8.1. Introduction

This chapter examines the results of the previous chapter in the light of existing literature and attempts to discuss the research findings. The succeeding sections of this chapter focus on the consequences of market orientation, the antecedents of market orientation and the moderating influences on the relationship between market orientation and business performance.

8.2. Consequences of Market Orientation

It is seen that the adoption of market orientation results in the improved business performance, customer consequences and employee consequences. The first research question of this thesis is whether market orientation affects business performance in Indian seafood processing firms. The following section answers this question.

8.2.1 Improved Business Performance

Academic literature over the years has established that firms will have improved business performance if they implement the principles of market
orientation. It has been tested under different settings and in different countries, and the results have borne out the stated relationship. The chief proponents among them include Kohli & Jaworski (1990), Narver & Slater (1990), Ruekert (1992), Diamantopoulos and Hart (1993), Deng & Dart (1994), Slater and Narver (1994a), Atuahene-Gima (1996), Diamantopoulos & Cadogan (1996), Farrell & Oczkowski (1997), Oczkowski and Farrell (1998), Becker & Homburg (1999), Pulendran et al., (2000); Slater and Narver, 2000 etc. The attempt of this thesis is to examine whether this statement holds true under Indian settings, specifically in the seafood industry in India. Hence the major hypothesis of this study is that market orientation improves business performance in the Indian seafood firms.

Chapter 6 presents the findings of the hypothesis testing. It is therefore proved that market orientation does in fact improve the business performance of the Indian seafood processing firms. It is seen that overall market orientation accounts for 23% of the variance in the business performance variable. Thus, this result corroborates the findings of Mehta and Joag (1981), Narver and Slater (1990), Jaworski and Kohli (1993), Selnes (1996), Kumar et al., (1998), Pulendran et al., (2000), Shoham and Rose (2001) etc.
Analysing the effect of the market orientation constructs on the business performance, it is noted that only the first two constructs namely intelligence generation and dissemination are significantly related to the business performance of the seafood processing firms in India. These two constructs significantly determine the business performance rather than all three constructs together. This result is consistent with the study conducted by Aggarwal and Singh (2004) in 22 Indian firms wherein the same results have been noted, i.e., the firms showed a commitment towards intelligence gathering and dissemination, but a comparative lack of responsiveness to the market environment.

In the present study, the two constructs together explains 28% of the variance in business performance. The result is higher than that obtained by Jaworski and Kohli (1993) in their two sample study (adjusted $R^2 =$ 18% and 25%), and is comparable to the adjusted $R^2$ value of 32% obtained by Narver and Slater (1990), 37% obtained by Olivares and Lado (1998) and Pulendran et al., (2000). Shoham et al., (2005), after conducting a meta analysis to study the effect of market orientation on business performance concluded that, the geographic location or the country in which the study was conducted and the performance measures used affected explained variance.
This explains the difference arising in the variance reported by the cited studies.

Although a lot of work has been done on the business performance success factors, the measures mainly pertain to financial indicators. There is a paucity of literature examining the impact of market orientation on non-economic factors (Pulendran et al., 2000). This study therefore seeks to redress the gap and contribute to existing literature. Moreover, market orientation intends to foster a long term focus on the attainment of a sustainable competitive advantage, which therefore shifts the impetus of the performance measures from the short-term economic measures to the long-term non-economic measures. Thus, a further classification of the overall business performance into economic performance and non-economic performance was done to study the effect of market orientation on them.

The economic business performance includes five subjective financial indicators such as ROI (Atuahene-Gima, 1995; Raju et al., 1995; Pelham, 1997), sales growth relative to competitors (Pelham & Wilson, 1996; Ngai and Ellis, 1998), overall performance (Ruekert, 1992; Caruana et al., 1998), overall performance relative to competitors and overall performance related to what was expected. This is in line with the measures used by most market
orientation studies. The non-economic performance on the other hand was a function of sixteen subjective measures, which included scales on the customer satisfaction, repeat purchase frequency, employee consequences, equity measures, environmental factors affecting the job, success in introduction of new products (Baker and Sinkula, 1999), relative trend of product pricing, material usage efficiency, labour efficiency, capital utilization efficiency, environment protection awareness and market expansion.

The findings reveal that intelligence generation alone contributed to the economic performance and accounted for 21.2% of the variance in economic performance, while intelligence generation and dissemination contributed significantly to non-economic performance and accounted for 29.4% of the variance in non-economic performance. This result is consistent with other market orientation studies. Subramanian and Gopalakrishna (2001) examined the role of market orientation on business performance in the Indian setting and found that market orientation plays a positive role in fostering growth in overall revenue, return on capital, success of new products and services, ability to retain customers and success in controlling expenses.
8.2.2 Customer Consequences

Another consequence of adopting market orientation is the benefit accrued from the customers in the form of customer satisfaction, customer repeat buying and retention. Since market orientation has customer emphasis at its core, the consequences of customer satisfaction, customer retention and repeat sales are very important. Here the findings reveal that customer consequences are a function of intelligence dissemination alone. The adjusted $R^2$ value is 13\%, which means that intelligence dissemination accounts for 13\% of the variation in consumer consequences.

Thus it is proved that if Indian seafood processing firms implement market orientation, the customer consequences will improve significantly. In the long run, the firm will have to see that it maximizes this consequence, as customer focus is fast becoming imperative for business survival and augmented profitability, as evidenced by Anderson et al., (1994). Siguaw et al., (1994) also opines that, in addition to profitability, market orientation can also help reduce costs associated with customer and employee defection, as it is generally accepted that acquiring a new customer may turn out to be considerably more expensive than building customer loyalty among firm's current customers.
(Kotler, 2003). Matsuno and Mentzer (2000) have also highlighted the importance of measuring customer consequences, by suggesting that future studies should take into account the relationship between market orientation and non-economic performance to obtain a holistic view of the effects of market orientation.

### 8.2.3 Employee Consequences

Jaworski and Kohli (1993) have pointed out the positive effect of market orientation on employee consequences. They opined that market orientation helped to foster psychological and social benefits to the employees. The employee consequences include measures like employee commitment, employee job satisfaction and job security, improvement in equity of the company (wages, promotions, fringe benefits etc) and improvement in employee training function. Only intelligence dissemination is seen to contribute significantly to this consequence, and accounts for 24.3% of its variance.

### 8.3 Antecedents of Market Orientation

The second research question deals with the effect of the antecedents on the market orientation constructs. Seven antecedents were examined in this study
namely, management emphasis, top management risk aversion, interdepartmental connectedness, interdepartmental conflict, formalisation, centralisation and reward system orientation. The findings in the previous chapter reveal that the antecedents affecting overall market orientation construct in the Indian seafood processing industry are top management emphasis, interdepartmental conflict, centralisation and reward system orientation. The four predictors out of seven together account for 62.7% of the variance in market orientation.

Jaworski and Kohli (1993) found that the antecedents affecting market orientation in their two sample US setting, include top management emphasis, interdepartmental conflict, connectedness, centralisation (in one sample) and reward system orientation. The study of market orientation in Australian firms by Pulendran et al. (2000) yielded similar results to that of Jaworski and Kohli (1993), except for absence of centralisation factor. Selnes et al. (1996), on assessing market orientation in Scandinavian countries, found that the antecedents included top management emphasis, interdepartmental conflict and connectedness, and reward system orientation, while Shoham & Rose (2001), in a similar empirical study conducted in Israel, reported that the antecedents included top management emphasis, risk aversion,
interdepartmental connectedness and reward system orientation. Qu et al., (2002) examined market orientation in two industries in China and concluded that the antecedents included top management emphasis (sample II), risk aversion (sample I), conflict (sample I), reward system orientation (sample I) and two newly introduced antecedents of government regulation of quality and human resources. The meta-analytic studies conducted by Kirca et al., (2005), based on 130 independent samples, reported in 114 studies, reveals that the antecedents of top management emphasis, interdepartmental connectedness, market based reward systems and centralisation are most critical in implementing market orientation. Thus, it is seen that the market orientation scale is robust across different countries, industries and settings.

8.3.1 Top Management Emphasis

Top management emphasis, as hypothesized, plays a significant role in the implementation and institutionalisation of market orientation in the Indian seafood processing firms. This empirical finding therefore bolsters the theoretical approach propounded by Felton (1959) and Webster (1988), who hold that, the top management holds the key to shaping an organisation's values and orientation. Similar empirical findings by Cavusgil and Zou (1994)
and Evangelista (1994) highlight the importance of the role of the top management in the field of export performance and export success. Market orientation can be successfully implemented only with the full approval and support of the top management. Hence the top management in the seafood processing firms needs to pass on a clear message to the lower echelons of the organisations regarding the need to adopt a market orientation. They should be able to impress upon the employees the importance and benefits of being market oriented and should demonstrate explicitly market oriented behaviour. This study therefore demonstrates similar results to those of Jaworski and Kohli (1993), Pulendran et al., (2000), Selnes et al., (1996) and Shoham & Rose (2001).

8.3.2 Top Management Risk Aversion

Risk aversion is hypothesized to be negatively related to all market orientation constructs. The results show that top management risk aversion is not significant in the case of the seafood processing forms in India. It shows significance only in the case of responsiveness, to which it is positively related. Aggarwal and Singh (2004) in their empirical study of 22 Indian firms, conclude that the risk aversion was not an antecedent to market orientation.
Hence the above result is consistent within an Indian setting. Qu et al., (2002) and Shoham & Rose (2001) report positive relationships between risk aversion and market orientation in their respective studies of Chinese and Israeli firms, while Jaworski and Kohli (1993), Pulendran et al., (2000) and Selnes et al., (1996) find that risk aversion has no effect on market orientation. The positive effect of risk aversion on responsiveness in Indian seafood industry, may have arisen from the fact that the Indian seafood firms, export to markets which are governed by high degree of uncertainty, especially in the wake of product detentions by customer markets, trade regulations imposed by buyer countries, frequent changes in price trends, stiff competition etc. The top managements of the Indian firms may therefore shy away from taking risky decisions. The findings hold that the greater the risk aversion of the top managements, the greater will be the responsiveness of the top management to market intelligence. The overall market orientation remains unaffected by the impact of risk aversion of the top management.

8.3.3 Interdepartmental Conflict

Interdepartmental conflict was hypothesized to be negatively and significantly related to the market orientation of the seafood firms. The findings reveal that
conflict was significantly but positively related to market orientation and responsiveness constructs. This is contrary to the results obtained by other studies, namely Jaworski and Kohli (1993), Selnes et al., (1996) and Pulendran et al., (2000), all of whom recorded negative values for the relationship between conflict and market orientation. Shoham and Rose (2001) also report positive relationship between interdepartmental conflict and market orientation. Further research, under similar settings, in other countries, is needed to account for the difference between the results, and to see whether the difference is country-specific.

The reason for the positive effect of conflict on market orientation is not clear. Levitt (1969) asserts that it is natural for conflict to exist between different functions, and even cites an example of a manufacturing vice-president of a firm who opposes costly projects, as it is his job to see that the firm runs efficiently, even though, the project may be a part of an ambitious effort to be market oriented. It is the researcher's contention that, conflict need not be considered as a negative sign to market orientation on all occasions. Conflict can result in further deliberation following the rejection of an idea originally, and may lead to the formation of a new project or plan which is acceptable to all departments and is also market oriented.
Discussion

Alternatively, the positive relationship could be attributed to the low reliability of the conflict measure (Cronbach's $\alpha = 0.495$). The low reliability is believed to have occurred due to the reverse coded items in the scale.

8.3.4 Interdepartmental Connectedness

Interdepartmental Connectedness was hypothesized to be positively and significantly related to market orientation. The results of the regression analysis reveal that connectedness is not a significant contributor to market orientation, although it is antecedent to intelligence generation and responsiveness. Again this result is contrary to that of Selnes et al., (1996) and Pulendran et al., (2000), both of them recording significant positive values. The reason for insignificance of the interdepartmental connectedness may be attributed to reverse coded items in the scale. It is seen that the reverse-coded items do not elicit the desired result, as they result in lowering the reliability of the scale, and yielding results to be non-significant.

Additionally Jaworski and Kohli (1993), found in their study found that the variable for interdepartmental connectedness, yielded only partial support for the hypothesis, as in their first sample, it was significant only in the case of market orientation, while being insignificant for the other three constructs of
market orientation. In their second sample, connectedness significantly contributed to market orientation and intelligence dissemination, while being insignificant in the case of the other two constructs. Jaworski and Kohli (1993) advocate additional research to examine the linkage between interdepartmental connectedness and market orientation. This study substantiates the need for further research as suggested by them.

8.3.5 Formalisation

Formalisation is hypothesized to be negatively related to market orientation. It is seen from the results that, the impact of formalisation is insignificant on overall market orientation and across all its constructs. Therefore, the result corroborates the evidence of Jaworski and Kohli (1993), Selnes et al., (1996), Pulendran et al.,(2000) and Shoham and Rose (2001). Hence formalisation is not seen to be an antecedent to market orientation in Indian seafood firms.

8.3.6. Centralisation

Centralisation is hypothesized to be negatively related to market orientation. The findings show that centralisation is, as hypothesized, significantly and negatively related to market orientation and its constructs, except intelligence generation. Thus when centralisation decreases, market orientation increases.
The negative and significant value of the centralisation variable shows that, Indian seafood firms need to adopt a decentralised mode of decision-making, which would help in fostering market orientation, and that the top management needs to adopt a bottoms-up approach and encourage and empower the employees to make work-related decisions, so that they are motivated to do their best and are committed to the goals of the organisation.

8.3.7 Reward System Orientation

Reward System Orientation is hypothesized to be positively and significantly related to market orientation. The results of the analyses in the previous chapter show that reward system orientation is positively and significantly related to market orientation and all its components except intelligence dissemination. It is seen that the $\beta$ values for the reward system are the highest obtained in the study. This result is consistent with the findings of Jaworski and Kohli (1993), Selnes et al., (1996), Pulendran et al., (2000) and Shoham and Rose (2001). Therefore it is important for Indian seafood managers to incorporate a systematic and efficient system of performance appraisal, and reward the employees, so that the employee morale is always kept high due to the encouragement and value recognition, given by the top management. The
performance appraisal should be based on market-oriented behaviour and customer orientation (as in customer satisfaction and customer relations), and not alone on short term results based on the production output, as is generally observed in the Indian seafood industry. It is seen from the findings that such monetary and non-monetary rewards are highly valued by the employees. Thus if the top management wishes to improve market orientation, then it will have to garner employee support by giving them a greater participation in decision making and giving them timely and just rewards, concomitant with their market oriented performance, which will then spur them onto greater heights of personal excellence, which in turn will increase market orientation and thereby business performance. Also these rewards go a long way in reducing employee turnover and losses due to rehiring, retraining and the time taken for the new employee to step into his predecessor's shoes. Reward systems also help in improving the employee job satisfaction Jaworski and Kohli (1993), Selnes et al., (1996), Pulendran et al., (2000) and Shoham and Rose (2001), and in reducing role conflict and ambiguity (Siguaw et al., 1994).
8.4. Moderators of Market Orientation-Business Performance Relationship

The hypothesized moderators of this study include market turbulence, technological turbulence and competitive intensity. These three factors are believed to affect the relationship between market orientation and business performance. The hypothesis is that the relationship between market orientation and business performance increases when, market turbulence increases, technological turbulence decreases and competitive intensity increases.

The findings detailed in the previous chapter demonstrate that there is no pure moderator affecting the relationship between market orientation and business performance, instead a quasi moderator in the form of competitive intensity is seen. This suggests that competitive intensity in the Indian seafood processing industry affects business performance in two ways, first through its interaction on market orientation, and second through its direct effect on business performance. Both market turbulence and technological turbulence did not have any impact on the market orientation-business performance relationship.
Previous literature shows mixed results when it comes to studying moderator effects on the market orientation-business performance relationship. Narver and Slater (1990) in their seminal study found that the moderators included technological turbulence and market turbulence among others, although the value for competitive intensity was insignificant. Jaworski and Kohli (1993) reported that their study did not reveal any moderators, and concluded that the relationship between MARKOR and business performance appeared to be robust across contexts characterized by different levels of the hypothesized moderators. They ascribed the reasons for the lack of effect of moderators to low reliabilities and insufficient power of the statistical test as a result of the insufficient sample size. Greenley (1995) argued that the market orientation-business performance relationship is stronger when market turbulence is lower, and that buyer power and competitive intensity had no impact on the relationship. Pelham and Wilson (1996) opined that firms become more market oriented in a highly market-oriented environment if they focus on achieving sustainable competitive advantage. Appiah-Adu (1998a) report that market orientation leads to higher business performance when competitive intensity increases. Pulendran et al. (2000) reported that market turbulence was a moderator in their study of market orientation in Australian firms.
On the other hand, Subramaniam & Gopalakrishna (2001) conducted an empirical study on the role of moderators (competitive hostility, market turbulence and supplier power) on the MO-BP relationship in an Indian setting, and found that there were no moderating effects i.e., the MO-BP relationship was strong irrespective of the environment. An interesting point noted in their study was that they sought to offer, what they describe as, an 'intuitive' explanation regarding the lack of moderator effect, that, since India as a growing economy was relatively new to the aggressive competitive business environment, being market oriented was enough to insulate the firms from the effects of environmental moderators. They also observe that in time when the economy matures, as is the case with other developed countries, where the majority of the market orientation studies are conducted, the competitive intensity may become important in mediating the MO-BP relationship. Their perception offers support for the quasi-moderator effect of competitive intensity in the MO-BP relationship in the present Indian seafood export scenario.

Zebal (2005) found empirical evidence suggesting that competition and market turbulence were antecedents rather than moderators of market orientation-business performance relationship.
Thus this study reveals that in the Indian seafood industry, the higher the level of competitive intensity, the stronger will be the relationship between market orientation and performance.

8.5 Limitations of the study

The study revealed several limitations. They are as enumerated below:

1. The sample size, although sufficient for this study, is relatively small. Several problems arose because of the small sample size, namely, the reliability of the scale was generally lower than that reported by the market orientation literature. This led to insufficient power of the statistical tests. A larger sample size would have generated more confidence in the results.

2. This study is a cross sectional one and therefore does not take into account the changes taking place over time. Rather it provides a detailed view of a situation at a given point in time. A longitudinal study would have given a better picture of the processes involved in implementing market orientation over a period of time.

3. A single informant from each firm was used as the focal point for data collection for the study. Although the respondents included the top management representatives of the sampled firms, use of multiple informants
would have been better, as more non-biased and well-informed opinions could have been generated.

4. Multiple regression analyses tools were used for data analysis. Although the above form of analysis gives good results, use of sophisticated tools like structured equational modelling would have given accurate results. The small sample size was inhibiting factor for not using SEM.

5. The evaluation of market orientation is done based on the respondent's perception rather than the customer's perception. Although it is an important perspective that needs to be studied thoroughly, as demonstrated amply by existing literature, the self analysis may rather fall short of the actual situation. Therefore firms should, as Deshpande, Farley and Webster (1993) recommend, regularly track customer perceptions for an accurate implementation of market orientation. The customer view would greatly enhance the firm's self assessment of its market orientation.

8.6 Conclusion

This chapter consolidated the major findings of the thesis and discussed them.

The first section is the abstract, followed by the discussion of the results of the stepwise regression analysis on the consequences of market orientation.
Market orientation was found to positively influence business performance, as well as customer and employee consequences. Then the results of the antecedents were examined. They revealed that the antecedents affecting overall market orientation construct in the Indian seafood processing industry, are top management emphasis, interdepartmental conflict, centralisation and reward system orientation. Next, the role of moderators in influencing the relationship between market orientation and business performance was discussed. This study reveals that in the Indian seafood industry, the higher the level of competitive intensity, the stronger will be the relationship between market orientation and performance. Technological turbulence and market turbulence were not found to affect the market orientation-business performance relationship.