



ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

**THE EFFECTS OF MARKET ORIENTATION ON THE PERFORMANCE
OF UNITED BANK**

BY
RAHEL GOSSAYE G/WOLD
SGS/0027/2005

JUNE, 2014
ADDIS ABABA, ETHIOPIA

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ID NO. SGS/0027/2005

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List of Acronyms/Abbreviations

- | | | |
|-----------|---|--------------------------------------|
| 1. SPSS | - | Software Package |
| 2. MO | - | Market Orientation |
| 3. MCO | - | Market Customer Orientation |
| 4. MCOMPO | - | Market Competitors orientation |
| 5. MKTOR | - | Market Orientation Measurement Scale |
| 6. UB | - | United Bank |

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Abstract

The purpose of paper is to investigate the effect of market orientation on the performance of United Bank. This research develops a conceptual frame work for developing market orientation and its effect towards business performance in banking industries. The Quantitative approaches were used for data collection from 80 top bank managers and effective data was further analyzed by using inferential techniques on spss20. The result suggest that market orientation, customer

orientation and competitor orientation have positive strong effect on company performance and top managers emphasis has positive moderate effect on market orientation .The practical implication of the result shows that banks within competitive environment , to survive and get the market share, needs to implement market orientation and examine how it works.

Key words: Market orientation, Customer orientation, Competitor orientation, Top manager emphasis, Company performance, United Bank of Ethiopia

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CHAPTER ONE

INTRODUCTION

1.1 Back Ground of the Study

Marketing is the process of communicating the value of a product or service to customers, for selling that product or service. Marketing can be looked as an organizational function and a set of process for creating, delivering and communicating value to customers and managing customer relationship in ways that also benefit the organization and its share holders. (Hise,1965)

Marketing is the sciences of choosing target markets through market analysis and market segmentation as well as understanding consumer buying behavior and providing superior – customer value.(Levitt, 1960)

The concept of marketing is very wide and related with many factors, so that the organization flows different approaches that can make the organization be successful. In earlier time firms developed different market approaches, such as; in 1960's a firm employing a product orientation is chiefly concerned with the quality of its own product. A firm would assume that as long as its product was of a high standard people would buy and consume – the product. After 1970's till to present days organization used and developed marketing approaches. According to different research nowadays market orientation is the best approaches. (Cross et al.,2007)

“Market Orientation” focuses on identifying and meeting the stated or hidden needs and wants of the customer. Market orientation is perhaps the most common orientation used in contemporary marketing. It involves a firm essentially basing its marketing plans around the marketing concept and thus supplying products to suit new consumer tastes. As an example a firm would employ market research to gauge consumer desires, use research and development to develop a product attuned to the revealed information, and then utilize promotion techniques to ensure know the product exists.

Market orientation is considered important because it focuses on the organization to continuously gather information based on the needs of customers. This collected information will be used as consideration in creating values for customers (Slater and Narve, 1995). Market orientation organization will formally conduct activities to generate market intelligence and disseminate the intelligence to all departments and respond to follow up on what is needed and expected by the customers (Baker and sinkuals, 1999)

The target of this paper is to investigate the effect of market orientation on the performance of United Bank of Ethiopia. A bank is a financial institution and a financial intermediary that accepts deposits into lending activities either directly by loaning or indirectly through capital market. A banks link together customers that have capital defects and customers with capital surpluses. This research is conducted on 26 branches of United Bank of Ethiopia in Addis Ababa. The Bank obtained a banking service license from the National Bank of Ethiopia and is registered with the Trade, Industry and Tourism Bureau of the Addis Ababa city Administration. Over the years, United Bank built itself into a progressive and modern

banking institution, endowed with a strong management, as well as a large and ever-increasing customers and correspondent base. United Bank is one of the customer oriented banks in Ethiopia which provides full fledged commercial banking service in all its branch outlets to customers with its 84 networked branches.

Market Orientation has potentially strong influences on many services such as retail banking and health care, which are characterized by their dyadic exchange process in which a firm's employees interact with customer directly (Brown and Swartz, 1989; Zeithaml et al. 1990)

1.2 Statement of the problem

Market orientation is considered important because it focuses on the organization to continuously gather information based on the needs of customers. This collected information will be used as consideration in creating values for customers (Slater and Narver, 1995).

Market-oriented organization will formally conduct activities to generate market intelligence and disseminate the intelligence to all departments and respond to follow up on what is needed and expected by the customers (Baker and Sinkala, 1999)

Many previous studies found that market orientation as the organizational system and culture .Still it considered most effective and efficient in shaping behaviors to create superior value for customers and continuous superior business performance (Jaworski and Kohli, 1996; Baker and Sinkula, 1999)

This research develops a conceptual framework for developing market orientation and its effect towards business performance in banking industries, previous studies on market orientation that were conducted in developed countries in manufacturing industries found that some of the variables of organizational system have effect on market orientation and business performance.

In addition, according to the researcher's observation no more work in Ethiopia is related to market orientation so that the main purpose of this study is to test theory of market orientation in Ethiopia context.

1.3 Objective of the study

The broad objective of this study is to evaluate the market orientation practice in United Bank of Ethiopia and to examine the relationship between market orientation and company performance.

1.3.1 Specific objective

- To measure the impact of market orientation on company performance
- To measure the extent of market orientation practices

1.3.2 Hypotheses

On the basis of the literature review on concept of market orientations and problems under the study the following hypotheses were developed.

Market orientation and company performance

Several empirical studies have found a strong relationship between market orientation and performance (Narver and Slater, 1990; Jaworski and Kohli; 1993). But very few studies doesn't support the concept specially researches out of US. So that the researcher want to prove relationship between market orientation and company performance in Ethiopia context. Therefore the hypothesis is

H1: The greater the market orientation of a company, the higher its company performance.

Top management Emphasis on market orientation

The top management must give clear signals and establish clear values and beliefs about serving the customer. Market orientation is achievable only if the board of directors and chief managers realize the need to develop positive attitude towards market orientation. Continuous reinforcement by senior management is required if individual within the organization are to be encouraged to generate, disseminate and respond to market intelligence (Levitt, 1969), Therefore the hypothesis is that

H2: The greater the top management emphasis on market orientation, the greater the market orientation of the company.

Customer orientation

Customer orientation is continuous understanding of the current and potential customers' needs and using that knowledge in creating buyer benefits associated with costs and decreasing buyer's cost associated with benefits (Narver and Slater, 2009). Therefore the hypothesis is that

H3; Customer orientation in United Bank has a positive effect on the company performance

Competitor orientation

Competitor orientation means that a vendor knows short-term strengths and weaknesses and long term capabilities and strategies of current and potential competitors (Narver and Slater, 2009). Competitor –oriented firms are seeking to determine their strength and weaknesses in the company, not only in terms of products and markets, but also for processes and organizations. They regularly have reviewed their capabilities based on skills and individual-based knowledge, technical and physical systems, management systems, organizational structure and cultural norms and values (Byrchal and Tavstyga, 2005). Therefore the hypothesis is that

H4; Competitor orientation in United Bank has a positive effect on the company performance

1.4 Delimitation /scope/ of the study

This paper has tried to discuss the concept of market orientation on the performance of banking industries. The study area is delimited on the united bank of Ethiopia in Addis Ababa.

1.5 Significance of the study

It is expected that the result of this research will have the following importance.

- 1 There are several studies related to market orientation and its link with company performance in many countries. On the contrary there are only few studies in Ethiopia in this very few studies in Ethiopia in this dimension. Therefore this research is conducted to contribute something in this area to fill.

- 2 To shed light for further studies to those who are interested in the market orientation
- 3 To add values on the field of market orientation and business performance
- 4 To give clues and information for those who make policy of the organization and planners according to market orientation.

1.6 Organization of the paper

The paper is organized into five chapters. Chapter one discusses the introductory part which comprises background of the study, statement of the problem, objectives of the study, hypotheses, significance of the study, delimitation /scope of the study, and organization of the paper.

The second chapter is the review of related literature which contains the relevant literature compiled as related to the study. The third chapter describes the methods of the study, which covers the research design, the population and sampling techniques, applied types of data used and the tools/instruments adapted to collect the data, the procedure of data collection and method of data analysis.

The fourth chapter is about dissemination of the research results/ findings and discussion of those results. And the final chapter is about the conclusion of the research findings and recommendations which aimed at addressing the hypotheses based on the statement of the problem.

CHAPTER TWO REVIEW OF RELATED LITERATURE

INTRODUCTION

“The only way we can get out of this mess is for us to become customer driven or market oriented. I am not even sure what that means, but I’m damn sure that we want to be there” (Shapiro, 1988:119). This quote suggests two things. The person clearly believed that improving the market orientation of his company would improve its performance. But despite his belief in the importance of being market oriented, he was not exactly sure what the concept meant, nor did he know how to implement or face difficulties in interpreting the market orientation concept and implementing it in their organizations (Mason and Harris, 2005)

2.1 Definition of market orientation

Market orientation is a business approach or philosophy that focuses on identifying and meeting the stated or hidden needs and wants of customer.

“Market orientation” is a popular term used by marketing practitioners as an indicator of the extent to which a firm implements the “Marketing concept,” (Kohli and Jaworski, 1990). The phrase marketing orientation is a marketing term whereas market oriented is typically an economics term. Marketing orientation means a company operates with a market-or customer-first approach. Market oriented is used in marketing, but it more typically describes a free enterprise economy where business and consumers are able to buy and sell freely. The companies with a marketing orientation are commonly called customer-centric.

Many researchers define market orientation accordingly; let’s see some important definitions of market orientation. The most powerful definition is shown in table 1.

Table 2 .1Summary of definitions of market orientation

Shapiro (1988)	A organization is market oriented when “information on all important buying influences permeates every corporate function “(p.120) “strategic and tactical decisions are made inter-functionally and inter-divisionally,” (p.121) and execute them with a sense of commitment.” (p122)
Kohli and Jaworski (1990)	“Market orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization wide responsiveness to it” (p6)
Narver and Slater (1990)	Market orientation is defined as “ the business culture that most effectively and efficiently creates the necessary behaviors from the creation of superior value for customers,” (p.20) market orientation “ consists of three behavioral components customer orientation, competitor orientation and inter-functional co-ordination and two decision criteria-long-term focus and profitability”. (p.21)
Ruekert (1992)	The level of market orientation in a business unit is “the degree to which the business unit <ol style="list-style-type: none"> 1) Obtains and uses information from customers. 2) Develops a strategy which will meet customer needs, and 3) Implements that strategy by being responsive to customer needs and wants,” (p.228)
Deshpande’et al. (1993)	Customer orientation is “The set of beliefs that puts the customer’s interest first, while not excluding those of all other stake holders such as owners, managers, and Employee, in order to develop a long term profitable Enterprise.” (p.27)
Day (1994)	“ Market orientation represents superior skills in understanding and satisfying customers, “ (p.37)

Source: Compiled by researcher

As it mention in the table 2.1 researchers put their definition and understanding to the market orientation differently. With respect to researcher understanding define market orientation as follows, market orientation is a branch of marketing science which deals about customer need and wasn’t prevailed at the right time giving the right service and product and design a strategy to implement or gain maximum customer satisfaction.

2.2 Different views on market orientation

In marketing orientation research world there are two major more dominant views of market orientation are there nowadays third approach also get more closer as dominant perspective these dominant market orientation views are the behavioral kohli and Jaworsk is (1990) and cultural Narver and Slater's (1990). Narver and Slater (1990) and Slater and Narver (1995) define market orientation as an organizational culture which effectively and efficiently creates all the necessary conditions for generating superior value to customers.

On the contrary Kohli and Jaworski (1990) argue that the marketing concept is mainly a philosophy of the enterprise, an ideal or a policy base. The influence of this philosophy can be traced back to the activities and behavior of an organization. Then, the term "market orientation" means the implementation of the concept of marketing.

- The two major version of market orientation describe their view differently (but never opposed) as the information process and the organizational culture. Both views contribute more for the topic.

Kohli and Jaworski (1990) consider as operative model of market orientation described as the interaction among these three kinds of activities:

1. All enterprises must generate a system of market information that facilitates knowing actual and future customer needs.
2. Diffusion of this market knowledge to all enterprise departments
3. Enterprises need to be receptive to this knowledge, its influence showing in the enterprise actions.

Narver and Slater (1990) argue that market orientation consists of three behavior components: customer orientation, competitor orientation and inter functional coordination, plus two decision-marketing criteria: the long term and profitability. Slater and Narver (1995) define market orientation as a culture that

- Attributes priority to profits and to keeping superior value for customers, considering at the same time the interest of the enterprise.
- Sets the norms for the development of the organization action lines and of market information.

Cadogan and Diamantopoulos (1995), in their turn, put together the two previous versions, considering the interfunctional and intrafunctional organization elements in relation to the market. That is to say, the components defined in the first model are combined with the competitive value of the second.

The third dominant views of market orientation presented, integrationist view on Homburg and Pflesser (2000). Applying a various-layer model of organizational culture, these scholars. Represent that the behavioral market orientation may be formed as one of 4 layers of a cultural market orientation. Without thinking about of viewpoint (cultural, behavioral, or integrationist), most writers related to issue seem to have consensus that market orientation includes factors of generation of market intelligence, dissemination and utilization, with the goal to generate benefits for clients (Lafferty and Hult, 2001)

2.3 Conceptualization of the market orientation model

Market orientation is conceptualized as a four stage process involving information acquisition (kohli and Jaworski, 1990), information sharing (kohli and Jaworski, 1990), shared interpretation of information (Day, 1993, shinkula, 1994), and the utilization of information in developing and implementing marketing strategies (kohli and Jaworski, 1990). The type of information that is gathered, shared, interpreted, and utilized is information about customers and competitors (Narver and Slater, 1990).

2.3.1 Information acquisition

The acquisition of information about customers and competitors has been identified as the first stage of a multistage market orientation process (Day 1993; Sinkula, 1994).

Sinkula (1994) defines information acquisition as the process by which information about trends, events, opportunities, and threats in their market Environment, market-oriented firms approach these activates in a more deliberate fashion. For Example personnel in market oriented firm who hears complaints or requests for new service are motivated to keep management informed (Day, 1993). Market driven firms also study their competitors so that they can emulate successful moves before the competition gets too far ahead or offer improvements over competitive

offerings that customers welcome (Day, 1993) thus, firms have reason to acquire information about customers as well as competitors (Day, 1991, 1993, Kohli, Jaworski, 1990; Narver and Slater, 1990). Information acquisition is conceptualized as the deliberate and ongoing process of gathering information about customers and competitors.

2.3.2 Organization –wide sharing of information

Several researchers suggest that information, once acquired, must be shared throughout the organization (Day, 1993; Sinkula, 1994; Webster, 1988). To be in maximum use, however, information must permeate the entire organization (Shapiro, 1988). It has been suggested that information sharing occurs circular meaning vertically (along the formal hierarchy) (Mc Namara, 1972) and horizontally (between departments or functions) within a business unit (Kohli and Jaworski, 1990, Shapiro, 1988), similarly, information sharing may also occur vertically (between the home office and subsidiary units) (cf. Achrol, 1991). Information Exchange within an organization may be said to be inter hierarchical (Mc Namara, 1972), inter functional (Kohli and Jaworski, 1993) and inter unit (cf. Achrol 1991). Organization-wide sharing of information is conceptualized as the horizontal and vertical transfer of information about customers and competitors within an organization.

2.3.3 Shared interpretation of information

Day (1993) suggests that before information can be acted upon, it has to be interpreted. Organizational interpretation is formally defined as the process of translating events and developing shared understanding and conceptual schemes among members of upper management.

(Daft and Weick, 1984), once interpretation occurs, the organization can formulate a response. According to Day (1993) mini research notes that problems arise when managers have very different interpretations and do not recognize that other interpretations are valid. Divergent interpretations are particularly dysfunctional in team activities, such as new product development, where the result is a lack of integrity in the final product. Shared interpretation of information refers to the examination and analyses of customer and competitor data to extract a common sense of meaning.

2.3.4 Information utilization

Information utilizations are defined generally as the action taken in response to market information that is generated and disseminated (cf. Kohil, and Jaworski, 1990). As researches suggest, response can take the form of thought (...strategic planning) or of action (implementation of the strategy). Information utilization is conceptualized as the incorporation of market information about customers and competitors into firm's strategic plan as well as the implementation of that plan.

2.4 Market orientation in banking

Many banks are obligated to market and service orientation as the fundamental philosophy for their strategic development. Market orientation has to be coordinated with a service orientation in order that the bank mission (Hamed Gheysari (2012). Marketing concept make the bank capable to improve on profitability of the bank for long term. The single most pressing and ongoing challenge to managers in banking industry is the ever increasing demand for market and service orientation (Kandampully, 2002). These are interesting days for bankers and their banks.

Customers are demanding ever more at lesser cost. Competition is coming from all points on the financial services compass (Ho and Hvang, 2007). For this situation a good example can be the commercial bank of Ethiopia. Before private banks enter to the market and expand, customer oriented movement was not observed but now the bank is exerting a maximum effort to get higher market share.

The same is true for the first entry private banks in Ethiopia. These days' things are changing rapidly. Shareholders are seeking increased return on their investment in bank equities. In addition, the financial regulators are demanding that capital to be increased thus putting pressure to increase earning. (Consuegra et .al, 2008)

2.5 Behavioral components of market orientation

Narver and Slater (1990) inferred that there are three behavioral components and two decision criteria that comprise market orientation. The three behavioral components are customer orientation, competitor orientation and inter-functional discipline. The two decision criteria are long term focus and profitability. The authors define customer orientation as “the sufficient understanding of one’s target buyers to be able to create superior value for them continuously” (Narver and Slater, 1990, p.21)

Competitor orientation is defined as the “seller’s understanding of the short term strength and weaknesses and long term capabilities and strategies of both the key potential competitors” (Narver and Slater, 1990, p.21). Inter- functional discipline is defined as

“The coordinated utilization of company resources in creating superior value for target customers” (Narver and Slater,1990,p.22).This study examines the relationship between market orientation, its three behavioral components and enhanced business performance as measured by financial and non financial assets in private banking segment of the United banking industry.

2.6 The market orientation matrix

Slater and Narver (1994) did not discover any direct effect of focusing more on the customer rather than competitor on market performance so they admitted that “because businesses have limited resources to generate market intelligence, trade-offs between customer and competitor monitoring must necessarily be made” (slater and Narver, 1994:46).

Naturally in keeping an eye on the environment a business may often ether prioritize the customer or focus on the competition at the cost of the other in order to generate a unique market orientation analysis. Either way, the customer and the competitor are the two most important external variables which make up a four cell market orientation matrix (Heiens, 2000).

Table 2.2: Market orientation matrix, source: Heiens (2000)

		Customer Focus	
		High	Low
Competitor focus	High	Strategically integrated	Marketing warriors
	Low	Customer preoccupied	Strategically inept

- a. **Customer Preoccupied:** companies centered in their attention on the customer at the cost of competitor information are in the “customer preoccupied” category. Slater and Narver (1994) advise putting priority on customers especially when the marketing is growing, becomes fragmented or has less buyer power, and catering specifically to main buyers is preferable as they will likely set the trend for future buyers (Heiens, 2000)
- b. **Marketing Warriors:** A well known warfare analogy is proposed by Ries and Trout (1986). Firms with a predominant emphasis on competitors in their external market analysis have been labeled “marketing warriors”. According to Slater and Narver (1994), a competitor-focus entails gathering intelligence on three main questions:
1. Who are the competitors?
 2. What technologies do they offer? And
 3. Do they represent an attractive alternative from the perspective of the target customers? Using target rivals as a frame of reference, competitor-focused firms seek to identify their own strengths and weaknesses and to keep pace with or stay ahead of the positive impact of competitor emphasis on performance (Slater and Narver 1994)
- c. **Strategically integrated:** firms falling in this category focus on gathering, distributing and utilizing customer and competitor’s data equally. They choose this as opposed to only relying on either customer or competitor data for decision making, so complete business planning is achieved. In other words not only “a practical and biased picture of reality” (Day and Wensley, 1988). This is why Slater and Narver (1994) recommend maintaining equilibrium in willingness to change and move resources between the customer and competitor fields within the company, to keep up with the short-term market changes.
- d. **Strategically inept:** strategic planning requires external analysis. Kohli and Jaworski (1990 p.1) mentioned that “a market orientation appears to provide a unifying focus for the efforts and projects of individuals and departments within the organization”. With this in mind, not being able to create an external market orientation can have negative impact on a company’s achievements (Deshpande et al 1993; Jaworski and Kohli, 1993; Slater and Narver, 1994). In exceptional instances, business can still edge these areas if they really focus their forces on internal activities, technological edge, and building core aptitudes.

2.7 Business performance (BP)

Business performance is broader concept encompassing both financial performance and operational performance indicators (Venkatraman and Ramanujam, 1986). It is defined in both financial and non-financial context as panigyarakis and Theodoridis (2009) discussed that financial indicators of the performance of an organization are the return on investment (ROI) and Return on Assets (ROA). Mehra, Joyal, and Rhee (2011) used to return on asset and return on equity as financial indicators for computing banking performance. Performance measures based on more financial indicators are not enough so noneconomic indicators including market share, product development, or production efficiency are used for business performance. (Vold sund,2009), further quoted in panigyarakis and Theodridis(2009).examined non-financial indicators like product or service quality, market share, customer loyalty and customer satisfaction influencing the overall performance of the firm.

On the other hand some scholars take business performance instead of financial and operational performance and they call it judgmental and objective performance. Under judgmental measure of performance, customer satisfaction, employee satisfaction, and service quality are included and they are important prerequisite for profitability or objective measure of performance (Day and Wensley, 1988). Heskett et al. (1994) trace the link between financial profitability in service organizations to things like customer satisfaction, service quality and finally, employee satisfaction. Based on their study, profitability is ultimately driven by employee and customer satisfaction. A satisfied employee, for example, is committed to the organization and has high esprit de corps (kohli and Jaworski, 1990). Such employees, especially in boundary-spanning roles provide better service and make a positive impact on consumers and keep coming back to the organization providing it with more business (kohli and Jaworski, 1990, Slater and Narver, 1994)

2.8 Market orientation and company performance

A market-orientation firm will continuously monitor customer's changing needs and will attempt to satisfy those needs by modifying their offerings while marketing a profit.

Since changes in offerings often require significant financial investment, organizations may not be able to recover their investment in the short-run. However, in the long-term, zeithaml et al. (1990) argued that a market-oriented firm may produce higher profits through superior quality and stronger customer loyalty. Productivity, efficiency and reduced waste in management, and competitive advantage can also be achieved if organizations understand what customers want and do not want. Several studies have been conducted to understand market orientation and its impact on company performance. Many of the empiric findings provide support for the proposition that market orientation is positively related to its company performance. Most of the studies on market orientation and organizational performance have incorporated objectives measures as well as subjective measures. Organizational performances were assessed on sales growth, profitability, and return on investment /assets/, market share, profit, overall financial performance, and product success. The major findings of selected studies on the nature of the relationship between market-orientation and company performance are summarized in table 2.3

Table 2.3 summary of major studies on market orientation and company performance

Author(s) of the study	Performance measure used	Findings: Nature of Relationship
Narver and Slater 1990	Subjective assessment of ROA for self and compared to competitors	Positive relationship
Despande et al 1993	Subjective evaluation of profit, size markets share and growth compared to largest competitor	Positive relationship for subjective measure but not objective measure
Jaworski and kohil 1993	Subjective measure for overall performance	Positive relationship
Slater and Narver 1993	Subjective evaluation of return on assets and sales growth relative to competitors	Positive relationship with sales growth but not profit
Deng and Dart, 1994	Subjective evaluation including financial performance, liquidity sales volume.	Positive relationship
Slater and Narver, 1994	Subjective evaluation of ROI new product success and sales growth.	Positive relationship
Pitt et al 1996	Subjective evaluation of Return on capital and sales growth	Positive relationship
Deshpande and farley, 1998	Subjective evaluation of sales growth, customer retention, return on investment, return on sales	Positive relationship
Ruekert 1992	ROI with high level companies	Positive relationship

Jaworski and kohli, 1993	Objective measure market share	Negative relationship
Esslemont and Levis 1991	Objective evolution RoI and change in ROI	No relationship

Source: compiled by researcher

As we have seen in the summarized table that shows relationship between market organization and business performance is positive, even if the majority of the researches were conducted on developed countries. Although some of the results were mixed, there is an emerging consensus to suggest that market orientation did have a positive impact on business performance.

In recent years, a number of studies from outside of the US/UK have been reported, including a number with a specific focus on developing countries the potential for significant contextual difference between developed and developing countries had led many researchers to question the simple transferability of finding from developed countries (Ngai and Ellis 1998). While there has been general consensus in developed economies to support the market orientation-performance link, findings from developing economies have been more mixed. For example (Bhuiyan, 1998) in Saudi Arabia, the findings are consistent with those observed in the US and to a lesser extent the UK (i.e a positive link between market orientation and business performance). Similar findings have emerged for India (Subramanian and Gopalekrishna.2001) and for Eastern Europe (Hooley et al 2000, 2003). Recent research conducted in china suggest that high level of market orientation may be associated with higher levels of learning, entrepreneurship and the potential to achieve higher performance (Liu et al 2003). In contrast researches in Africa don't support the conclusion, for example, in Ghana (Appiah-Adu, 1998, Appiah-Adu and singh, 1998) it fails to produce evidence for the market-orientation-performance link and questions its general ability to all contexts. Equally, Winston and Dadzie (2002) note the lack of market orientation in firms in Nigeria and Kenya.

In addition to the ambiguity that emerges from the developing country context, there have been a numbers of UK based studies that question the impact of market orientation on performance and

provide either weak (Diamantopoulos and Hart 1993) or minimal (Harris 2001) evidence for the link. These varied results more attract researcher's attention.

Many of the previous studies also suggest that the strength of the relationship between market orientation and business performance may vary with the environmental conditions (kohli and Jaworski 1990; Narver and Slater 1990).

However, mixed results have been achieved in attempts to model environmental effects using such factors as market turbulence, intensity of competition and technological turbulence. For instance, although many US studies found little or no evidence for the mediating effects of environmental factors for example (Jaworski and kohli 1993, Slater and Narver 1994), evidence of the existence of such effects has been reported by studies in the UK (Diamantopoulos and Hart 1993); Greenley 1995, Harris 2001), in Australia (pulendran et al 2000), in Finland (Cadogan et al, 2002) and in a member of other context. However in many instances, the findings of these studies seem to be inconsistent. For instance, while Greenley (1995) and Harris (2001) found that a positive relationship between market orientation and business performance exists only at low level of market turbulence, Diamantopoulos and Hart (1993) suggested that the relationship exists at high level of market turbulence. Cadogan et al (2002) suggested the market orientation was more beneficial in the face of high degree of uncertainty while pulendaran et al (2000) found that the relationship between market orientation and business performance is positive regardless of the market condition through a stronger relationship is identified at higher degree of market turbulence.

The lack of consistency in the above evidence raises an issue in which environmental influences may be measured. Jaworski and Kohil (1993) argued that individual environmental variables such as market turbulence and technological change may act in tandems to affect the impact market orientation on business performance, therefore, it is likely that a stronger relationship between market orientation and business performance may exists under the conditions of both high and low degree of market turbulence depending on the configuration of other industry factors such as the intensity of competition and technological change.

In other words, the effects of the high degree of market turbulence could be cancelled out by the presence of low degree of competition or vice versa.

Generalizes based on Riliang Qu and Christine Tennew (p.16). Environment has little impact on the relationship between market orientation and business performance.

2.9 Benefits of market orientation.

The majority of the marketing journals talks about the benefits of market orientation. Basically market orientation provides four main benefits.

Finance: the result of the researches showed that market orientation will improve business performance (Jaworski and Kohli, 1993, Megicks and Warnaby, 2008). In general, companies that focus on high market orientation would have a better profitability. Research conducted by Slater and Narver (1995), and Suryani (2003) signifies that market orientation affects the Return on Assets (ROA), in sales and new product's success. (Slater and Narver, 1995)

Customers: the effect of market-oriented company will continuously make effort to respond to the needs of each customer.

Employees: the effect of market orientation on employees can be explained by the activities that occur in the market-oriented companies. Jaworski and Kohli (1993) state that the higher the company's market orientation, the higher the Employee's enthusiasm to achieve job satisfaction in the corporation.

Innovation: market-oriented companies will be encouraged to always seek new ideas and innovative thinking to meet the needs and desires of consumers. A research from Harley and Hult (1998) found that market orientation affects the innovation from a company.

2.10 Antecedents of market orientation

Previous studies have identified both external and internal antecedents to market orientation. External antecedents are environmental factors beyond the organization while internal antecedents are factors existing within the organization.

Examples of external antecedents previously found to be significantly related to market orientation are turbulence (Jaworski and Kohli 1993) and competitive intensity (Aulonitis and Gounaris 1997).

Market turbulence can be defined as to how quickly customers can change preference in a particular period of time. When market turbulence is low, organizations have reduced pressure to adopt a market orientation stance given the stability in the market and /or / the lack of effective completion for customers. In essence, it is the organization that has the power and hence customers are more likely to have to accept the level of service offered (Pelham and Wilson 1996). This situation was in Ethiopia before private banks were allowed to enter the market. Once, however, customers begin to have the opportunity to switch preferences, market turbulence increases and organizations are forced to adopt a strategy of market orientation if customers are to be retained (pulendran et al.2000), Likewise, when completion increases for the same pool of customers actual and potential, it is expected that, for an organization to retain market share, market orientation strategies will have to be adopted that enable the firm to effectively compete. In Ethiopia, with the reforms, completion in the banking sector quickly increased in many parts of the nation and hence it could be expected that this promote the adoption of market orientation in this sector.

Various internal antecedents have been proposed and tested in association with market orientation. These include market oriented training (Ruekert 1992; Liu and Davies 1997. Formal marketing education (Horng and Chen 1998; Harris 2000), top management risk aversion (Jaworski and Kohli 1993), interdepartmental conflict (Jaworski and Kohli, 1993),and interdepartmental connectedness (Jaworski and kohli 1993), organizational size Lionch and walino (1996), Resources and capabilities Tuominen et al. (1997); organizational culture Harris and plercy (1997; Entrepreneurship Bhuian (1992); centralization Kohli and Jaworski (1990); formalization Liu (1995) departmentalization Harris and Piercy (1997); control Jaworski and kohil, (1993) of these according to several researchers, suggestions expected to be relevant to market orientation are, market based rewards, top management emphasis on market orientation and interdepartmental connectedness. Jaworski and kohli (1993)

2.11 Market orientation and its consequences

Outcomes can be categorized as being financial, customer associated, and employee associated. The relationship with financial out comes has been explored (Kirca et. al. 2005) the subsets such as sales and market share (Jaworski and Kohli 1993; Kirca et.al.2005). As has been consistently found there is a positive relationship between an organization's financial performance and market orientation. Positive customer responses have also been associated with the market orientation of organizations. Such responses can be categorized as customer satisfaction and customer retention (Doyle 1995).As Doyle (1995) reasoned, when customers are satisfied with the value being provided in a product they are more likely to repurchase, kohli and Jaworski (1990) also argued that market orientation is related to satisfied customers who both recommend the product to other potential customers and keep repurchasing themselves.

Employee out comes such as organizational commitment and team spirit have also been found to be associated with market orientation (Kohli and Jaworski 1990), with the adoption of market orientation in an organization, it has been found to unite employees with the firm around a common goal that is dedicated to the fulfillment of would expectantly lessen and hence the work place would become less confrontational between customers and employees. Such stress reduced and with a defined purpose in the organization, employee roles would become more positive and role definition would become more certain (Siguaw et al.1994)

2.12 implementing market orientation

One of the main issues in marketing orientation research is the implementation issue. The literature on implementation takes an explicitly managerial view of market orientation and asks what firm can do to improve their market orientation. According to the other concepts of market orientation it doesn't attract researcher's attention but there is enough researcher suggestion about implementation of market orientation. Let's see some of them

i. The information processing approach by Kohli and Jaworski

Kohli and Jaworski's view on implementation is derived from their definition of market orientation as "the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization wide responsiveness to it" (Kohli and Jaworski, 1990, p.6). The authors identified some of the antecedent to a market orientation that were discussed above (top management commitment, interdepartmental dynamics, organizational systems and structure) and argued that since these factors are controlled by senior managers, managerial intervention can help endanger a market orientation. First of all senior managers must communicate their commitment to a market orientation to junior employees. Junior employees need to witness behaviors and resource avocations that reflect that commitment. Next, interdepartmental dynamics need to be managed. Connectedness needs to be improved and interdepartmental conflict reduced. Interdepartmental activities and exchange of employees are examples of specific interventions. The third category of intervention is aimed at organization wide systems. Changing organization structure (less formalization and centralization) and more market-based reward system should facilitate the implement of a market orientation. The authors suggest that their measurement instrument MARKOR can be used for an initial diagnosis of the current degree of market orientation and for post-intervention measurements of the degree to which market orientation has been improved (kohli et al., 1993)

ii. **The norm-based approach by Lichtenthal and Wilson**

Lichtenthal and Wilson (1992) approach implementation from a social structure perspective. Their main focus is no inter-functional co-ordination. They argue that norms prescribe individual behaviors.

For an organization to act in accordance with the marketing concept, it must therefore inculcate and transmit the appropriate values and create a set of norms to guide market oriented behavior.

In order to change, an organization must first define the value system that currently drives behavior. This is the diagnostic phase in Lichtenthal and wilson's approach. Next, it can select what values need to be altered and instigate changes in these values.

Management should then develop a list of desired behaviors, the norms that drive these behaviors can be derived and programs can be developed per department to change these norms or create new ones. These changes are best made from the top down.

Possible interventions include revising job descriptions, educational programs, communication programs and incentive programs to reward appropriate behavior. Lichtenthal and Wilson do not detail any post-intervention evolution tools or activities.

iii. **The strategy and support processes approach by Ruekert**

Ruekert (1992) defines the level of market orientation as the degree to which a business unit:

1. obtains and uses information from customers
2. develops a strategy which will meet customer needs
3. implements that strategy by being responsive to customers' needs and wants

In Ruekert's view, the most important support systems are human resource systems of recruitment and selection, training, and reward and compensation

iv. **The capabilities approach by day**

Narver and Slater's ideas about implementing of market orientation (Narver et al. 1998). The argument can be summarized as follows: creating a market orientation is about how the members of an organization learn to continuously create superior customer value. This learning can be achieved in two ways:

1. Via "a priori education", which the authors call the programmatic approach
2. Via "Experiential learning, called the market-back approach,

The authors' claims that most businesses fail to engender a market orientation because they favor the more popular a priori learning over experiential learning.

However, according to the authors, experiential learning is required to realize a culture change, and the proper role of a priori education is merely to prepare for hand-on problem solving the and experimentation in a results driven continuous improvement process.

v. **The system – based approach by Homburgs**

Becker and Homburg (1999) introduce the term "market-oriented management" and add another system perspective to the debate. They identify five managerial systems that influence the degree of market oriented management:

1. The organization system
2. The information system
3. The planning system
4. The controlling system
5. The human resources system

For each of these systems the authors provide suggestions on how they can be redesigned to enhance market orientation.

In a later publication (Homburg et al.2000), information systems, accounting systems, reward system, and human resource management systems are identified as the main determinants of customer-focused organizational structure on the basis of research with managers.

2.13 Measurement issue

With the variety of definitions of market orientation come a multitude of scales for measuring the construct. The measuring scales of Narver and Slater (the MKTOR scale).MKTOR’S fifteen items are three components of market orientation; customer orientation, competitor orientation, and inter-functional co-ordination. A business’s market orientation score is the simple average of the scores of the three components (Narver and Slater, 1990, p.24). MKTOR was designed to asses differences in the level of market orientation across companies and a single organization too.

2.14 Conceptual Model

On the basis of hypothesis and the concept of market orientation researcher developed the following conceptual model.

Conceptual Diagram of the study

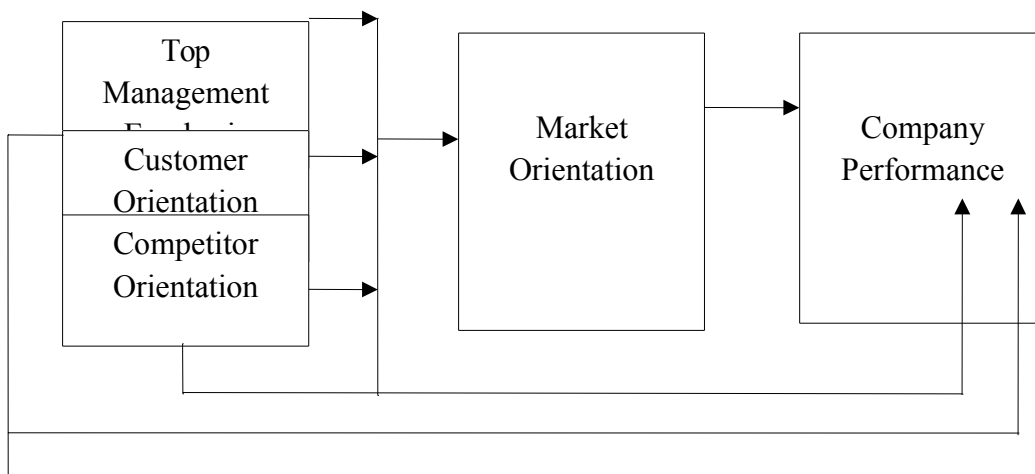


Diagram 2.14

CHAPTER THREE

RESEARCH DESIGN AND METEHODOLOGY

The pervious chapter showed how the literature has been condensed and conceptualized in this study. This section of the study deals with the research design and methodology of the study. It includes the research design, population and sample size, sampling techniques and method of data analysis.

3.1 Research Design

Banking sector as a financial intermediary plays a key role in economy and it is as a considered very important sector of services industry due to its active role in customer dealing and financial handling .That’s why selected an active service industry to study the effect of market orientation on the performance of United Bank. The researcher used both qualitative and quantitative research methods .To measure the market orientation and company performance variables, are developed multi criteria measurement scales, to be referred to works carried out previously in this field in developed countries. The measures for all the constructs in this study were adapted from past research. The 5-point Likert scale was used for the entire study. To measure market orientation, the researchers used MKTOR measure (Naver andSlater, 1990) that consists of 15 items and assess the sub factors competitor orientation, customer orientation and inter functional coordination. Company performance was measured using a modified version of an instrument developed by Gupta and Govindrajan (1984).

3.2 Population and Sampling Techniques

The population of the study focuses on the top managers of the United Bank consisting of Branch managers, assistant managers and Supervisors. Yemane (1967; 886) provides a simplified

formula to calculate sample size $n = \frac{N}{1 + N e^2}$.

When it replace value on it $n = \frac{117}{1 + \frac{.05^2}{117}}$ =90, Where n is the sample size, N is the population size,

and e is the level of precision.

The population represents 39 branches of United Bank managers which is117 and the sample size (according to Yamane) sample size will be is 90. The sample population consists of managers working in twenty six targeted branches of United Bank in Addis Ababa which is selected with the help of excel simple random selecting method.

3.3 Types of Data and Tools /Instruments of Data collection

3.3.1 Primary Data

First hand data that are obtained from the managers and supervisors through questionnaires and informal interview.

3.3.2 Secondary Data

This data are more organized that are obtained from the magazine of the bank, reports, marketing journals, websites etc.

3.3.3 Questionnaire set up

The researcher mainly used the questionnaire to collect data. The questionnaire consists of three types of measurement questions. The first part is demographic data more the common one is designed by the researcher .The second part of the questionnaire was designed by Narver and Slaters (1990) scale was used to measure market orientation. In market orientation measurement, each component of market orientation identified three or more sentences. These statements describe how a market-oriented firm should act according to the market orientation model. The sentences are totally 18.Each proposition has been evaluated on Likert scale ranging from 1-5, where 1 represented "not at all" and 5 represented "to extreme extent". Similarly the third part of the questionnaire used a modified version of an instrument developed by Gupta and Govindrajan (1984) to measure company performance; in this tool there are six components to measure the financial and non financial performance of the company.

Each proposition is evaluated by a 5-point scale, ranging from 1 (very lower) to 5(very higher) with a total of 27 questions which also related to various performance criteria.

3.4 Procedures of Data Collection

Data for the study were collected using the key informant techniques which involve the collection of data from those individuals who have specific knowledge about the required information. In this study data were collected from top managers and supervisors of United Bank

in twenty six branches of Addis Ababa. The researcher distributed all questionnaires directly to each office of the bank collected completed information after two months. Out of 100 papers 13 were not returned back and seven of them were not properly completed. Some of the questions were not answered. Then researcher used only the remaining 80 properly completed data.

3.5 Method of Data Analysis

For data analysis, descriptive statistics was used for frequencies and inferential statistics was used to run correlation analysis and regressions, using powerful software package of spss20. The research uses a significant level of a 0.05 valid point. All tests were performed using spss version 20, the reliability testing was conducted using the cronbach Alpha, and normality of the data was checked using the skewness and the kurtosis. The hypotheses were rejected or accepted on the basis of final result of the study.

CHAPTER FOUR

Data Presentation, Analysis and Interpretation

4.1 Results /Finding of the study

Data for the study were collected from twenty six United Bank branches .To fill the questioner mainly managers and assistant managers are participate .Out of the 100 questioner papers 13 not return back at all 7 of them not properly completed .The researcher used well organized properly completed 80 respondent data for the data analysis. The first section of the questionnaire

contains demographic data. The following table presents the demographic information of the respondents.

Table-4.1 Demographic Characteristics of Respondents (n=80)

Characteristics	Percentage
Gender	
Male	72.5
Female	27.5
Age	
18-25	3.8
26-35	66.3
36-45	27.5
46-55	2.5
Level of Education	
Diploma	5
First Degree	81.3
Masters Degree	13.8
Position	
Branch managers	38.8
Assistant managers	27.5
Supervisors	18.9
Officers	12.3
Others	2.5

Source: Own Survey 2014

Table 3 shows that 73% of the respondents are males and 28% are females. This gave a clear indication that the people working in United Bank were mostly male. In addition, 66% of the respondent belonged to the age group (26-35) years, 28% of the respondents are (36-45) years old, 4% of them (18-25) years old and 3% are (46-55) years old. According to table 3 result; the ages of majority of the respondent under age group of (26-35) and in the next age group.

Table – 4.2 Reliability Analysis of market orientation

Item	Cronbach Alpha	No.Item
Customer orientation	0.669	6
Customer commitment		
Create customer value		
Understand customer needs		
Customer satisfaction objective		
Measure customer satisfaction		

After-sales service		
Competitor orientation	0.723	4
Sales people share competitor information		
Respond rapidly to competitor actions		
Top managers discuss competitor's strategies		
Target opportunities for competitive advantage		
Inter-functional coordination	0.722	5
Information shared among functions		
Inter functional calls		
Functional integration in strategy		
All function contribute to customer value		
Share resources with other business units		
Long term horizon	0.509	3
Quarterly profits are primary objective		
Require rapid payback		
Profit emphasis		
Top managers emphasize market performance		
Overall market orientation	0.872	18
Company performance	0.950	27

There are different types of reliability tests but the researcher prefers the cronbach's alpa reliability test. The cronbach's alpa is the coefficient of reliability and it is measure of internal consistency, that is, how closely related a set of items are as a group. This test was developed by Lee cronbach in 1951. Researchers call it a tool for assessing the reliability of scales. (Hatcher, 1994) Reliability coefficient of 0.7 or higher is considered " acceptable' in most social science research situation.

Therefore all the dependent and the independent variables are 0.7 and above by considering 0.669 almost 0.7 (it is acceptable).

The cronbach alpa reliability test of the long term horizon is 0.509 it is not acceptable but in this research we don't have any issue related to the long term horizon.

Testing for normality

Normality tests are used to determine whether a data set is modeled for normal distribution. Many statistics functions require a distribution to be normal or nearly normal statistically, two

numerical measure of shape –skewness and kurtosis can be used to test normality .If either of these values is not close to zero, then the data set is not normally distributed (Groneneveld and Meeden 1984).some statistical packages (including spss) provide both estimates of skewness and kurtosis.

Table 4.3 Normality Analysis

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
MCO	80	2.67	5.00	4.0396	.49202	-.120	.269	-.238	.532
MCOMPO	80	4.50	16.25	11.9594	2.21347	-.630	.269	1.349	.532
MO	80	44.17	85.28	65.8076	8.34888	-.079	.269	.032	.532
PERFORMANCE	80	62.11	122.19	96.5102	14.72501	-.199	.269	-.573	.532
Profit	80	2.00	5.00	4.1875	.69526	-.502	.269	.074	.532
Valid N (listwise)	80								

According to rule of normality the result of skewness and kurtosis should be between -1 and 1 .The result of this study almost all normal. There is a single case based central limit theorem which states that if the $n > 30$ the sampling distribution and the use of the statistical test with variable is appropriate.

The main objective of this research as stated in the statement of the problem and the general objective part, it is theory testing research. The theory is tested in developed countries and they have put their own conclusion on the area .However, in developing and some Eastern Europe countries it was not achieved as much as expected, so the researcher wants to show and test weather theory can be achieved in Ethiopian context.

The next section of the research shows the result of accepted and rejected hypotheses of the researcher. The researcher tests each hypothesis using correlation and regression analysis with the help of Spss 20 software output.

Decision rule of correlation

Before testing the hypotheses need to know how the correlation r value indicates the strength of the variables. Higher positive values (to a maximum of +1) and lower negative values (to a

minimum of -1) indicate stronger relationships. The following table provides a framework for describing the strength of the measure of association:

Table 4.4 Decision rule of correlation

Measure of Association	
> 0.00 to 0.20 ;	< -0.00 to -0.20
> 0.20 to 0.40;	< -0.20 to -0.40
> 0.40 to 0.60;	< -0.40 to -0.60
> 0.60 to 0.80;	< -0.60 to -0.80
0.80 to 1.0;	< -0.80 to -1.0

Source: Basic statistics in the Human Service

4.2 Hypothesis Test

H1: The greater the market orientation of a company, the higher its company performance.

Table 4.5 correlation analysis between market orientation and Company performance

Correlations			
		PERFORMANCE	MO
Pearson Correlation	PERFORMANCE	1.000	.791
	MO	.791	1.000
Sig. (1-tailed)	PERFORMANCE	.	.000
	MO	.000	.
N	PERFORMANCE	80	80
	MO	80	80

Market orientation and company performance have positive relation $r=0.791$. This means when $r > 0.6$ to 0.8 the relation is strong. Market orientation with company performance has strong positive relation.

Table 4.6 Regression analysis between market orientation and company Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	4.738	8.109		.584	.561
	MO	1.395	.122	.791	11.406	.000

The table 4.6 shows the regression analysis of market orientation and company performance $P < 0.05$ When accept the hypothesis and β (Beta) weights tell us some standard deviation changes will occur in the independent variable by standard deviation changes in the predictor variable. The result of table 4.5 shows that there is a linear relationship between market orientation and company performance a single unit change in market orientation will result in a change of 0.791 in company performance.

Table 4.7 Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.791 ^a	.625	.620	9.07247	1.943
a. Predictors: (Constant), MO					
b. Dependent Variable: PERFORMANCE					

The model summary shows how much strength is there between the variables, $R=0.791$ means there is a strong relationship between dependent and predictor variables. Therefore, the hypothesis is accepted.

H2: The greater the top management emphasis on market orientation, the greater the market orientation of the company.

Table 4.8 Correlation Analysis between Market Orientation and Top Managers Emphasis

Correlations			
		Profit	MO
Pearson Correlation	profit	1.000	.494
	MO	.494	1.000
Sig. (1-tailed)	profit	.	.000
	MO	.000	.
N	profit	80	80
	MO	80	80

Note: "profit" statement in the management consistent from business unit'

represents the questionnaire 'Top anticipates profitability level or simply, top

managers emphasize market orientation. The table 4.8 shows market orientation and top managers emphasis have moderate positive correlations when $r=0.494$.

Table 4.9 Regression analysis between market orientation and top Manager's emphasis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.481	.544		2.723	.008
	MO	.041	.008	.494	5.017	.000

The result of table 4.8 shows that $p < 0.05$, we confirm the hypothesis and there is a linear relationship between market orientation and top manager's emphasis and one unit of change in market orientation will result in a change of 0.494 in company performance.

H3: Customer orientation in United Bank has a positive effect on the company Performance.

Table 4.10 Correlation analysis between customer orientation and Company performance

Correlations			
		PERFORMANCE	MCO
Pearson Correlation	PERFORMANCE	1.000	.655
	MCO	.655	1.000
Sig. (1-tailed)	PERFORMANCE	.	.000
	MCO	.000	.
N	PERFORMANCE	80	80
	MCO	80	80

The 4.10 correlation table shows between customer orientation and company performance has strong positive correlation when, $r=0.655$

Table 4.11 Regression analysis between customer orientation and Company Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.335	10.420		1.664	.100
	MCO	19.600	2.561	.655	7.654	.000

The table 4.11 result shows $p < 0.05$, so it accept the hypothesis and beta weights also inform some basic point about standard deviation. Standard deviation changes will occur in the independent variable by standard deviation changes in the predictor variable.

The result shows that there is a linear relationship between customer orientation and company performance and one unit of change in customer orientation will result in a change of 0.655 in company performance. The model summary result also support the hypotheses .Therefore the hypotheses is accepted.

H4: Competitor orientation in United Bank has a positive effect on the company performance

Table 4.12 Correlation Analysis between Competitor Orientation and Company Performance

Correlations			
		PERFORMANCE	MCOMPO
Pearson Correlation	PERFORMANCE	1.000	.618
	MCOMPO	.618	1.000
Sig. (1-tailed)	PERFORMANCE	.	.000
	MCOMPO	.000	.
N	PERFORMANCE	80	80
	MCOMPO	80	80

The table 4.12 result shows between competitor orientation and company performance has strong positive correlation when $r=0.618$

Table 4.13 Regression analysis of competitor orientation and Company Performance

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	47.313	7.198		6.573	.000
	MCOMPO	4.114	.592	.618	6.949	.000

The table 4.13 shows $P < 0.05$ this means the hypothesis already accepted and beta tells some standard deviation changes will occur in the independent variable by standard deviation changes in the predictor variable.

The result of table 4.12 shows that there is a linear relationship between competitor orientation and company performance and one unit of change in market orientation will result in a change of 0.618 in company performance. The model summary of regression support the above result $R=0.618$ there relation is strong. Therefore the hypothesis is accepted.

4.3 Discussion

Before analyzing the data, normality and reliability test was made and it is checked that the data is almost normal and reliable. This normal data that is collected from United Bank strongly supports the hypotheses of the research.

Hypothesis One: The greater the market orientation of a company, the higher its company performance.

According to the correlation and regression test of market orientation and company performance as presented on table 4.4 and 4.5, there is a strong correlation and linear relationship between the two variables. This implies the greater the market orientation of a company the higher its company performance. This research is relevant to and consistent with the previous research by Slater and Narver (1994), Jaworski and Kohil (1993), Pelham and Wilson (1996), Pelham (2000), Horng and Chen (1998), Voss and Voss (2000), proving that market orientation has a positive effect on business performance. In addition to this, so many researches support the hypothesis. Market orientation has seen extensive consideration in the literature during the past

two decades. Much of the work focuses on the impact of market orientation on firm performance. For example, of 36 studies investigated by Dawes (2000), a total of 33 found some positive connection between market orientation and firm performance. Not only testing the theory if the firm implement market orientation it can predict the performance of the company and it also gives clue in what condition are there the company success or performance.

Hypothesis Two: The greater the top management emphasis on market orientation, the greater the market orientation of the company.

Based on tables 4.7 and 4.8, there is a positive linear relation between market orientation and top management emphasis. Besides the strength of the relationship, according to regression, is moderate one. The firms have a place for every employee in the organization.

It is clear that a satisfied employee's service has a great impact on customer satisfaction and the performance of the company. In some cases, the staff of the company would be motivated but the managers may not be the supportive ones, here, the output can't be satisfactory. Top management emphasis has positive effect on market orientation the result of the study strongly supports this concept. Manager's change the environment of the work positively. In the beginning of the literature there is quotation "The only way we can get out of this mess is for us to become customer driven or market oriented. I am not even sure what that mean, but I'm damn sure that a we want to be there "(Shapiro, 1988:119).

This was said by the CEO of Wolverine industrial company in the meeting of team management with the agenda of company crisis. The researcher raises this quotation due to two basic reasons: First the CEO trusts the concept of market orientation that it is can change profitability of the company, and he shows all the company management team how to implement and how to resolve the crisis of the company. The main point for this discussion is that the manager needs to show how to implement the concept of market orientation and guide the employees of the organization; this has much impact on market orientation the higher market orientation the greater the company performance. According to Jaworski and Kohli (1993), there are three important factors that affect the market orientation. One of the three top management factors that influence work behavior is the style of leadership. The result of Horng and Chen's research (1998) revealed that the employee-oriented style of leadership affects the activity of producing intelligence and responsiveness.

Hypothesis Three: Customer orientation in United Bank has a positive effect on the company performance

According to table 4.9 and 4.10, customer orientation is strongly correlated with company performance and has strong positive linear relationship. Customer orientation is one of the main components of market orientation. Without customer orientation market orientation doesn't exist. A lot of previous studies are done and proofed this concept. Customer orientation is the heart of market orientation. If a firm adopts that, it will develop skills and willingness to meet the needs and expectations of its direct and indirect customers. When the company implements customer orientation, it needs to assess the customers' needs and work with the maximum effort to meet them. This process leads the company to a higher performance and at the same time to the success of the company.

Therefore, if there is customer orientation in the company, there exist both market orientation and company performance. Like customer orientation, competitor orientation is also the component of market orientation. The next discussion elaborates about competitor orientation.

Hypothesis Four: Competitor orientation in United Bank has a positive effect on the company performance. The result shown on the table 4.11 and 4.12, supports the hypothesis stated above. Competitor orientation with company performance has strong positive linear relationship. This implies the greater competitor orientation follows the higher company performance. If the company works on the weakness and strength of its competitors, it will have a great impact on the company's performance. Now a days, if anyone wants to run a profitable company he needs to know the key of success. The researcher strongly suggests that market orientation is one of the keys to success. If the company implements market orientation on the institute, it needs to work for its feedback and measure the score of each component frequently. This process leads the company to the success.

All in all, the hypothesis of the study in marketing concept has a great impact. Each of them meets at a point. This critical point or the universal set is market orientation because all of them are included in market orientation.

CHAPTER FIVE

Summary, CONCLUSION AND RECOMMENDATION

In chapter four the data collected from United Bank analyzed and discussed detail. In this chapter the major finding of the study listed as follows:

5.1 Summary of the Major Finding

- 73% the top managers of United Bank are males and 27% are females. It shows male domination.
- The age of the managers is concentrated on the age group of 26-35, that comprises 66% of the respondent
- The level of education is concentrated on first degree; that is 81% of the respondent
- Market orientation positively correlated with the company performance
- Customer orientation is positively correlated with the company performance
- Competitors orientation is positively correlated with the company performance
- Top managers emphasis positively correlated with market orientation
- Market orientation has strong linear relationship with company performance
- Customer orientation has strong linear relationship with company performance
- Competitor orientation has strong linear relationship with company performance
- Top managers emphasis has moderate linear relationship with market orientation

5.2 Conclusions

The broad objective of this study is to evaluate the market orientation practice in Ethiopia United Bank and to examine the relationship between market orientation and company

performance. To achieve the aim of the study the researcher has collected data from twenty six branches of United Bank of Ethiopia. The top managers of these banks are participated by filling MKTOR measurement design by Narver and Slater as market orientation measurement. The collected data is tested using normality and reliability test before further data analysis using spss20.

The result of the study investigating the market orientation has strong relationship with the company's performance and also customer orientation. Competitor orientation has also strong relationship and a positive impact on company performance.

In addition, to this top managers emphasis shows moderate relationship with market orientation .According to the results, market orientation in United Bank is one of the factors considered by the managers and plays the central role even if in some aspect need improvement. A powerful banking industry is significant in each country and can have an important influence in upholding economic development through efficient financial services. Therefore market orientation has impact on company performance. Researchers state that theory and empirical evidence suggest higher levels of market orientation lead to enhanced performance.

5.3 Limitations of the study

There are some limitations inherent with the study like any other survey studies. First, in the study the researcher used self report measures, although this approach has widely been used in previous studies (Narver and Slater1990; Kohil and Jaworski, 1990). It is likely that the managers own assessment may not correspond to that of the supervisors. Second the time issue was a constraint to have which forced to minimize it sampling so the sample size is not that much large.

5.4 Recommendations

The researcher's recommendation start form demographic data analysis that contains gender, age, educational background and the position issues. Nowadays a lot of

researches discovered that women have more effective management skills than men. But in United Bank this is not observed; there is male domination.

If a bank implements the market orientation and run to the maximum efforts, it needs to consider gender issue.

Besides the age of the majority is concentrated around the group of (26-35) for management age and experience also it has its own impact on their managerial skill so the United Bank needs to take this into account. Finally like the other demographic sections, the educational background of the managers of UB is concentrated on first degree. As suggested above training and education to upgrade managers matters.

Therefore the administrator needs to focus on this area.

The researcher, as market orientation researcher, recommends that the bank should pay a great attention to loyal customers who are known as employees outside the companies. Customer's attraction and attention to customer satisfaction must be considered in all its aspects, and only attracting customers to gain profit may occur in short term. Therefore, branches of United Bank require proper coordination together for long term durability and gaining a major share of the country's market and economy. In addition to that, banks should utilize full benefits of customer and market information to clarify the related aspects of market orientation and service orientation. Modifications in the different aspects of market and service orientation will take place as the needs and demands of customers change and without having strong and powerful culture the bank cannot stand market and customer changes. To coordinate with the current aspects relevant to market and service orientation culture, banks should constantly revise and improve:

1. Strengthening and institutionalize scientific marketing research through bank
2. Strengthen team working culture for better sharing information and increasing synergetic
3. Staff should be trained on the different aspect of market and service orientation. Investigating the views of workforce can help managers to recognize evaluate and manage the related intra organizational drivers needed to improve customer satisfaction.

Managers should frequently ask themselves what they can make change in their banks such as internal structures, employees arrangements, service processes, training and reward systems.

In conclusion market orientation can bring some advantages for bank managers and supervisors.

First, bank managers must understand that organizational values are bases of making and maintaining great levels of market and service oriented practices within banks. Second, managers must measure, examine and diagnose every parts of market and service orientation to benchmark and supervise how well their especial organization is performing in every of those areas. Third, managers have known that any particular configuration of banks values and practices are highly correlated with organizational commitment, loyalty and esprit de corps.

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Appendix I

Survey on the Effects of Market Orientation

Dear Sir/Madam

I would be grateful if you could participate in these surveys which represent an important part of my dissertation. I am currently working my thesis entitled THE EFFECTS OF MARKET ORIENTATION ON THE PERFORMANCE OF UNITED BANK.

I thank you in advance for your cooperation.

General Guidelines

- **This questionnaire will take roughly 15 minutes to complete.**
- **Please tick only one answer for each question.**
- **Please note that all information collected in this survey will remain strictly confidential and will be aggregated and used for academic purpose only.**

Survey On The Effect of Market Orientation

Purpose of this Questionnaire:

The purpose of this questionnaire is to gather the information and experiences of top level managers from financial service companies who have successfully realized and implemented market orientation in their organizations. Your company has been selected for this study purposely. The information gathered by way of this questionnaire shall serve as the research basis for examining whether market orientation has an impact on the marketing performance of UB or not. The main focus of this questionnaire is to gather data that would help to test the hypotheses and answer research questions under study.

Confidentiality:

Although you are required to mention your company's name and other specific information, please do not be hesitant to provide exact and accurate information. This research is only for academic purpose and will not be passed on to third parties or attributed directly in any public way.

Thank You, for your cooperation and timely response in advance!

BASIC DEMOGRAPHIC DATA (PLEASE TICK WHERE APPROPRIATE)

Section A.

1. How old are you? (years)

Gender

- a) 18-25 ()
- b) 26 – 35 ()
- c) 36 – 45 ()
- d) 46 – 55 ()
- e) 56 – 59 ()
- f) Above 60 ()

- a) Male ()
- b) Female ()

2. Educational Back Ground

- a) Diploma ()
- b) First Degree ()
- c) Masters Degree ()
- d) Other () please specify

3. What is your position in UB _____

Section B (MKTOR)

Please rate United Bank in the following areas. For each numbered item, mark in the column that most closely describes your overall opinion of each item.

No	Topic	Not at all 1	Poor strongly disagree 2	Fair disagree 3	Good Agree 4	Excellent strongly agree 5
Customer Orientation						
1	We maintain a high level of commitment to our customer.					
2	We constantly create value for our customers.					
3	Our employees understand the need of their client.					
4	Keeping customer satisfied is the main objective of our employees.					
5	We regularly monitor and measure customer satisfaction level.					
6	Our employees are required to pay close attention to post-sale service.					
Competitor Orientation						
7	Our employees often share the information about our competitors with each other.					

8	We always respond very quickly to new actions taken by our competitors.					
9	Top management discusses competitor's strength and strategies regularly.					
No	Topic	Not at all	Poor strongly disagree	Fair disagree	Good Agree	Excellent strongly agree
		1	2	3	4	5
10	Employees from different functional areas are regularly in contact with our customers.					
11	We target customers and customer groups where we have or can develop a competitive advantage.					
Inter-functional Coordination						
12	Employees from different functional areas share information about customers and competitors regularly.					
13	All our functions are interested in how we serve our target markets					
14	All our functions strive and create value for our customers.					
15	We share resources with other business.					
Long Term Horizon						
16	A primary objective of our business unit is to produce satisfactory quarterly profits.					
17	Top management anticipates a rapid payback from investment in customer relationships.					
Profit Emphasis						
18	Top management anticipates consistent profitability level from our business unit.					

Section C Marketing Performance Measures:

How do you rate your company's marketing performance on the following **very low.....very high** measuring scales that best describes your judgment in relation to your competitors in the financial service sector based on the statement given. Please **encircle the appropriate number** for the corresponding questions given below.

No	Items	Very low	Low	Average	High	Very high
1. Financial Measures:						
Based on the past four/five years' performance, how do you rate your company's...?						
A	Service sales turnover	1	2	3	4	5
B	Overall profitability	1	2	3	4	5
C	Service sales contribution margin	1	2	3	4	5
02. Competitive Market measures:						
Compared to others in the industry, how do you rate your company's?						
A	Market share	1	2	3	4	5
B	Consumer mind share	1	2	3	4	5
C	Advertising and promotional shares	1	2	3	4	5
D	Effectiveness of promotional campaigns	1	2	3	4	5
03. Consumer behavior measures:						
How do you rate your company's.....?						
A	Consumer penetration in the market	1	2	3	4	5
B	Strategy to attract customers in relation to competitors	1	2	3	4	5
C	Overall customer loyalty and customer gained	1	2	3	4	5

04. Consumer intermediate measures:						
How do you rate your company's?						
A	Brand awareness by consumers in relation to competitors	1	2	3	4	5
B	Brand usage over competitors	1	2	3	4	5
C	Brand performance over the past four/five years	1	2	3	4	5
D	Products and/or services to meet the needs and expectations of customers	1	2	3	4	5
E	On time performance and commitment to meet customer expectations	1	2	3	4	5
F	Products and/or services competitiveness to satisfy customers	1	2	3	4	5
G	Consumers' overall intention to consume your products or services	1	3	3	4	5
H	Technical competencies of customer care services	1	2	3	4	5
05. Direct customer measures:						
How do your rate your company's.....?						
A	Responsiveness in dealing with customers	1	2	3	4	5
B	Employee professionalism in dealing with customers	1	2	3	4	5
C	Approach to quality management to ensure complete customer satisfaction	1	2	3	4	5
D	Logistics method for your products and/or services	1	2	3	4	5
E	Profit shares compared with your trading partners	1	2	3	4	5
06. Innovativeness measures:						
Compared to others in the industry, your company introduces.....?						
A	New or significantly improved methods of producing services	1	2	3	4	5
B	New or significantly improved supporting activities for your marketing processes or operations	1	2	3	4	5

C	New or significantly improved services on to your market before competitors	1	2	3	4	5
D	New or significantly improved services that was already available from your competitors in your market.	1	2	3	4	5

Appendix II

The Lists of banks that are selected randomly and their participation

	Branches	Given no question	Not returned	incomplete	completed
1	Addisu Gebeya	4			4
2	Beklo Bet	3			3
3	Birr Amba	4	1		3
4	Bisrate Gebriel	3	3		0
5	Bole	4			4
6	Bole M/Alem	4			4
7	Bomb Tera	4			4
8	Cathedral	4			4
9	Etege Taitu	4	1		3
10	Gandi	4		1	3
11	Genet	4			4
12	Gofa	4			4
13	Gullele	4	2		2
14	Hayahulet	4		2	2
15	Hilton	4			4
16	Lebu-Laafto	4			4
17	Megenagna	3	1		2
18	Mehal Arada	4		1	3

8					
1 9	Meske square	4			3
2 0	Meskel Flower	3	2	1	
2 1	Misrak	4		2	2
2 2	Tana	4	1		3
2 3	Teklehaimanot	4	1		3
2 4	Urael	4			4
2 5	Wollo Sefer	4			4
2 6	Yoseph	4			4

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

Signature & Date

DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of **Temesgen Belayneh (Phd)**. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other learning institution for the purpose of earning any degree.

Name

Signature & Date

