countries underlies the principal purpose of this research to develop a model of market orientation and test it in a developing country like Pakistan. For this purpose, the researchers revisited the leading market orientation perspective market intelligence perspective (Kohli and Jaworski, 1990).

The vital issues of the market orientation model were identified from the large body of literature, and a conceptual framework of market orientation was proposed. This framework was then tested in order to identify the linkage between market orientation and its antecedents. Quantitative research methods were used to arrive at a valid and convergent conclusion about the market orientation and its relationships with antecedents. For this purpose, quantitative survey data were obtained from officials of both marketing and non-marketing departments of the consumer goods manufacturing companies in Pakistan. The findings of the study supported the hypotheses of the study and confirmed the applicability of the proposed market orientation framework. The findings of the study indicated that the market orientation of the consumer goods manufacturing companies in Pakistan is determined by six internal (top management emphasis, Risk Posture, Centralization and Formalization, interdepartmental conflict, and interdepartmental connectedness).

The findings of this study are mostly consistent with the previous market orientation studies undertaken in developed countries.

Keywords*: Market Orientation, Top Management Emphasis, Risk Aversion, Centerlization, Formalization, interdepartmental conflict, and interdepartmental connectedness*

INTRODUCTION

For more than three decades, scholars in marketing have emphasised that a market oriented although, only a few companies are fully market driven, managers are beginning to see MO as

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1. Author to whom all correspondence should be addressed. organisation will benefit from superior market performance (Kotler 1984; Kotler and Andreasen 1987; Levitt 1960; Narver and Slater 1990). In fact, the subject of market orientation (MO) has become so charismatic, that recently the Marketing Science Institute designated MO as a high priority area for research (Cravens *et al.* 1998).

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a pivotal factor in securing and maintaining market leadership. Businesses today are experiencing a market driven era. So, the spotlight is on MO as opposed to sales orientation, with the objective being to secure long-term profitability, as opposed to short-term gain. Cravens et al. (1998), attribute the success of organizations to the company's focus on being market-oriented. Cravens et al. (1998) argue that being market-oriented creates an environment for listening, understanding and responding to the market and the competition. It is in this manner, that customer satisfaction is managed and strong competitive barriers are built.

The academic study of MO has focused primarily on the consequences of being market p[-k0i29oriented. What is noteworthy, however, is that relatively little systematic effort has been devoted to understanding the methods by which MO could be developed (Harris and Piercy 1998). In fact, Narver and Slater (1990) and Jaworski and Kohli (1993) emphasised the need to tap into the 'drivers' of MO. It was the Jaworski and Kohli (1993) study that initially examined the antecedents of MO. If MO plays a pivotal role in the achievement of superior business performance, then what are the factors, which drive or hinder market-oriented activity? Without a proper diagnosis of these specific forces, managers cannot choose the best methods with which to enhance their current position. The identification of these factors is of critical importance to top management seeking to initiate organisational change processes directed at building MO.

The objective of our study is to assess the robustness of the Jaworski and Kohli (1993) study within the Pakistani business environment by attempting to replicate it. Replications in marketing are rare. The wealth of uncorroborated research results in marketing are undeniably tentative (Hubbard and Armstrong 1984). According to Campbell and Jackson (1979), replications and extensions in research help to identify the results which are valid, those which are reliable and those which do not generalise. Replications serve to promote confidence in the reliability of existing results and theories, and create a flow of knowledge that allows for the progression of academic research (Hubbard and Armstrong 1994; Mittelstaedt and Zorn 1984; Rosenthal and Rosenow 1984).

In this paper, we discuss the model of MO proposed by Jaworski and Kohli (1993). Based on this model, we discuss relevant hypotheses. We then describe the research methodology adopted. The results of the study will be examined, comparing results of the Jaworski and Kohli (1993) study wherever possible. We conclude by identifying the implications of our results and suggesting areas for future research.

MARKET ORIENTATION IN PAKISTAN

A distinct Pakistani business culture, different from that found in the Developed economies, exists particularly in the area of service delivery and interaction with customers. To illustrate these characteristics of Pakistani business culture, attention is drawn on the findings of a round table discussion on South Asian customer management where the participants were business leaders and advisers conducted by Nolan Norton Institute (1999), the research arm of KPMG. The following comments are highlighted recorded in the published record of that discussion to reveal a business culture that places a low priority on delivering customer satisfaction:

Let's face it: service is often poor. We expect high churn rates, so firms concentrate on new customers. It's really cowboy behaviour—a part of Pakistani business culture that's got to change… (Roger Nairn, Nestle Pakistan).

Often Pakistani firms will focus less on retention than some international companies. We like the 'thrill of the chase' for revenue and market share. Consolidation and locking in customers requires individual and also corporate cultural change… (Peter Whigham, ABN AMRO BANK, Pakistan).

It is not only in contemporary business that this phenomenon has been noted. Historian Blainey (1996) has argued that South Asian business culture has some longstanding features that are problematic for marketing. 'Most Pakistanis had been reared to suspect salesmanship, for it was alien to the pioneering tradition. I suspect this is one of the unfortunate legacies we inherit from earlier eras. Marketing as a skill is now vital for large sectors of Pakistan's economy but we have not been prepared for this swing in emphasis'.

This type of anecdotal evidence suggests that the interest in and ability to deliver customer service in Pakistani firms is not strong.

Kohli and Jaworski's work on market orientation, with its focus on the systems and processes used to gather, use and respond to market information, focuses on the organizational aspects of delivering value for customers, rather than on the individual aspects. Hence our working hypothesis to explain these perceptions are that the relationship between market orientation and antecedents is not as strong in Pakistani firms as in US ones. Several reasons can be advanced for this.

First, Pakistan is a much smaller economy, and in many sectors concentration is extremely high (e.g. retail, Agriculture, Food manufacture). Market orientation may be rendered less important by market power.

Second, Pakistan has historically been a far less open economy than the USA, and it may be that this has protected local firms from market turbulence or competitive pressure. In either case, the need for firms to stay close to their customers is reduced.

LITERATURE REVIEW AND CONCEPTUAL DEVELOPMENT

Until the 1990s, the call to adopt market-oriented practices was more an article of faith than empirically grounded theory. Early researchers argued that MO was either an organizational culture (Narver and Slater 1990), philosophy (Lichtenthal and Wilson 1992), or set of behaviours (Jaworski and Kohli 1990), that most effectively and efficiently created superior value for the customer and superior business performance for the organisation. The pioneering work of Kohli and Jaworski (1993) and Narver and Slater (1990; 1994) served as an impetus for subsequent research examining the effect of MO on business profitability.

In the late 1980's, the marketing literature was replete with studies that focused on the intersection between MO and business performance (Diamantopoulos and Hart 1993; Greenley 1995b; Jaworski and Kohli 1993; Narver and Slater 1990; Ruekert 1992; Caruana *et al.* 1999; Han *et al.* 1998). Results of this work have provided empirical evidence which have leant some credibility to faith in MO as a key success factor. However, this was only the beginning of empirical knowledge that was to emerge. Subsequent research examined the strength of the

relationship between MO and business performance in varied environmental conditions and found mixed results leading to tentative conclusions (Jaworski and Kohli 1993; Slater and Narver 1994a; Greenley 1995a).

The literature on MO has generated two parallel views of the MO construct. Firstly, Narver and Slater (1990) advocate that MO is comprised of three behavioural components - customer orientation, competitor orientation, inter-functional coordination and two decision criteria - long-term focus and profitability. They (1990) contend that the three behavioural components are of equal importance. Recent work by Oczkowski and Farrell (1998a). Suggests that there has been some criticism of the Narver and Slater (1990) scale. Whilst Sigauw and Diamantopolous (1994), question the veracity of the scale itself, Kohli *et al.* (1993), contend that the scale places great emphasis on the role of customers and competition, yet, fails to consider additional factors which drive customer needs and expectations.

The second view developed by Kohli and Jaworski (1990), sought to examine the interest in 'MO' by providing an operational definition and clarifying its domain. They defined MO as involving the generation, dissemination and responsiveness to information concerning customers and/or competitors. Pelham (1993) and Oczkowski and Farrell (1998) question the theoretical underpinnings of this scale and comment on its reliability and validity as a true measure of MO.Results of a study by Farrell and Oczkowski (1997), show that the Narver and Slater (1990) measure of MO, outperforms the MARKOR scale of Jaworski and Kohli (1993) in relation to criterion validity, reliability and uni-dimensionality.

The relative merits of these approaches and the degree of overlap between them are subject to debate. However, their value is that they define MO in terms of the specific activities that organisations should undertake. Whilst much of the literature has focused on the consequences of MO and the assessment of the scales for measuring it, some work has examined its antecedents. If MO contributes to superior business performance, then what internal factors cause some firms to go down that route while others do not? The identification of the principal management behaviours involved is vital to organisations that seek to become market-oriented (Narver and Slater 1990; Jaworski and Kohli 1993; Harris and Piercy 1998). The early work of Jaworski and Kohli (1993) identified distinct organisational capabilities that were characteristic of market-oriented businesses. Their work gave well-deserved attention to the various organisational change efforts directed at building market-oriented organisations (Day 1994). However the drivers this process remain understudied and there is still much work to be done in this area. A conceptual model of MO is shown in Figure 1. It identifies the key constructs necessary for the replication of the Jaworski and Kohli study. This paper will discuss three sets of factors - top management, interdepartmental dynamics and organisational systems - that are hypothesised to affect market-oriented activity. We hypothesised that MO will affect business performance. Finally, the role of factors such as market turbulence, technological turbulence and competitive intensity in moderating the relationship between MO and business performance will also be addressed.

HYPOTHESES

The replication hypotheses and a list of authors who have conducted such research are presented in Table 1. To foreshadow the measurement results, we do not make hypotheses with

regard to the dimensions of MO, but only MO overall. This is because the factor analysis did not reveal a clean factor structure (as also observed in Kohli et al. 1993; Pelham 1993 and Oczkowski and Farrell 1998; Pulendran 1997), failing to clearly distinguish between the acquisition, dissemination and responsiveness dimensions. Moreover, the overall MO results are of the greatest interest and the clearest to interpret.

ANTECEDENTS TO A MARKET ORIENTATION

Jaworski and Kohli (1993) identified three categories of antecedents to MO that were labelled as senior management factors, interdepartmental dynamics and organisational systems. These antecedents act as drivers or obstacles of MO, resulting in some organisations being more market oriented than others. The antecedents to MO identified by Jaworski and Kohli (1993) are:

TOP MANAGEMENT EMPHASIS

H1a: The greater the top management emphasis on market orientation, the greater the (1) overall market orientation of the organisation.

Top management plays a critical role in moulding organisational values and fostering MO. The authorities who have examined the notion of top management emphasis are listed in Table 1. The development of MO should start with leadership from the CEO. In addition to management's mere involvement, the necessity of communicating a commitment to being market-oriented has been dealt with extensively. Levitt (1969) suggests that continuous reinforcement by senior management is required if individuals within the organisation are to be encouraged to generate, disseminate and respond to market intelligence. Slater and Narver (1994b) also identify general guidelines for managers seeking to initiate customer value strategies: top management must play a facilitative role through the communication of certain guidelines and encourage contributions from employees.

TOP MANAGEMENT RISK POSTURE

H1b: The greater the risk aversion of top management, the lower the (1) overall market orientation of the organisation.

Risk posture refers to top management's risk seeking or risk averse tendencies. Kohli and Jaworski (1990) and Jaworski and Kohli (1993), assert that the symbolism viewed in senior management's willingness to take risks will encourage and facilitate organisation wide commitment to innovation and responsiveness. On the other hand, a risk aversion policy adopted by senior management will tend to inhibit the process.

These propositions have their origins in marketing symbolism. Deshpande and Webster (1989) address the issue of marketing symbolism, a cultural paradigm that stems from symbolic organisation theory. They identify this risk factor with in the culture of an organisation as a metaphor of shared symbols and meanings, in line with the literature in organisational theory (Allaire and Firsirotu 1984; Johnston (1976). Dandridge, Mitroff and Joyce (1980) refer to organisational symbols as subjective elements of organisational life and a frame of reference.

INTERDEPARTMENTAL CONFLICT

H1c: The greater the interdepartmental conflict, the lower the (1) overall market orientation of the organisation.

Several writers (Levitt 1969, Lusch and Laczniak 1987) emphasise that interdepartmental conflict may be detrimental to the implementation of MO. Frustration results when individuals believe that the other party is not behaving in a fair manner. (Ruekert and Walker 1987).Interdepartmental conflict also has the potential to contribute to breakdowns in communication, secrecy and in-bred competition. Research has also suggested that conflict may result in reduced inter-functional performance (Weinrauch and Anderson 1982; Dutton and Walton 1966). Levitt (1969), Felton (1959) refer to interdepartmental conflict as being dysfunctional since it acts as an inhibitor of MO (Jaworski and Kohli 1993).

INTERDEPARTMENTAL CONNECTEDNESS

H2d: The greater the interdepartmental connectedness, the greater the (1) overall market orientation of the organisation.

Connectedness between departments facilitates interaction and the exchange of information (Ruekert and Walker 1987). Deshpande and Zaltman (1982) postulate that connectedness enables adequate amounts of intelligence to be generated and also allows for its appropriate utilisation. The perception of an organisation as being comprised of different but interdependent departments and functions, together with the availability of conflict resolution mechanisms, facilitates the open flow of resources, work and assistance across all organizational departments (Ruekert and Walker 1987; Blake and Mouton 1964; Lawrence and Lorsch 1967).Based on this reasoning, Jaworski and Kohli (1993) postulate that interdepartmental connectedness fosters an interdependency within the organisation and encourages employees to act in a 'concerted' manner in the processes of knowledge generation and knowledge utilisation.

FORMALISATION AND CENTRALIZATION

H1e: The greater the formalisation, the lower the overall market orientation of the organisation.

H2f: The greater the centralisation, the lower the overall market orientation of the organisation.

Jaworski and Kohli (1993) suggest that organisational dimensions such as formalisation, centralisation and departmentalisation tend to hinder the generation and dissemination of information and the design of organisational response.The formalisation of behaviour represents an organisation's way of prescribing discretion (Mintzberg 1976). Therefore, it is the design parameter by which the work processes of an organisation are standardised. Centralisation represents a situation in which all the power for decision-making rests at a single point within the organisation. Aiken and Hage (1966) refer to centralisation as being the inverse of the amount of delegation of decision-making authority throughout an organisation and the extent of participation by organisational members in decision making.

Figure 1: Relationship between MO and Antecedents of Market Orientation
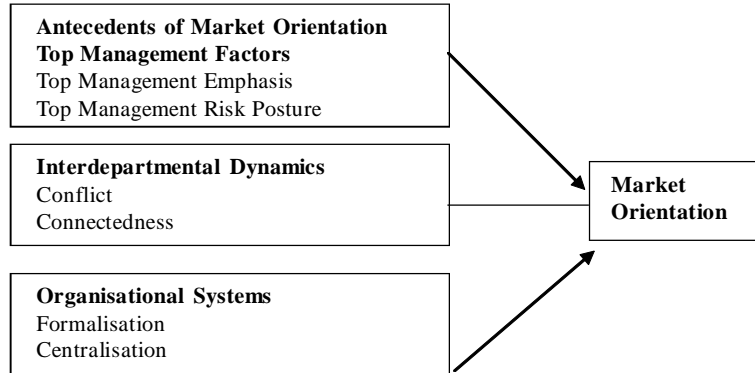
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Table 1
Replication Hypotheses

| *Supporting Literature*		*Replication Hypotheses*
Antecedents to Market Orientation		
Top Management Emphasis	Felton (1959) Levitt (1969) Slater and Narver (1994b) Webster (1988) Jaworski and Kohli (1993)	H1a: The greater the top management emphasis on market orientation, the greater the overall market orientation of the organisation.
Risk Aversion	Allaire and Firsirotu (1984) Dandridge, Mitroff and Joyce (1980) Deshpande and Webster (1989) Johnston (1976) Jaworski and Kohli (1993)	H1b: The greater the risk aversion of top management, the lower the overall marketorientation of the organisation.
Interdepartmental Conflict	Dutton and Walton (1966) Kohli and Jaworski (1990) Jaworski and Kohli (1993) Ruekert and Walker (1987)	H1c: The greater the interdepartmental conflict, thelower the overall market orientation of theorganisation.
Interdepartmental Connectedness	Blake and Mouton (1964) Lawrence and Lorsch (1967) Deshpande andZaltman (1982) Jaworski and Kohli (1993)	H1d: The greater the interdepartmental connectedness, the greater the overall marketorientation of the organisation.
Organisational System of Formalisation and Centralisation	Jaworski and Kohli (1993)	H1e: The greater the formalization, the lower the overall market orientation of the organization.
		H1f: The greater the centralization, the lower the overall market orientation of the organization.

RESEARCH METHODOLOGY

Data were collected in a natural business setting by means of a self-administered mail questionnaire. Key respondent techniques were employed in the collection of data as the survey instrument was specialized. The identification of key respondents was based on a procedure undertaken by Robertson, Eliashberg and Rymon (1995). A Manager of strategic business unit (SBU) served as the unit of analysis in this study and was requested to base the information on the SBU in which he or she worked.

The questionnaire was pretested by application to managers attending an executive development programme on marketing strategy in a local university and on selected MBA students with relevant prior experience in another local University. Respondents were asked to identify items they found unclear or confusing, and student respondents were interviewed about their interpretation of items. As a result of the pretest, minor adjustments were made to the questionnaire. Our sampling strategy differed from that of Jaworski and Kohli. In their study, companies were identified from Marketing Science Institute (MSI) and American Marketing Association (AMA) membership rosters, and the top 1000 US companies as listed in a Dunn and Bradstreet directory. Since Pakistani professional marketing organisations cannot be directly compared with the MSI and AMA, replicating this strategy was not possible. Our sampling plan sought to ensure that companies operating in FMCG industry settings were included. Organizations were selected to cover both high and low technology environments. The industries covered and their representation in the sample were: Milk and Dairy (29%); Soap and Detergents Items (14%); Eatables and Beverages (21%); Oils and Ghee (10%); Lotions and polishes (13%); Other (13%).

The sample profile also showed that all Pakistani states were represented. Because Kohli and Jaworski had focused one of their data sets on larger firms, we sought to ensure that we
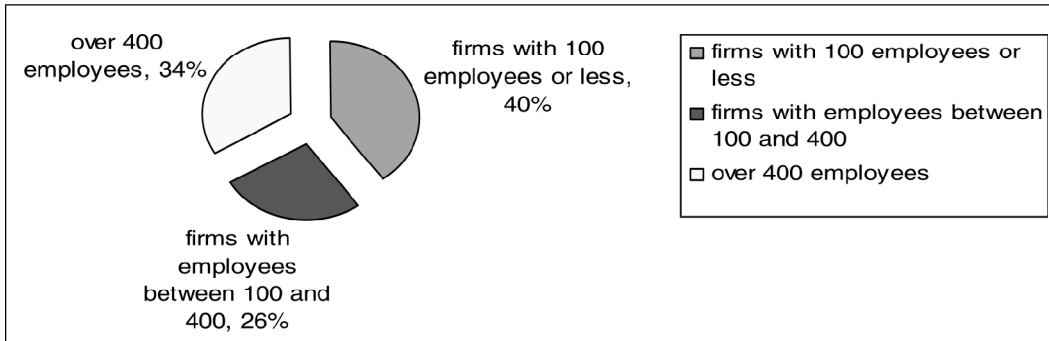
**Figure 2: Weight of Industrial Distribution**
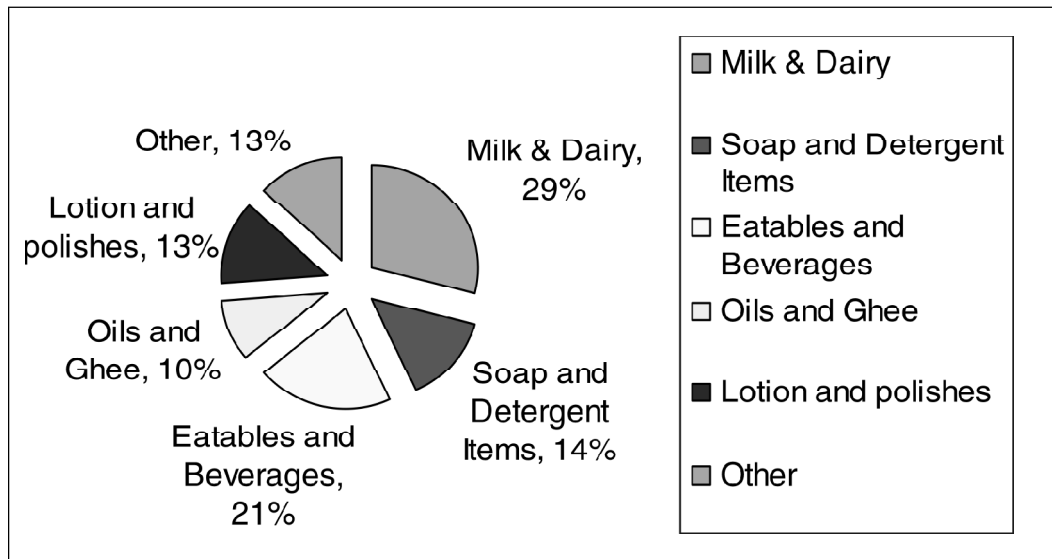
were not gathering a substantially different firm demographics. Classified in terms of size, 40% of the respondents employed by firms with 100 employees or less, 26% employed between 100 and 400 employees and the remaining 34% had over 400 employees.

Figure 3: Employee-based Industrial Distribution

Our sample therefore contained a significant proportion of larger firms of Pakistan. Also, the sample showed good diversity in terms of geographic location and firm size. The total sampling frame consisted of 505 Managers. The overall response was 31% (157 questionnaires), but the total useable number was 105 (21%).

Figure 4: Response Weightage
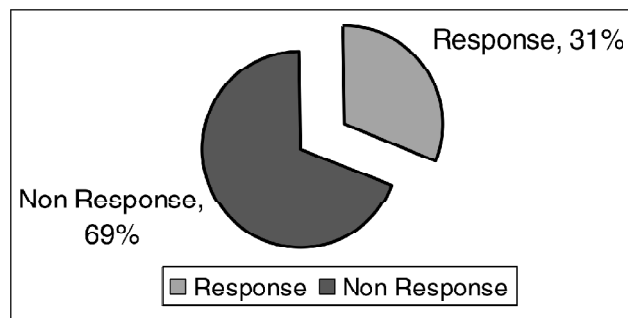
Early respondents were compared with late respondents on variables such as overall performance, MO level and commitment to MO, to determine non-response bias (Armstrong & Overton 1977). No significant differences were found. Analysis of the geographic distribution of responses to the initial and follow-up mail outs also showed no significant differences. Accordingly, non-response bias was not a problem.

MEASURES AND SURVEY INSTRUMENT

In examining the relationship between the antecedents to MO, market orientation is the major dependent variable. The MO construct was measured using the seven point MARKOR scale of Kohli, Jaworski and Kumar (1993). An increase from five to seven or nine point scales

results in less variation on re-tests and improves the reliability of the ratings.The independent measures in this relationship are as follows: top management emphasis; interdepartmental conflict; interdepartmental connectedness; formalisation; centralization and risk aversion; which are those used by Jaworski and Kohli.

Measure validation was performed in two phases. All items were examined for internal validity. Items with low inter-item correlations were reviewed for their theoretical importance and deleted if they added no value to the scale. Second, scale reliability was measured using the Cronbach alpha coefficient. All refined scales have acceptable to high reliability coefficients that exceed the levels recommended by Peter (1979). Each scale had between three and seven items and the resulting Cronbach's alpha ranged from 0.65 to 0.93.

In order to assess the reliability of the scale items, the internal consistency method was used in this study. Forza (2002) noted that, "the internal consistency method uses various algorithms to estimate the reliability of a measure from measure administration at one point in time". Reliability assesses the equivalence, homogeneity, and inter-correlation of the items used in a measure.

Hence in this study since scale items were used for the first time in Pakistan, the cut off value accepted was .60 alpha coefficient. Assessment of the reliability using Cronbach alpha indicates that the value of alpha in this study ranges from .55 to .96.

Although coefficient alpha for one scale (formalisation) was slightly below the cut off value of .60, it can be said that the data collected in this study were reliable. The reliability of the scale items using Cronbach's coefficient alpha (Nunnally, 1978; Churchill, 1979) and the descriptive statistics (minimum, maximum, mean and standard deviation) are shown in Table 2.

The coefficient alpha for the over all MO is .92 which is greater than the recommended cut off level of coefficient alpha .60 (Churchill and Peter, 1984; Nunnally 1978; 1988; Gray *et al.*, 1998.Similarly, the coefficient alphas for the other market orientation variables are also satisfactory.

The coefficient alpha values for intelligence/information generation, intelligence dissemination or interfunctional coordination, Response Design and intelligence responsiveness or taking action are .83, .67,.61 and .83 respectively, indicating that the MARKOR scale developed by Kohli *et al.* (1993) was also a reliable instrument for measuring market orientation in Pakistan.

In addition, the coefficient alpha value of .92 for overall market orientation also confirmed the reliability of the use of 24-item scale in Pakistan.

The coefficient alpha values of .65 for top management emphasis and .89 for risk aversion also confirmed the reliability of Jaworski and Kohli's (1993) scale items for data collection in Pakistan. Similarly, other scales including interdepartmental conflict, interdepartmental connectedness, produced coefficient alpha values of .84, .93, respectively, much greater than the cut-off value .60, thus indicating that these scales were also reliable for data collection in Pakistan.

The coefficient alpha value of .93 for centralisation confirmed the reliability of Aiken and Hage's (1966; 1968) scale items for the data collection in Pakistan. Although coefficient alpha value of .55 for formalisation was slightly lower than the .60 cut off value, considering the small number of items, this scale developed by Aiken and Hage (1966; 1968) is also acceptable for data collection in Pakistan.

Although this study set up a .60 cut-off value for the adapted scales, only formalization was below the .60 cut off value suggested by Churchill and Peter (1984) and Nunnally (1978; 1988). The researcher did not refine this scale for two reasons. Firstly, the coefficient alpha value was close to the cut of value of .60. Secondly, this scale had few items, and dropping items would yield a scale that may not adequately sample the domain of the construct (Ravichandran and Rai, 2000). Apart from the formalization scale, all the scales in this study produced acceptable coefficient alpha values and thus, the data reliability issue in this study was satisfactory.

Table 2

Variable	Coefficient Alpha
Intelligence generation (1)	.83
Intelligence dissemination (2)	.67
Intelligence Design/ Response Design (3)	.61
Intelligence responsiveness (4)	.83
Top management emphasis (5)	.65
Risk aversion (6)	.89
Centralisation (7)	.93
Formalisation (8)	.55
Interdepartmental conflict (9)	.84
Interdepartmental connectedness (10)	.93

ESTIMATION AND RESULTS ANALYSIS

Table 3 shows the correlation between antecedents of market orientation (internal and external variables) and components of market orientation (customer emphasis, intelligence/ information generation, intelligence dissemination or interfunctional coordination, and intelligence responsiveness or taking action.

Top management emphasis was found to be significant and positively correlated with Response design ($r = .30$, $p < 0.01$), intelligence/information generation ($r = .30$, $p < .01$), intelligence dissemination coordination ($r = .39$, $p < .01$), and intelligence responsiveness ($r = .39$, $p < .01$) of the consumer goods manufacturing companies in Pakistan. This suggested that emphasis placed by the top management on market-oriented activities encourage market orientation of the consumer goods manufacturing companies in Pakistan.

Risk aversion was found to be significant and negatively correlated with each of the components of market orientation of the consumer goods manufacturing companies in Pakistan. The examination of the correlation between risk aversion and Response design ($r = -.25$, $p < .01$), risk aversion and intelligence generation ($r = -.23$, $p < .01$), risk aversion and intelligence dissemination ($r = -.15$, $p < .05$), and risk aversion and intelligence responsiveness ($r = -.14$, $p < .05$) suggested that the risk aversive attitude of the top management discourages market orientation of the consumer goods manufacturing companies in Pakistan.

Centralisation was found to be significant and negatively correlated with all four components of market orientation. These negative correlations between centralization and Response design (r = -.53, p < .01), centralisation and intelligence generation (r = -.62, p < .01), centralisation and intelligence dissemination (r = -.54, p < .01), and centralisation and intelligence responsiveness (r = -.41, p < .01) cautioned the consumer goods manufacturing companies in Pakistan to avoid a centralisation structure and to adapt a decentralised organisational structure in becoming more market-oriented. Similarly, **formalisation** was also found to be statistically significant and negatively correlated to Response design(r = -.29, p < .01), intelligence generation (r = -.36, p < .01), intelligence dissemination (r = -.28, p < .01), and intelligence responsiveness (r = - .25, p < .01). These negative correlations with all four market orientation components confirmed that the consumer goods manufacturing companies in Pakistan should rethink the formalised structure of organisation and adopt an informal structure of organisation in order to become more market-oriented.

Again While **interdepartmental conflict** posited negative correlations with all market orientation components, interdepartmental connectedness showed positive significant correlations. Interdepartmental conflict posited to decrease Response design(r = -.50, p < .01), intelligence generation (r = -.53, p < .01), intelligence dissemination (r = -.56, p < .01), and intelligence responsiveness (r = -.57, p < .01). On the other hand, **interdepartmental connectedness** posited to enhance Response design(r = .58, p < .01), intelligence generation (r = .65, p < .01), intelligence dissemination (r = .60, p < .01), and intelligence responsiveness (r = .56, p < .01). These correlations of both interdepartmental conflict and connectedness with all four market orientation components confirmed that the market orientation of consumer goods manufacturing companies in Pakistan is discouraged by organisational conflict, and encouraged by organisational connectedness.

The above analysis suggested that all the internal variables were found to be significantly correlated with all four components of market orientation. The correlation analysis also suggested that, while top management emphasis, management training, formal marketing education, market based reward system, interdepartmental connectedness were found to be positively correlated with all four market orientation components; risk aversion, centralisation, formalisation, and interdepartmental conflict indicated negative correlations.

The above correlation analysis confirmed the market orientation of the consumer goods manufacturing companies in Pakistan was either a positive or a negative function of different internal and external variables. In addition, examination of the correlation matrix confirmed that none of the inter-correlations between explanatory variables exceeded the .80 limit for correlations recommended by Berry and Feldman (1985) and Hair et al. (1995).The above analysis confirmed correlations between antecedents and market orientation components. The statistical assumptions tested in this chapter have confirmed the use of parametric techniques for data analysis in this study. The reliability analysis has provided support for the appropriateness of the measurement scales used in Pakistan. Finally, the correlation analysis in this chapter had not only shown correlations between the variables but has also supported the use of parametric techniques, as multicollinearity was not a problem in this study.

Table 3
Correlation Matrix for Internal and External Variables (Antecedents) with Response Design,
Intelligence Generation, Intelligence Dissemination, and Intelligence Responsiveness/Taking Action

Variable	1	2	3	4	5	6	7	8	9	10
Response design(1)	—	.73	.54	.48	.30	-.25	-.53	-.29	-.50	.58
Intelligence generation (2)		—	.76	.53	.30	-.23	-.62	-.36	-.53	.65
Intelligence dissemination (3)			—	.62	39	-.15	-.54	-.28	-.56	.60
Intelligence responsiveness (4)				—	.39	-.14	-.41	-.25	-.57	.56
Top management emphasis (5)					—	-.13	-.16	-.08	-.39	.27
Risk aversion (6)						—	.30	.09	.28	-.17
Centralisation (7)							—	.44	.48	-.63
Formalisation (8)								—	.24	-.35
Interdepartmental conflict (9)									—	-.60
Interdepartmental connectedness (10)										—

ANTECEDENTS OF MARKET ORIENTATION

In reporting their analysis, Jaworski and Kohli do not clearly state the nature of the regression analysis they carried out on the antecedents. On one hand, their narrative description of the process suggests that they used a direct entry method, but the tables of results (their tables 1 & 2) suggest that they used a stepwise process.

We report both methods (direct entry table 4, stepwise table 5). There is one difference between our findings between these two methods, and we discuss this below. Overall, the results (see tables 4 & 5) suggest that several factors affect market-oriented activity. Top management emphasis is significantly related to overall MO (b = 0.27, p = 0.04). This provides support for the propositions of Jaworski and Kohli and is in agreement with their findings. Top management emphasis plays a crucial role in the development of MO. The development of MO should commence with sound resolve, communication and commitment from the CEO. Hypothesis 1a is therefore supported.

Interdepartmental conflict inhibits overall MO (b = –0.32, p = 0.01), as was expected. Again, these results substantially corroborate the results of the Jaworski and Kohli study. High levels of conflict can create barriers between departments, affecting the flow of communication and the exchange of information. There is support for Hypotheses 1c.

Table 4
Antecedents of a Market Orientation: Direct Entry Regression Dependent
Variable; Overall Market Orientation

	Current Study	
	B	P
Top Management Emphasis	0.27	0.04
Risk Aversion	0.06	0.41
Interdepartmental Conflict	-0.32	0.01
Interdepartmental Connectedness	0.21	0.07
Formalisation	-0.09	0.53
Centralisation	-0.07	0.68
R^2	0.54	
N	105	

Table 5
Antecedents of a Market Orientation: Stepwise Regression Dependent Variable;
Overall Market Orientation

	Current Study		JK Study USA 1	JK Study USA 2
	B	P		
Top Management Emphasis	0.31	0.04	0.24*	0.24*
Risk Aversion	Ns	-	Ns	Ns
Interdepartmental Conflict	-0.29	-0.01	-0.17	-0.28
Interdepartmental Connectedness	0.23	0.02	0.20	0.22*
Formalisation	ns	-	ns	ns
Centralisation	ns	-	-0.22	ns
R^2	0.50	0.63	0.58	
N	105	134	123	

Note: * $p < 0.05$

Interdepartmental connectedness is not found to be significant in the direct entry regression analysis (table 4), but in a stepwise analysis (table 5), it is found to contribute to significantly higher levels of MO (b = 0.23, p = 0.02). The increase in significance appears to be the result of removing from the regression two antecedents which are significantly correlated with connectedness, formality and centralisation. Interdepartmental connectedness increases the ability of firms to act in a consistent and concerted manner towards their customers. This result is consistent with the Jaworski and Kohli results. Therefore, there is partial support for Hypothesis 1d.

Regression coefficients for risk aversion, formalisation, and centralisation were not significant in either analysis, so Hypotheses 1b, 1e and 1f are rejected. Comparing these results with those from the USA, we are struck by the convergence in the results from the two countries, as shown in table 5. Firstly, the pattern of significance for Pakistan is the same as their second sample and, due to the difference between their two sets of results, differs in the significance of one coefficient for the pattern for their first sample. We take this pattern of results as strongly indicative of the consistency of the market orientation-antecedent relationship across the two settings.

DISCUSSION AND CONCLUSION

The MARKOR scale in the Jaworski and Kohli study needs additional work to improve reliability and validity in varied contexts. According to our validation analysis, the scale currently does not allow for the discrimination of the three components of MO. The results of our hypothesis might be different, if more precise and valid measures were used.Although we conducted a cross sectional study, the dynamism of the constructs might have been captured more precisely using a longitudinal approach. Cross sectional studies do not reflect the uninterrupted transformations that may affect the interplay between constructs. For example, a lack of market-oriented activity may lead top management to emphasise the need for market-oriented activity which in turn, contributes to a higher level of MO.

The findings from our field work suggest that only an internal perspective is insufficient when considering the issues of developing a market orientation in a Developing economy like Pakistan. In particular, two factors which are outside the control of management emerged as significant influences on the development of market orientation. One of these factors is genuinely external – government regulation and the other, ownership structure is at least partly external,

being a product of the types of ownership structures that government will permit. Among the internal factors and in addition to more conventional managerial influences, the availability of resources, including both financial and human resources, seems to be the most significant barrier inhibiting the development of a market orientation. The following provides a detailed discussion of these findings with an explicit focus on those antecedents to market orientation which have not previously been discussed in empirical work. That is to say, we do not reconsider the internal antecedents of market orientation which have been discussed elsewhere; rather we focus on additional drivers of market orientation which may be of particular relevance in a Developing economy like Pakistan. This may be another area for researchers working on MO in Pakistan.

Unlike many developed countries which have in place and extensive network of laws or regulations safeguarding product quality, safety and protecting consumers' interests, many aspects of modern commercial life in Pakistan, are not yet adequately regulated. The Findings suggest that when such a legal vacuum exists, firms may take advantage of the situation by adopting opportunistic and short-term approaches to business. Under such circumstances, there is little recognition of the need to become market oriented through investments in gathering information about customers. On the other hand, when government regulations are perceived as strict and tough in dealing with practices which infringe upon the consumers' interests, companies face a much clearer incentive to adopt more market-oriented activities such as customers intelligence gathering and product innovation.

Future research might examine the notion of a commitment to MO. Does a commitment to MO trigger market-oriented activity specially in developing economies like Pakistan ? Just as important is the reverse situation, does the programmatic implementation of market-oriented activity create a positive attitude towards being market-oriented? The causal nature of relationships between all constructs should be investigated, so that the directionality of the relationships can be better understood. Also, additional studies might examine more fully a complete set of antecedents that influence the MO of the firm. The relative importance and appropriate mix of factors engendering market-oriented activity could be determined to allow for prescriptive models of MO.

The evaluation an organisation's MO should come from its customers rather than the company alone. A possibility for future research is to compare self-reports with customer reports on MO to test whether either is significantly related to business performance. Deshpande, Farley and Webster (1993) recommend the institutionalisation of customer evaluations as part of a regular tracking mechanism. This allows for a more accurate determination of the actual level of MO and prevents biases associated with self-assessment. Examining these and other issues would contribute significantly to the current body of evidence. Finally, MO has been discussed by researchers as a solitary dimension; a guaranteed formula for enhanced performance. However, adopting such a long term and narrow view of it can place limits on the enhancement of academic knowledge. Future research could attempt to break the norm of current research by identifying alternative market based practices that might be viable sources of competitive advantage in the future.

In short, concluding the discussion the object of this study is to review the relation ship between MO and its antecedents within the Pakistani business environment, which could serve

as a point of reference for researchers studying MO and for managers seeking to initiate market-oriented activity. The Jaworski and Kohli (1993) results on the antecedents to a market orientation have been successfully replicated in Pakistan. Specifically, all antecedents that were found to be significant by Jaworski and Kohli including leadership, inter-departmental conflict, inter-departmental connectedness based on customer satisfaction, were all either significantly or marginally significantly related to MO. Overall, our conclusions are clear; for researchers and commentators, we conclude that the business environment and consumer behavior that allows firms to claim superior rewards from customers through market orientation in Developed countries is also in place in Pakistan.

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