

# PREDICTORS TO INDIVIDUAL MARKET ORIENTATION: A STUDY OF INDIAN FINANCIAL ORGANIZATIONS

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## ABSTRACT

*A market-oriented culture of an organization is genuinely supported by the attitudes and actions of the organization's employees, in case of an evaluation at the organizational level. A market orientation strategy cannot be developed without employees' active understanding, willingness, and ability to perform in the market-oriented methods. Therefore, an individual employee must be familiar with the task of gathering and assessing the value of market information. They should also be willing to share it with other employees. This paper surveys a variety of employees at many levels and roles in different Indian financial services organizations. This research also identifies the important individual level antecedents that organizations should account for once making an attempt to stimulate company-wide market-oriented behaviours. These embrace the development of psychological contracts, modelling of learning methods by responsive learners. It would also inflate opportunities and time to develop personal ties between customers and workers in numerous roles at intervals in the firms.*

**Keywords:** Market orientation; Learning orientation; Customer contact; Financial organizations; Psychological contract.

## INTRODUCTION

Market orientation has been considered as a very important theory in the field of promoting a business in present times, in the context of marketing. The firms which follow the concept of market orientation are trying to enhance their "understanding of customers". At the same time they are constantly developing and delivering superior solutions to them through prompt responsiveness (Narver & Slater, 1990). Jaworski & Kohli (1993) with many concurrent researchers, stated that firm's market orientation builds upon three pillars- wide acquisition of knowledge, dissemination, and inter-functional coordination. The market orientation literature has been supplied with conceptual and empirical studies. These studies have described the importance of market orientation in the performance of the firm, Narver and Slater, in 1990 has demonstrated it with an experimental study. However, researchers have rarely studied the contribution of individuals and also the antecedents of individuals exhibiting the market oriented behaviour.

Academicians and scholars had focused their concentration on the organizational-level constructs. Researchers have focused only on replicating antecedents and consequences of market orientation (without investigating on any new antecedents), and towards development of an applicable measure of constructing to test its effect on organizational performance (Narver and Slater, 1990; Jaworski and Kohli, 1993; Kohli, Jaworski, and Kumar, 1993; Siguaw, Brown, and Widing, 1994; Slater and Narver, 1995; Baber, 2014).

Researchers in the past have rarely examined the contribution of individuals and studied what prompts the individual to exhibit market oriented behaviour. Although few researchers have linked this as a regular practice to the organizations, few of them have also considered the actions of individual employees. The most elaborate work, which also acted as a basis for the current study was carried out by Schlosser and McNaughton (2007) in which they examined the individual level antecedents towards Individual market orientation (I-MO). Boo Ho, Niden, and Johnney (2011) stated work performance and future intentions of an employee as consequences of Individual Market orientation. Schlosser and McNaughton (2007) defined Individual-Market orientation as *Responsibility undertaken by an individual employee to gather and assess the value of market information, and a willingness to share it with other employees.*

This paper has discussed about the factors which act as antecedents prescribed by Schlosser and McNaughton (2007) which motivate an employee to show the market oriented behaviour. This paper also examines whether the antecedents stated by Schlosser and McNaughton (2007) also are the same in case of financial organizations in India.

## PREDICTORS TO INDIVIDUAL MARKET ORIENTATION

Earlier researcher in the field of market orientation had focused on an individual level through customer-oriented disposition (Brown, Mowen, Donavan, & Licata, 2002; Alhakimi and Baharun, 2009) or alternatively on various individual-level antecedents or outcomes of a market orientation strategy (Celuch, Kasouf, & Strieter, 2000). This was considered problematic because the customer oriented disposition narrowly targets the customer and does not identify trainable actions. The other stream identifies important individual-level issues, but does not test them in the context of market-oriented behaviours performed by each employee. To fill the void, this research examines selected antecedents to individual market-oriented behaviours.

*Psychological contracts:* The psychological contract explains how role obligations shared by both employee and the employer can direct an employee towards market-oriented practices (Schlosser & McNaughton 2007). Rousseau (1995) has stated that the psychological contract is described as belief of an individual, formed by the organization, regarding the terms of an exchange agreement between individuals and their organization.

The psychological contract envisions the exchange of promises between employee and organization and represents *an individual's belief in the reciprocal obligations arising out of the interpretation of the promises* (Rousseau and Tijoriwala, 1998). Psychological contracts are therefore can be coined as unwritten expectations of the employee which they expect their organization will implement for their welfare.

***H<sub>1</sub>: The psychological contracts lead an employee to demonstrate market-oriented behaviour.***

*Learning orientation:* At the level of organization, researchers have related market orientation with learning orientation (Baker and Sinkula, 1999), with channel relationships (Langurak, 2001) and also with inter functional differences (Atuahene-Gima, 1996). These causative factors provided a path for investigating individual level market orientation being practiced by employees in this particular research paper. March and Simon (1958) and Agyris and Schon (1978) claimed that learning orientation as a process through which the organization discovers errors and corrects these errors. Senge (1990) proposed learning organization as a method to develop employee's capabilities to achieve the goals they desire. Senge (1990) also described learning orientation as a process and patterns of learning itself. Lin (2001) considered learning orientation as a mechanism by which the culture of learning promotes innovation in an organization. Han, Kim, and Srivastava (1998) and Hurley and Hult (1998) empirically tested and found a relationship between a construct they refer to as 'learning and development' and innovation, but did not include a measure of market orientation, or a complete measure of learning orientation.

***H<sub>2</sub>: The more employees demonstrate a high learning agility, the more likely they are to perform market-oriented behaviours.***

*Customer contact:* Market orientated behaviour of an individual employee vary according to customer contact experienced by him and according to different roles which he anticipates to play in the future (Schlosser and McNaughton, 2007). It is essential to understand how market-oriented behaviours are interpreted throughout an organization. Few previous studies included such a focus, preferring to target marketing and senior management teams (Woods and Bhuiyan, 2000). The few of those have considered differences across various business functions in contrast with marketing and operations in manufacturing firms (Kahn, 2001) or focus on those with close customer contact in studies of sales force and customer orientation (Harris, 2000; Langerak, 2001).

Employees fulfil various roles in organizations. Roles require different skills and abilities, some narrowly focused, on the same broad. Therefore, some employees may have access to more market information than other employees do, and this shapes their degree of information generation. It is generally believed that front line employees are more inclined to develop, market oriented behaviour (Schlosser and McNaughton, 2007). This is so because front-end employees are more exposed to the customer and receive new market information which is later on disseminated among the employees of an organization. It also forms, firm extrinsic (economic) parts of their psychological contracts (Schlosser and McNaughton, 2007). Employees who are indulged more into customer contact also exhibit organizational citizenship behaviour and are more likely to perform an extra - role behaviours (Organ, 1988; MacKenzie, Podsakoff, & Ahearne, 1998).

***H<sub>3</sub>: The more frequent their contact with customers, the more likely employees are to perform market-oriented behaviours.***

Employees with higher satisfaction level and commitment, exhibit market oriented behaviour at discretion. Whereas dissatisfied and uncommitted employees are not exhibiting market oriented behaviour.

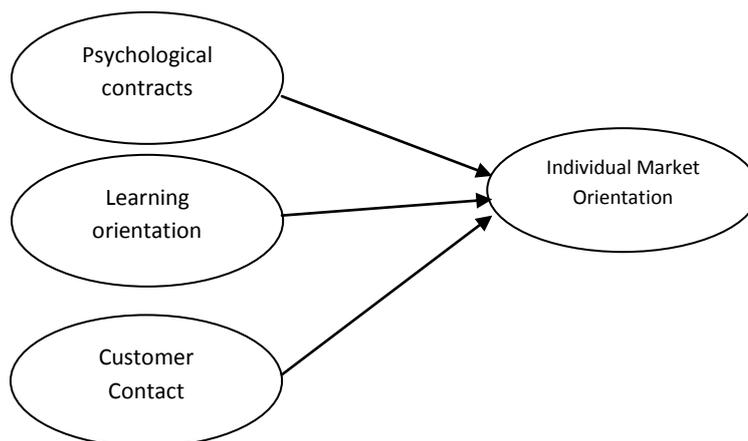


Figure 1: Predictors of I-MO

## DEVELOPMENT OF SCALE AND RESEARCH METHODOLOGY

In this research primary data were collected using convenience sampling to understand the individual market orientation of employees of financial services companies and its causes and effects. The self-administered questionnaires were provided to the respondents. The measurement scale of Schlosser and McNaughton's 'I-MARKOR' (2009) was adapted and the scaling technique used was 5-point Likert Scale. The information about financial services companies in central India and their employees was collected through the internet. The 200 self-administered questionnaires were sent through postal services to 50 financial services companies located in the Central Indian region. Initially, the response rate was only 20%. Through regular telephonic follow ups made by the researchers there was an increase in response rate. Finally 211 responses were collected and out of those 196 responses were reported usable (response rate of 56%).

The majority of the respondents were back-end executives, assistant managers and senior managers (94%). Most of the respondents (nearly 70%) were aged between "31-40 years". 57% of the respondents were male and females consisted 43% of the total responses. About 39% of the respondents were post graduate. 36% of the total respondents were graduates.

## RESULTS AND DISCUSSION

### Reliability

The reliability value more than 0.6 is considered good. The reliability value retrieved from the questionnaires was higher than the standardized value. As the questionnaire was divided in four sub-sections and it can be easily observed that all of the sections were found highly reliable (for details refer table 1).

**Table 1: Cronbach's Alpha reliability coefficient statistics for total data**

Name of Scale	Cronbach's Alpha in Earlier Studies	Cronbach's Alpha in this Study	No. of Items
<i>Psychological Contract</i>	0.958; Rousseau (1990) 0.904; Gallo and McNaughton (2003)	0.757	24
<i>Learning Orientation</i>	0.719; Perkins (1994)	0.612	6
<i>Customer Contact</i>		0.807	8
<i>Market Orientation</i>	0.940; Schlosser and McNaughton (2007)	0.721	20

### Antecedents of Individual Market Orientation

Discussed here are the antecedents of individual market orientation, which are (i) Psychological contract, (ii) Future intentions, and (iii) Customer contact.

*Table 2: Correlation between variables in the model*

		1	2	3	4
1.	<b>Psychological Contract</b>	1			
2.	<b>Learning Orientation</b>	0.540**	1		
3.	<b>Customer Contact</b>	0.782**	0.318**	1	

<b>4. Market Orientation</b>	0.877**	0.670**	0.809**	1
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\*\*Correlation is significant at the 0.01 level (2-tailed).

### Psychological Contract and Individual Market Orientation

Researchers are firstly focusing about the antecedents of IMO. In the study, researchers found a positive and strong relationship between psychological contracts and market orientation (refer table 2). The Pearson's 'r' for the correlation between psychological contracts and individual market orientation is 0.877. The tested variables have statistically significant correlation with significance (2-tailed) value is 0.000. Thus, it can be inferred that there is a strong and positive correlation between psychological contracts and market orientation. Researchers have developed a positive hypothesis, which shows, relationship between psychological contracts and market orientation. The psychological contracts appear to facilitate individual market orientation well (as observed in table 3,  $b=0.377$ ,  $p<0.001$ ). The study of standardized regression coefficient in the sample suggests that the psychological contracts have a strong impact on market orientation (refer to table 3). It appears that most of the employees in an organization emphasize that psychological contracts between them and the employer are important catalysts in triggering market oriented behaviour in them. The findings are similar to the earlier researches carried out by Guest & Conway (1997), Morrison & Robinson (1997), and Schlossor & McNaughton (2007). It can also be inferred that employees hesitate in adopting market oriented methods/ways if the psychological contracts are not mutually fulfilled by the employers.

H1	<i>The psychological contracts lead an employee to demonstrate market-oriented behaviour.</i>	Supported
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### Learning orientation and Individual market orientation

The results of the study indicated significant but slight moderate relationship between learning orientation and Individual market orientation of employees. The correlation between learning orientation and individual market orientation is 0.670 (refer table 2), indicating a strong and positive relationship between both variables. The learning orientation appears to aid development of market oriented behaviour in individual well (as observed in table 3,  $b=0.337$ ,  $p<0.001$ ). The study of standardized regression coefficients of the sample also are in alignment with the preceding researches carried out by Slater and Narver (1995), Morgan (2004), and Schlossor & McNaughton (2007). The studies done in past and the current one indicate that learning climate in an organization should be nurtured and protected. The market oriented behaviour in an individual employee is developed only if he/she get appropriate climate. It becomes for managers to develop this climate. A manager can do it through the hiring and rewarding of those employees who are exhibiting learning agility. Woods and Bandura (2000), Morgan (2004) and Schlossor & McNaughton (2007) suggested that learning agility in the employees can stimulate the market oriented behaviour.

H2	<i>The more employees demonstrate a high learning agility, the more likely they are to perform market-oriented behaviours.</i>	Supported
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**Table 3: Antecedents to Individual Market Orientation: Standardized Regression Coefficients**

Independent Variables	Dependent Variable
	Individual Market Orientation
Psychological Contracts	0.377***
Learning Orientation	0.337***
Customer Contact	0.407***
R <sup>2</sup>	.883
N	196
*** $p < .001$	
** $p < .01$	
* $p < .05$	

### Customer Contact and Individual market orientation

The modus operandi of the financial organization is to repeatedly contact the prospective customer or existing customer. It enables an employee to have proper communication with the customer and know his needs, this in turn allows employee of a financial organization to take steps to retain/build a customer. Customer contact had the strongest positive relationship with individual market orientation. The correlation between customer contact and individual market orientation is 0.809 (refer table 2), this indicates a strong and positive relationship between both variables. The customer contact aided in evolution of market oriented behaviour in employee (as

observed in table 3,  $b=0.407$ ,  $p<0.001$ ). The study of standardized regression coefficients of the sample have resulted same as preceding research carried out by Schlossor & McNaughton (2007).

An employee should contact his/her client at least once a week. (Schlossor & McNaughton, 2007). Eddleston, Kidder, & Litzky (2002), in their study stated customer also expected a weekly meeting by his/her advisor/contact in the financial organization. Such activities incubate a sense of importance in a customer and aided employee to develop market oriented behaviour. The findings of the study go parallel with that of by Schlossor & McNaughton (2007). The findings indicate that an employee must not follow a traditional approach in contacting a customer. An employee should always work beyond his traditional duties and should be contacting a customer. But hurdles are created in development of market oriented behaviours of an individual. Contacting customer is often criticized by those employees who are not working in field or nor are stationed at front office (Langerak 2001).

Basically, it should be organization propaganda to motivate and reward employees to contact customer as much as they can. Ensuring certain actions will surely promote market oriented behaviour in employees.

H3	<i>The more frequent their contact with customers, the more likely employees are to perform market-oriented behaviours.</i>	Supported
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### RESEARCH CONTRIBUTION

After analysis of market oriented behaviour of individual, financial organizations can provide direction to the strategy makers for building competitive advantage over the competitors. We have considered employees throughout the organization. It is inferred from the study that by motivating an employee to adopt market oriented behaviour would result in employee retention and enhanced performance (Eddleston, Kidder & Litzky, 2002; Boo Ho, Niden, & Johney, 2011). It is also inferred that customer contact, learning agility and psychological contracts also play an important role in development of market oriented behaviour in an individual. It is also observed that good-quality employee relationship with customer provide a base for development of stronger relationships which promote customer loyalty (Day, 2000). This research attempts to provide a remedy to the gap which exists in the current individual market orientation literature by enhancing the understanding of employee perspectives and behaviours. It has contributed towards its cause by testing the proposed relationships between the above mentioned set of variables with individual market orientation. This research would be helpful to both researchers and marketing practitioners as it provides the framework for future studies and also provides market orientation strategies to the practitioners which would help them gain a competitive edge.

### LIMITATIONS AND WAYS FOR FUTURE RESEARCHES

This research particularly explains about the difficulty in imaging the lower-level employees, in simpler words "the back-end support staff". The researchers in this survey approached employees of financial organizations and were employed in more senior posts within their own organizations. In future research, all the types of employees in financial organization should be included, and there should be increase in the sample size and response rate to the survey. Future researchers should consider the influence of mentoring for enhancement of learning agility. More set of variables should be searched which affect development of market oriented behaviour in employees. Future studies should include sampling from other countries to valid the relationships found in this study.

### CONCLUSION

Even though, the market orientation is considered as an organizational trait, it is supported by the attitude and actions displayed by its employees. There cannot be development of market orientation or any strategy regarding implementation of market orientation until the employees of an organization are willing. Therefore, it is responsibility of an individual employee that he must gather and assess the value of market information, should willingly share it with other employees. This research has identified important individual-level antecedents which organizations must reminisce for while attempting to kindle organization wide market-oriented behaviours and also the consequences of individual market orientation.

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