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Market orientation and Organizational Performance: A proposed model on the moderating Effect of Technological Turbulence.

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Abstract: This study proposes a model that shows the moderating effect of technological turbulence on the relationship between market orientation and organizational performance. After a critical review of the literature, the proposed model was developed. From the model, we argue that market orientation has a direct impact on organizational performance but the impact will be stronger when technological turbulence is taking in to consideration by organizations. Organization that leverages on change in technology stand an opportunity in achieving competitive edge and improved organizational performance over competitors.

Key words: Market orientation, technological turbulence, organizational performance, competitive edge

Introduction

In today dynamic environment, organizations have to understand what the customers want in other to gain competitive advantage and achieve superior performance (Chavez et al., 2015; Cruz-González, López-Sáez, Navas-López, & Delgado-Verde, 2015). Business around the world are highly competitive due to intense competition and also technologically oriented in order to serve customers faster. The advancement in the use of technology makes the business world to be more dynamic and intense in nature (Farrell, Oczkowski, & Kharabsheh, 2008; Hashim, 2015). In other words, the rate of technological advancement has lead organizations to be technological oriented and focused (Gatautis, 2015) . Similarly, customers are aware of recent technologies which can be used in meeting their needs and desires and due to competition there are so many organizations willing to offer superior services to customers. For these reasons, organization have to mark out strategies in order to attract customers. One of such strategies is been market oriented, which is important in other to attain competitive advantage and improve organizational performance (Jangl, 2015a, 2015c). Market oriented organization achieve competitive edge over competitors and also achieve superior organizational performance.

A review of literature shows that market oriented organizations perform better and have a large market share than organizations that are not marketed oriented (Farrell et al., 2008). Research also shows that market oriented organizations have more loyal customers, employee satisfaction, increases market share and have capability of achieving new product success (Abuzid & Abbas, 2017; Cui & Wu, 2016; Farrell et al., 2008; Jyoti & Sharma, 2012).

Similarly, a marketed oriented organization means that firms must put customers at the fore front of business in other to understand their utmost desires. Organizations should be able to identify present and future needs of their customers and provide their needs at the time and place which the services are needed (Jyoti & Sharma, 2012). Market oriented organizations follows the marketing concept. Market concept refers to a philosophy of business that places the customer in the center of its affairs (Jyoti & Sharma, 2012). Marketing concept first identifies the needs of customers and focus it business activities towards providing wants satisfying goods and services effectively and efficiently in a profitable way better than competitors (Alan, Sin, Yau, Lee, & Chow, 2003). The marketing concept states that before an organizations offers any service or product, customers' needs must be prioritized (Jyoti & Sharma, 2012). Prior studies also ascertain that market orientation is the implementation of marketing concept (Jangl, 2015b; Kohli & Jaworski, 1990). A market oriented organization also helps firms to be conscious of the competition in the market place so as to server customers better (Jyoti & Sharma, 2012). In other words, for organizations to survive the highly dynamic market, they must have knowledge of what competitors are offering and also be aware of competitor's strategies. They should be aware about competitors prices and services that is been rendered and also the channels used and promotional strategies which is used by competing firms. In conclusion, market oriented organizations should have proper coordination among different units or departments which should be focused on satisfying the customers, the organization should have proper knowledge of activities of competitors and also be aware of the needs of its customers.

Empirical literature review reveals that the relationship between market orientation and organizational performance has been examined (Jangl, 2015c; Kiessling, Isaksson, & Yasar, 2016; Lee, Kim, Seo, & Hight, 2015; Mohammed Abdulai Mahmoud, 2010; Mahmoud Abdulai Mahmoud, Blankson, Owusu-Frimpong, Nwankwo, & Trang, 2016). However, the findings of these studies varies (Mohammed Abdulai Mahmoud, 2010). Some marketing scholars revealed a significant positive relationship between market orientation and organizational performance (Gruber-Muecke & Hofer, 2015; Lee et al., 2015) while some revealed no relationship (Greenley, 1995; Harris, 2001). Similarlarly, some researches revealed that market oriented activities can be moderated or mediated by various factors which strengthens the relationship between market orientation and organizational performance (Barnabas & Mekoth, 2010; Nguyen, Yu, Melewar, & Chen, 2015; Song, Wei, & Wang, 2015).

Prior research also revealed direct relationship between market orientation and organizational performance (Boso, Story, & Cadogan, 2013; Liu, Ke, Kee Wei, & Hua, 2013) , some researchers have also studied the moderating role of external environment on market orientation performance relationship which focus more on competitive intensity and market turbulence and neglecting technological turbulence (González-Benito, González-Benito, & Muñoz-Gallego, 2014; Liu et al., 2013). The use of technological turbulence is limited with only few researchers considering it as a moderating variable and most studies that studied technological turbulence as a moderator were in developed countries thereby ignoring African context which is gap which these study tries to fill. This paper proposes the use of technological turbulence as a moderator, moderators are introduced when there are inconsistent findings. The introduction of technological turbulence will help strengthen the relationship between market orientation and organizational performance.

Base on contingency theory technological turbulence can be regarded as external environment in which an organization as no control over but an organization can use it to achieve competitive advantage and improved organizational performance by aligning two or more variables together and also focusing on what happens outside the organization. However, the resource base theory views market orientation as an organizational resource which is scarce, valued and rare and difficult to imitate by competitors is enables a firm achieve improved organizational performance (Barney, 1991). In other words, when these theories are combined, we are of the view that market orientation has a direct impact on organizational performance but it will be strengthened when technological turbulence is taken into consideration.

The objective of this paper is to present a model which depicts conceptually the moderating role of technological turbulence on the relationship between market orientation and organizational performance. The remaining part of the paper will review literatures on market orientation, technological turbulence and organizational performance in other to formulate hypothesis which shows the relationship. A model showing the relationship will be drawn and lastly the implication of the model will be discussed.

Literature review

Market orientation

Market orientation has been referred to as the application of marketing concept (Ramayah, Samat, & Lo, 2011). Market concept evolved in the field of marketing. Concept refers to transformation which exist over time in the field of marketing where one concept tries to solve the issue of the previous concepts (Modi & Mishra, 2010). There are various concept which evolved before marketing concept which are discussed briefly. Production concept emphasis that customer will favor goods that are readily available in the market. Manufactures at that time produced in mass at a cheap price with the hope that customers will purchase products that are available in the market; Product concept emphasized a situation where manufactures tries to make the product more attractive either in size and quality with the hope that customers will buy products that are of good quality; Selling concept emphasized the use of persuasion through advertisement and sales promotion to attract customers to buy a product (Andreasen, 2004). All these previous concepts failed because manufacturers failed to consider the needs of customers. This brings about the marketing concept which caters for the needs and wants of customers at profit. It refers to the customer as a king and providing the products at an efficient and effective way better than competitors at a profit (Darroch, Miles, Jardine, & Cooke, 2004). Market concept provides products that will satisfy the needs of customers. It is customer focused. The market concept emphasizes been customer focused, involvement of all departments to cater for needs of customers and also what competitors are offering at what price. Thus, an organization that is market oriented outperform competitors and perform better than those that are not market oriented. However, since the emergence of the marketing concept, researchers have tried to measure it which proved difficult which brought about the market orientation (Chao & Spillan, 2010). A question arises thus, what is market orientation?

As stated earlier market orientation is the implementation of the marketing concept. Market orientation is about organization aligning their techniques and visions to what is entailed in the market place. Market orientation gained recognition from two famous researchers. One view market orientation as a behavioral approach while the other as a cultural approach. The two scholars are Narver and Slater (1990) and Kohli and Jaworski (1990). Narver and Slater (1990) viewed market orientation as an organizational culture that aims to provide superior values to customers. They viewed market orientation as a unidimensional construct consisting of customer orientation, competitor orientation and interfunctional coordination (Narver & Slater, 1990). Competitor orientation entails gathering of information about competitors in the market place, customer orientation involves gathering of information about the needs of a particular target market which the industry wants to satisfy and interfunctional coordination entails all departments' personnel for instance (marketing department, finance department, production department.) in an organization main aim is to collectively serve the customers (Narver & Slater, 1990). This means it is not the function of marketing department alone to cater for the needs of customers but instead a collective efforts of all department concerned so as to create a superior experience in meeting the needs and expectations of the target audience.

Similarly, Kohli and Jaworski (1990) viewed market orientation as a behavioral approach consisting of intelligence generation, intelligence dissemination and responsiveness. Intelligence generation involves gathering of information about customer needs, intelligence dissemination entails sharing of information gathered to all departments in the organization while responsiveness refers to decisions and action put in place by the organization to tackle he information generated from the environment in responding to the desires of customers (Kohli & Jaworski, 1990).

The two scholars viewed market orientation as a unidimensional construct consisting of three dimensions, the only disagreement was that one viewed market orientation from cultural perspective and behavioral perspective (Narver and Slater, 1990) while the other viewed it as a behavioral approach only ((Kohli & Jaworski, 1990). Researchers have investigated the relationship between market orientation and organizational performance. Some studies confirmed a positive relationship between market orientation and organizational performance (Pulendran, Speed, & Widing II, 2015; Qu & Zhang, 2015). While some studies could not find a relationship between market orientation and organizational performance (Greenley, 1995). The inconclusiveness in the literature indicates that there is still room for further investigation on the relationship between market orientation and organizational performance. Hence, we hypothesis that

Hypothesis 1: there is a positive significant relationship between market orientation and organizational performance.

Technological turbulence

Organization interact with external environment daily. Business activities like planning and decision making is dependent on what happens in the external environment in which the organization as no control over. External environment which consist of market turbulence, competitive intensity and technological turbulence refers to uncontrollable forces which an organization as no control over which affects performance of organizations (Navarro-García, Arenas-Gaitán, & Rondán-Cataluña, 2014; Wang, Chen, & Chen, 2012). Competitive intensity refers to the rate of competitiveness in the market, market turbulence refers to the rate of change in customers' needs and technological turbulence refers to the rate of change in technology over a short period of time (Chavez et al., 2015). Technological turbulence can also refer to the introduction of new technology within a short frame (Chavez et al., 2015). Organizations can respond to frequent changes in technology by adapting their controllable variables (Market orientation and marketing mix) strategies. Changes in technology affects the way in which organization operates (Lee et al., 2015). For instance, introduction of ATM machines affects how firms operate because someone is assigned the task of ensuring availability of cash in the machine even if it is weekends. Similarly, the introduction of mobile banking, SMS banking affects how the banking industry operates. It is proposed that technological turbulence affects market oriented activities positively and can be a possible moderator in the relationship between market orientation and organizational performance relationship. Thus, the following hypothesis is formulated:

Hypothesis 2: Technological turbulence moderates the relationship between market orientation and organizational performance.

Market orientation, technological turbulence and organizational performance.

Business are set up with the sole aim of making profit. In other words, organization always look for the best strategies that will yield favorable return on investment and also improve organizational performance. Prior research as shown that market orientation is one of such strategies which organizations can use to improve performance which has been related to several performance measures such as increase in market share, customer retention, customer loyalty and overall profitability (Asomaning & Abdulai, 2015; Baker & Sinkula, 1999; Cano, Carrillat, & Jaramillo, 2004; Wang et al., 2012). In other words, organization that are market oriented stand a chance of having loyal customers, retaining customers, improving overall organizational performance.

In the same vein, technological turbulence has been studied and acts as a moderator between business activities and organizational performance. A critical literature review revealed that technological turbulence which is part of external environment can moderate the relationship between market orientation and organizational performance (Cadogan, Cui, & Kwok Yeung Li, 2003). Organizations that move with latest technology stand a chance of attaining competitive advantage and improving organizational performance. In other words, firms that are move with the change in technology outperform competitors and improve performance since previous technology becomes obsolete (Lee et al., 2015).

The literature revealed that changes in the technological environment benefits market oriented organizations (Lee et al., 2015). It has also been revealed that technological turbulence has an impact on performance of organizations and also its activities (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990). For example, due to the advancement in technology, a customer can perform all his transaction at the comfort of his home, it shows that banks that fail to implement mobile banking might lose customers to banks that provides comfort and offers the latest technologies. Organizations depends on technological turbulence to leverage on opportunities (Chavez et al., 2015; Chen, Neubaum, Reilly, & Lynn, 2015). External environment has an impact on organizational performance and decisions (Mohamad, Ramayah, Puspowarsito, Natalisa, & Saerang, 2011; Wiklund & Shepherd, 2005). Similarly, the resource which will be used to tackle opportunities are derived from external environment. Organizations planning and decision making solely depends on what happens in the technological world.

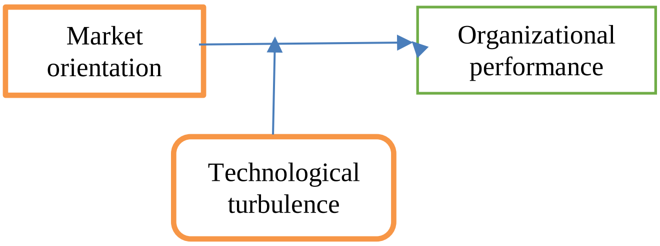

Fig 1: proposed model

PROPOSED MODEL

As stated earlier, the main aim of the paper is to present a model which depicts the relationship between market orientation, technological turbulence and organizational performance. After a critical review of the literature a model was developed. The proposed model shows the moderating effect of technological turbulence on the relationship between market orientation and organizational performance. The thick black line shows the moderating role while the thin line shows the direct relationship. It implies that market orientation has a direct linkage to organizational performance while the thick line shows that the relationship between market orientation and organizational performance is contingent on technological turbulence. Finally, it also shows that technological turbulence is related to market orientation and organizational performance.

Conclusion

The study presents a model showing the moderating effect of technological turbulence on the relationship between market orientation and organizational performance. Based on available literature we can deduce that market orientation is antecedent to organizational performance. Similarly, technological turbulence is an antecedent to both market orientation and organizational performance. The proposed model shows that technological turbulence strengths the relationship between market orientation and organizational performance. The model depicts that market oriented organizations will have a strengthened impact on organizational performance when there is an opportunity to leverage on in the environment in terms of change in technology. Organizations must strive to satisfy the customers and provide their basic wants at the moment and time which it is needed. Organizations that leverage on latest technology stand a change of achieving competitive edge and also achieving greater organizational performance in the market place. It is important for organizations to be market oriented so has to know what are customers present and future needs and also be technological inclined so as to provide it for customers when it is needed. Organizations have to understand the external environment in which it operates.

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