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# Impact of Market Orientation (Intelligent generation) on customers' performance and markets' performance

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**Abstract.** According to Slater and Narver (1995), market orientation provides strong norms for learning from customers and competitors; it must be complemented by entrepreneurship and appropriate organizational Structures and processes for high order learning. According to Kohili and Jawerski's model (intelligence generation, intelligence dissemination, responsiveness), market-oriented companies will be able to do the intelligence generation, intelligence dissemination, and response design process correctly and understand customers' needs well when market-oriented process has a positive impact on business performance. The research hypotheses are: 1)Intelligent generation has a positive impact on customers' performance in companies.2)Intelligent generation has a positive impact on market's performance of companies. Intelligent generation of competitors has made an influence on market performance. In fact intelligence generation about competitors information informs companies about the competitors strategy in the market.

**KEYWORDS:** market orientation, Intelligent generation, marketing, market' performance, customers' performance

## 1. INTRODUCTION

A number of views of market orientation are apparent. In early 1990s, Kohli and Jawarski (1990) have offered a formal definition of 'market orientation' as a set of behaviors and activities in an organization specifically the market-wide collection of information pertaining to current and future customers' needs, dissemination of the intelligence across departments, and the wide responsiveness of the organization to it. In other words, it is a process of generating and disseminating market intelligence for the purpose of creating superior buyer value. Narver and Slater (1990) reinforce Kohli and Jaworski's (1990) considering market orientation as "the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and thus continuous superior performance for the business".

Based on this, they identified three behavioral components:

Customer orientation, competitor orientation, and inter-functional orientation.

According to Slater and Narver (1995), market orientation provides strong norms for learning from customers and competitors; it must be complemented by entrepreneurship and appropriate organizational Structures and processes for high order learning.

In general, market orientation is concerned with the processes and activities associated with creating and satisfying customers by continually assessing their needs and wants (Uncles, 2000).

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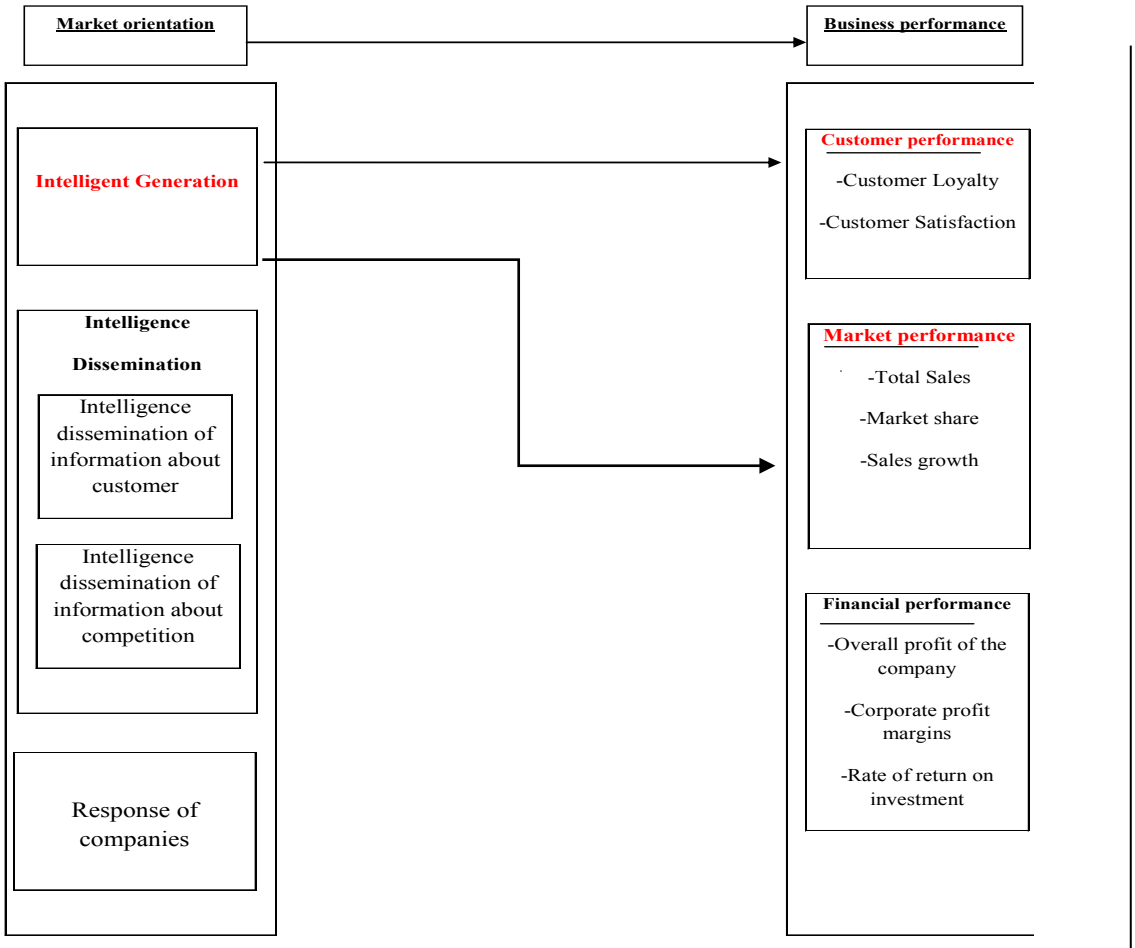
## RATIONALE OF THE STUDY

Many studies strongly supports the notion that firms adopt a market orientation to achieve competitive advantage, as market orientation is frequently positioned to improve business performance (Narver & Slater, 1990; Kohli & Jaworski, 1990). The rationale behind this argument is that as market-oriented organizations understand their customers, they are able to respond to customer needs and preferences and also are able to differentiate their offerings from competitors. This may further lead to a better performance of the organization.

According to Kohili and Jawerski's model (intelligence generation, intelligence dissemination, responsiveness), market-oriented companies will be able to do the intelligence generation, intelligence dissemination, and response design process correctly and understand customers' needs well when market-oriented process has a positive impact on business performance. The market-oriented firms have a positive impact on business performance and improve the company in fields' market performance (market share, Total Sales, Sales growth), customer performance (customer satisfaction, Customer Loyalty) and financial performance (Total Profit Corporation, Rate of return on investment, Corporate profit margins).

## MODEL




## OBJECTIVES OF THE STUDY

The objectives is to study the Impact Of Market Orientation (Intelligent generation) On market' performance and customers' performance in large scale chemical companies in Mumbai .Detailed objective are:

- To study impact of intelligent generation on customers performance in chemical companies.
- To study the impact of intelligent generation on the market's performance in chemical companies .

## HYPOTHESES OF THE RESEARCH

- Intelligent generation has a positive impact on customers' performance in companies.
- Intelligent generation has a positive impact on market's performance of companies.

## POPULATION

There are 677 chemical companies in the Maharashtra that 446 of them are in the Mumbai. Big companies are selected based on their sales. Companies that are part of large companies are selling over 1000 crore. A total of 446 chemical companies in Mumbai, of which 30 are companies' sales over 1000 crore, 388 are companies sales between 1crore till 1000 cars that are medium companies and 28 are companies' sales anther 1 car that are small companies . Thus the population for the research is 30large-scale chemical companies in Mumbai. Information from a number of companies and their sales are from mahraha chamber of commerce industries and agri culture in the city of Pune.

**Table 1.** Showing Frequency of Mumbai Chemical Company.

| Chemical Companies | Number |
|---|---|
| **Large Scale Chemical Companies** | **30** |
| **Medium Scale Chemical Companies** | **388** |
| **Small Scale Chemical Companies** | **28** |
| **Total** | **446** |

The results of the confirmatory factor analysis are shown in the table below:

**Table 2.** Showing, Results of factor analysis.

| | Standardized loading | Standard Error | T-TEST |
|---|---|---|---|
| Intelligence Generation Q1 <- | 0.7519 | 0.0458 | 16.4187 |
| Intelligence Generation Q2 <- | 0.8284 | 0.039 | 21.2391 |
| Intelligence Generation Q3 <- | 0.7518 | 0.07 | 10.7419 |
| Intelligence Generation Q4 <- | 0.8185 | 0.0546 | 14.9801 |
| Intelligence Generation Q5 <- | 0.878 | 0.0319 | 27.5541 |
| Intelligence Generation Q6 <- | 0.8871 | 0.0277 | 31.9882 |
| Intelligence Generation Q7<- | 0.893 | 0.0246 | 36.274 |
| Intelligence Generation Q8<- | 0.8866 | 0.019 | 46.5947 |
| Intelligence Generation Q9<- | 0.8591 | 0.0385 | 22.2995 |
| Intelligence Generation Q10<- | 0.8717 | 0.0198 | 44.0899 |
| Intelligence Generation Q11<- | 0.7865 | 0.209 | 3.7641 |

| | | | |
|---|---|---|---|
| Intelligence Dissemination of Information About Customer Q12<- | 0.7983 | 0.2068 | 3.8601 |
| Intelligence Dissemination of Information About Customer Q13<- | 0.8955 | 0.1247 | 7.1793 |
| Intelligence Dissemination Of Information About Customer Q14<- | 0.8361 | 0.1354 | 6.1764 |
| Intelligence Dissemination of Information About Competitors Q15<- | 0.7282 | 0.1017 | 7.1626 |
| Intelligence Dissemination of Information About Competitors Q16<- | 0.8355 | 0.0871 | 9.5926 |
| Intelligence Dissemination of Information About Competitors Q17<- | 0.8212 | 0.0478 | 17.1838 |
| Intelligence Dissemination of Information About Competitors Q18<- | 0.694 | 0.1137 | 6.1029 |
| Intelligence Dissemination of Information About Competitors Q19<- | 0.7683 | 0.074 | 10.3803 |
| Response of Companies Q20<- | 0.8035 | 0.0497 | 16.1666 |
| Response of Companies Q21<- | 0.9096 | 0.0205 | 44.2924 |
| Response of Companies Q22<- | 0.8503 | 0.0503 | 16.9058 |
| Response of Companies Q23<- | 0.8062 | 0.0581 | 13.8693 |
| Response of Companies Q24<- | 0.4607 | 0.1532 | 2.7011 |
| Response of Companies Q25<- | 0.6747 | 0.0563 | 11.9767 |
| Response of Companies Q26<- | 0.4931 | 0.1085 | 4.5447 |
| Horizontal Level Organization Q27<- | 0.9537 | 0.1363 | 6.9985 |
| Horizontal Level Organization Q28<- | 0.9543 | 0.1356 | 7.0397 |
| Vertical Level Organization Q29<- | 0.9371 | 0.0144 | 65.1664 |
| Vertical Level Organization Q30<- | 0.9365 | 0.0142 | 65.7845 |
| Market Performance Q31<- | 0.4167 | 0.1732 | 2.4065 |
| Market Performance Q32<- | 0.8462 | 0.0378 | 22.3836 |
| Market Performance Q33<- | 0.8395 | 0.0405 | 20.7409 |
| Customer Performance Q34<- | 0.9091 | 0.0202 | 44.9535 |
| Customer Performance Q35<- | 0.9136 | 0.0209 | 43.6705 |
| Customer Performance Q36<- | 0.8128 | 0.0334 | 24.3599 |
| Customer Performance Q37<- | 0.5742 | 0.0756 | 7.5923 |
| Customer Performance Q38<- | 0.7022 | 0.0662 | 10.609 |
| Customer Performance Q39<- | 0.9289 | 0.02 | 46.5508 |
| Financial Performance Q40<- | 0.9006 | 0.0988 | 9.1192 |
| Financial Performance Q41<- | 0.8682 | 0.1093 | 7.9419 |
| Financial Performance Q42<- | 0.9452 | 0.0369 | 25.5972 |
| Financial Performance Q43<- | 0.892 | 0.0588 | 15.1644 |

To evaluate the reliability of internal consistency we use composite reliability which is shown by CR. The value of this coefficient varies from 0 to 1 and the values more than 0.7 has been accepted whereas the values of less than 0.6 has been rejected.

**Table 3.** Showing, Results of Composite Reliability

| Constructing | CR |
|---|---|
| Intelligence Generation | 0.9611 |
| Intelligence Dissemination of Information About Customers | 0.8985 |
| Intelligence Dissemination of Information About Competitors | 0.8796 |
| Response Of Companies | 0.8717 |
| Horizontal Level Organization | 0.9529 |
| Vertical Level Organization | 0.9348 |
| Customer Performance | 0.9216 |
| Market Performance | 0.7587 |
| Financial Performance | 0.9457 |

To confirm the validity of the measurement tools other than the validity of constructing our use validity of convergence parameter too. Convergent validity indicates that every constructing parameter has a strong correlation. For validity of convergence the AVE (average variance extract) has been used.

The value of this coefficient varies from 0 to 1, where values greater that 0.5 are accepted.

**Table 4.** Showing, Results of Convergence validation.

| Constructing | AVE |
|---|---|
| Intelligence Dissemination | 0.7126 |
| Intelligence Dissemination of customers | 0.6892 |
| Intelligence Dissemination of competitors | 0.5949 |
| Response of Companies | 0.516 |
| Horizontal Level Organization | 0.9101 |
| Vertical Level Organization | 0.8776 |
| Customer Performance | 0.6679 |
| Market Performance | 0.5315 |
| Financial Performance | 0.8135 |

According to the above results it can be concluded that the structural constructing parameters have a co-relation with each other.

## HYPOTHESIS.1

Intelligence generation has positive effect on customer performance in companies.

**Table 5.** Showing, effective relationships between intelligence generation and customer performance.

| Path coefficient | Standard error | T-Test result | Out comes |
|---|---|---|---|
| 0.897 | 0.021 | 42.72 | The hypothesis is confirmed |

**Observation:**

The null hypothesis (H•) does not show a significant relationship between variables, but the contrary hypothesis (H1) confirms a significant relationship between variable.

H0: ρ=0

H1: ρ≠0

H1: Intelligence generation has positive effect on customer performance in companies.

H0:Intelligence generation doesn't have positive effect on customer performance in companies.

In this hypothesis, the path coefficient 0.897 with a standard error of 0.021 is estimated. According to the T-Test result 42/72 which is greater than is the Critical value at 0 .05 (1/96), therefore it can be concluded that this path coefficient with the error 05/0 is significant and meaningful. This means that intelligence generation has a positive effect on customer performance in companies.

In fact according table our main hypothesis (H1) is accepted and the null hypothesis (H0) is rejected.

**HYPOTHESIS.2**

Intelligence generation has positive effect on market performance in companies.

**Table 6.** Showing**,** effective relationships between intelligence generation and market performance

| Path coefficient | Standard error | T-Test result | Out comes |
|---|---|---|---|
| 0.1948 | 0.0617 | 3.157 | The hypothesis is confirmed |

**Observation:**

The null hypothesis (H•) does not show a significant relationship between variables, but the contrary hypothesis (H1) confirms a significant relationship between variable.

H0: ρ=0

H1: ρ≠0

H1: Intelligence generation has positive effect on market performance in companies

H0: Intelligence generation does not have positive effect on market performance in companies.

On this hypothesis, the path coefficient 0.1948 with a standard error of 0.0617 is estimated, according to the t-statistic equal to the value of being 3.157 greater than is the critical value of 0 .05 (196) than it can be concluded that this path coefficient in the error 0.05 is significant. This means that intelligence generation has a positive effect on market performance in companies.

In fact according table our main hypothesis (H1) is accepted and the null hypothesis (H0) is rejected.

## CONCLUSIONS

Intelligent generation has made an influence on market performance. In fact, intelligent generation enrich companies about the customer's needs, competitors status in the market, market share, and customers loyalty to companies products and services. And in general, it determines the company's status in the market. So it's quite clear that making use of this information can bring success to business performance of the organization or company.

Intelligent generation of competitors has made an influence on market performance.

In fact intelligence generation about competitors information informs companies about the competitors strategy in the market.

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