

Decision-Maker's Impact on a Firm's Market Orientation

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Abstract: The notion of 'Market Orientation' (MO) has been widely studied since the early 1990s. This paper focuses on the impact of a non-profit organization's decision-making group on the organization's MO and, consequently, on its performance. A six-dimensional tool was developed for assessing the opinions of an academic institution's decision makers towards central marketing topics. The study reveals an evident relationship between the institution's performance and the decision makers' MO rate. Data analysis points to awareness of specific dimensions among the group members, while some other dimensions are characterized by low awareness. Based on this analysis, further steps are recommended for future research in order to develop a prognostic tool for improving the low awareness dimensions and thus promote the MO rate among decision makers.

Key-Words: - market orientation, decision-making group, non-profit organization, marketing

1 Introduction

Scientific marketing concepts first began to be established in the 1950s and 1960s. Originally, selling was viewed as the principal marketing activity, but as scientific theory developed, the focus shifted toward clearly identifying consumer needs and providing a response to these needs. In addition, marketing theory involves development of methodical thinking designed to instill this approach throughout the entire organization.

The marketing orientation concept was the first theory to call attention to the importance of listening intently to the customer, implementing a long-term process, and adapting the product to the user's needs. At the core of the concept is the assumption that a marketing orientation is necessary for a firm's long-term growth and profitability. This concept emphasizes the importance of the consumer and of consumer satisfaction, of the advantages of the product from the consumer viewpoint as it relates to solving his or her problems, and of the value the consumer receives from the product or service.

Since its initial introduction, the marketing concept has progressed. Methods have been developed for market segmentation and for identifying consumer

groups for a firm to focus on. Marketing research methods have been applied toward understanding consumer needs. Products have been designed that are suitable to consumer demand. Sales promotion techniques and advertising have been formulated to ensure that the consumer is aware of the product and its advantages. Effective distribution methods have been developed to guarantee product availability. Attention has been devoted to product pricing in accordance with conditions and circumstances. Finally, companies have become aware of the importance of ethical and fair behavior, strict quality control over products and the value they produce, and the creation of a long-term relationship with the customer. Companies know that today's consumers are more sophisticated than ever. With the information and variety of choice at their disposal, customers now compare product characteristics and prices, purchase products and services via the Internet, and are cognizant of their rights and their purchasing power. Moreover, growing demands for environmental protection and conservation have begun to conflict with commercial and marketing activities, which too often cause harm.

Although numerous empirical and theoretical studies have investigated the relationships among market orientation and firm performance, little research has examined this topic in non-profit organizations (NPO). More specifically, the impact of the decision-making group within a non-profit organization on its performance has not yet been studied. The current paper presents the case of an academic institution and examines the impact of its decision makers on its performance. A diagnostic tool was developed to analyze the findings.

2 Literature Review

In an era of increasingly competitive environments, organizations must operate efficiently in order to achieve their goals. In this context, the concept of market orientation is considered highly important.

Market orientation, as perceived by Deshpande and Webster [1], refers to a cognitive, behavioral, and cultural component of a firm's marketing concept that places the customer at the center of the organization and its development. Kohli and Jaworski [2] view market orientation as a set of behaviors and processes related to implementing the marketing concept via market intelligence generation, intelligence dissemination, and responsiveness to market occurrences. Narver and Slater [3] consider market orientation within a cultural context that enhances the creation of high customer value. After placing the market orientation concept within a cultural framework, they extend its boundaries by incorporating data collection with respect to competitors and inter-functional collaboration [4]. Ruekert [5], influenced by Deshpande and Webster's cultural framework of marketing [1], identify three components of market orientation: obtaining and using customer information; developing a strategic plan based on such information; and implementing the plan to respond to customer needs. Han et al. [6] attempted to identify the mechanism that transforms market-orientation behavior into firm performance.

A well known factor that impacts firm performance is firm innovativeness. The positive role of firm innovativeness on firm performance has been supported by many theoretical and empirical studies of new product development, technology adoption and diffusion, process improvement, and innovation. Kohli and Jaworski [7] note that market orientation provides something new or different in response to market conditions, and can be seen as a form of innovative behavior. Slater and Narver [4] propose innovation as one of the core-value creating

capabilities that drives the relationship between market orientation and performance.

Calantone et al. [8] refer to innovativeness as that portion of a firm's culture that promotes and supports novel ideas, experimentation, and openness to new ideas. Accordingly, innovativeness plays an essential role in a firm's performance. Farrell and Oczkowski, [9]; Sinkula and Baker, [10]; & Slater and Narver [4] have pointed out the direct impact of market orientation on firm innovativeness.

Studies by Peterson [11] Meziou [12], Pelham and Wilson [13], Horng and Chen [14] addressed the direct influence of market orientation on firm performance and competitive advantage in Small Medium Enterprises (SMEs). According to Pelham [15], a market-oriented firm that has excellent market information gathering and processing abilities is able to predict the requirements and changes in markets, thus enabling quick and appropriate responses.

Shoam et al. [16] addressed the issue of market orientation in a NPO, pondering whether the MO perspective is applicable for organizations without "profit" as a main goal. Their findings were compared with findings in the for-profit sector and found to be consequential.

3 Implementation and Results: Developing Diagnostics Tool

This paper addresses the issue of assessing MO among NPOs. In particular, the paper focuses on the impact of the organization's Decision Making Group (DMG). An assessment tool was developed consisting of 36 statements related to the field of marketing, taken from the scientific literature. The attitudes of the members of the DMG regarding the statements were collected. The questionnaire examined six facets:

- a. Marketing that focuses on customer needs.
- b. Marketing as a planning tool in the organization.
- c. Marketing as an inborn versus acquired ability.
- d. Marketing as a work ethic in the organization.
- e. Marketing as a means for promoting sales.
- f. Marketing as an ongoing commitment.

For each of these facets, four to nine questions examined DMG members' conceptions of the marketing profession, as shown in Table 1 below. The questionnaire positioned naïve attitudes versus the scientific approach.

Table 1: Research questionnaire components

No.	Facet	Questionnaire Statements (see appendix A)
1.	Marketing – focus on customer needs	1, 4, 6, 9, 12, 16, 19, 35
2.	Marketing – organization planning tool	10, 13, 32, 33
3.	Marketing – inborn ability or acquired	3, 7, 23, 26
4.	Marketing as a work ethic in the organization	2, 15, 17, 18, 22
5.	Marketing – a means for promoting sales	8, 11, 21, 25, 29, 30, 31, 34
6.	Marketing – an ongoing commitment	14, 20, 24, 27, 28, 36

4 Implementation and Results

Firms are directed and managed by a group of individuals, collectively referred to as management. Quite often, however, a particular individual may have a significant impact on the firm's conduct and performance even though not a formal member of its management. Therefore, a preliminary move towards understanding an organization's decision-making mechanism involves the appropriate identification of all the members who comprise the informal DMG of that organization. Questioning an organization's management, personnel, customers and stakeholders can reveal all the informal decision makers. This tool was implemented on the DMG at Ort Braude College (OBC), a small engineering academic institution in northern Israel. In the present case study, 13 decision makers were identified as comprising the DMG, and 13 questionnaires – after processing – reflected the group's awareness of marketing. The results are presented in Fig. 1 (next page) and Table 2.

Table 2: MO indexes of the College's DMG

MO Index	Score
Customer needs	78
Organization planning	83
Inborn ability	38
Organizational ethics	80
Sales promotion	52
Ongoing commitment	88
Average	70

5 Market Survey - The OBC Positioning

The positioning of OBC is based on a survey conducted in 2006 among 7,500 students at 38 Israeli academic institutions, 295 of whom studied at the college. The questionnaire examined 120 elements involved in pursuing academic degrees in Israel. The main examined indexes included student satisfaction with the following: learning quality, teaching quality, job placement, environmental facilities, spending time options, and social bonding. This data base provides a basis for formulating OBC positioning, based on the main examined indexes.

The 'learning quality' index ranks the college fourth out of 36 examined institutions, ahead of all other Israeli colleges. Only three high reputation universities are better positioned on this index. The next college was ranked as 13th.

It turns out that studying at OBC is quite demanding and requires a great deal of effort. The average Braude student invests 19.1 weekly hours at home preparing demanding assignments, second only to students at the Technion - Israel Institution of Technology, one of the nation's most respected universities.

On the 'teaching quality' index, the college is ranked 13th. In particular, students point out that lessons are not as interesting as they would expect, and that the lecturers are not able to provide adequate answers to their questions. This is a common problem facing most technological institutions, and OBC's position is actually better than most of them.

On the 'quality of administrative services' index, OBC ranked 19th out of 32 examined institutions. The problematic parameter reflected in this index was students' low satisfaction with the assistance provided by the college with job placement and with locating sources for stipends, as well as dissatisfaction with secretarial services. On the other hand, 'environmental facilities' scored high in student satisfaction, with OBC ranked in 2nd place.

Fig. 1: Awareness of the college's DMG according to the 6 facets

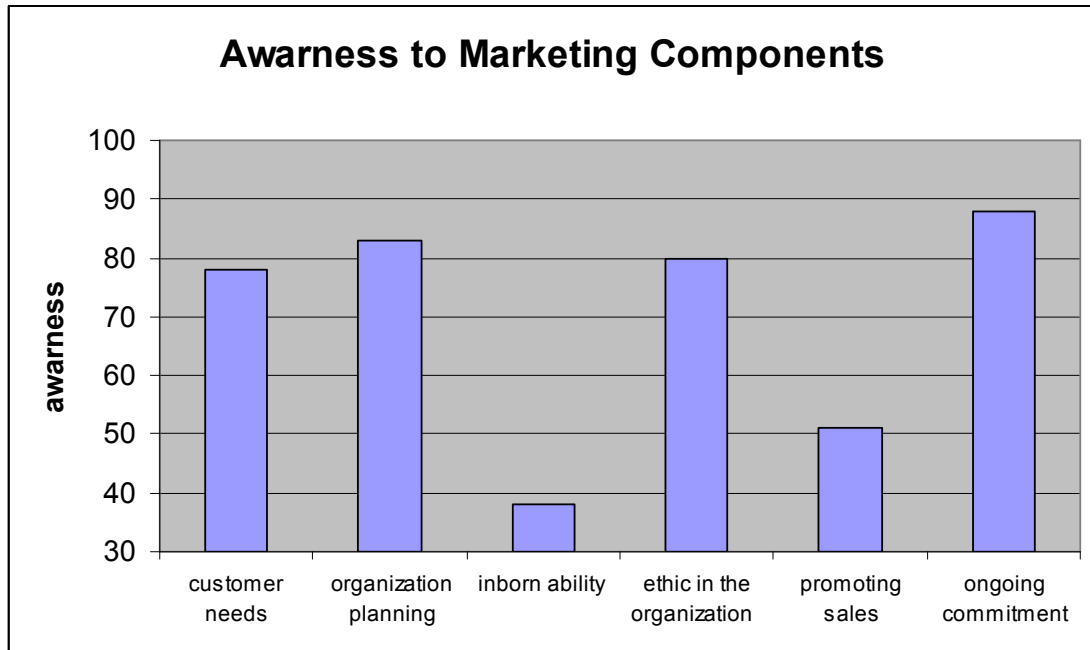
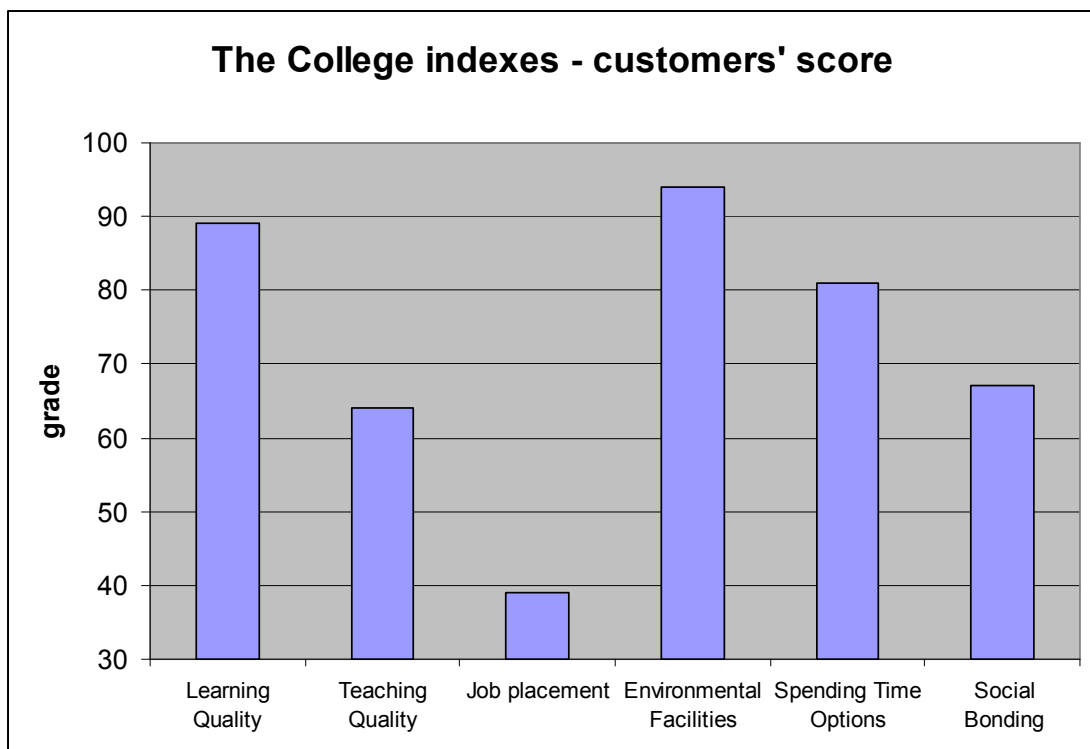


Fig. 2: The OBC's positioning according to the 6 facets of the marketing survey



OBC was ranked 5th on availability of computers, copy machines and related equipment.

Campus social activity reflects two indexes. While on the 'spending time options around campus' OBC was ranked 30th, on social bonding Braude was ranked 7th, so that on this index the college was ranked 12th overall.

Table 3: Indexes and college's rank on 0-100 scale

MO Index	Rank	Score
Learning Quality	4	89
Teaching Quality	13	64
Job placement	22	39
Environmental Facilities	2	94
Spending Time Options	7	81
Social Bonding	12	67
Average		72

These results indicate that 'Learning Quality' and 'Environmental facilities' are highly perceived by students (in accordance with Fig. 2).

6 Discussion and Conclusions

Our aim in this paper is to check the validity and efficacy of the MO tool for the decision making group in a small engineering college managed as a NPO. The tool was developed according to the definitions of MO in the literature and tested on 13 members of the college DMG. Based on the literature, we also expected to find some correlation between the MO and customer (i.e., student) satisfaction. At first glance it seems that the MO tool and the student satisfaction survey indicate almost the same level (72 and 70, respectively). The research revealed a good correlation between some indexes. For example, the DMG at Braude was highly obligated and committed to maintaining the quality of services the college delivers to the students (88%); on the other hand, students greatly appreciated the college environment (94%) and the learning quality (89%). In contrast, Braude's DMG exhibited a low score on understanding the quality of marketing agents (38%) and managing marketing campaigns (54%). With respect to student satisfaction, the college scored low on its awareness of job placement (39%). Indeed, the MO tool points out this lack of awareness of student needs.

This paper has proposed an indicative tool for the MO of the DMG at a NPO. The tool was developed according to the marketing theory literature, and was validated by marketing scholars. Applying this tool on the DMG at Braude College enabled us to discover the MO level of this organization. Independently, the national student organization conducted a satisfaction survey among students. A strong correlation was found between the results from the MO tool and those of the student survey. These findings encourage us to continue checking our MO tool in other organizations. We hope that this tool will supply management with vital information about the MO in their organizations, and will help them improve their business performance.

Appendix: Survey on Market Orientation

Below are 36 statements that may or may not coincide with your understanding of the world of marketing. You are asked to rate the statements by circling a number from 1 to 5. The meaning of the numbers is shown in the chart below.

1	2	3	4	5
Totally disagree	Disagree	Neutral	Agree	Totally agree

You are asked to answer for each of the statements by marking the number next to it that best describes your feelings. Work quickly; it is not important to spend time on the meaning of each statement. They were written to be simple and easy to understand. If you do not understand a statement leave it unmarked. If you understand the statement but don't have a clear opinion about it, circle number 3.

Thank you – the Research Team.

	Statement	Rank
1.	In order to succeed in marketing, it is necessary to understand the customer's needs.	1 2 3 4 5
2.	In a firm's work-plan, marketing dictates timetable for the other departments.	1 2 3 4 5
3.	Marketing success depends on the salesperson being attractive and persuasive.	1 2 3 4 5
4.	Customers' needs should dictate the firm's priorities.	1 2 3 4 5
5.	As there are various customers in the market, a firm has to target a specific customer group and appreciate its preferences.	1 2 3 4 5

6.	When the needs of the customer contradict those of the firm, the firm should prefer the customer's needs.	1 2 3 4 5
7.	No matter how much you studied marketing, since marketing is an inborn trait.	1 2 3 4 5
8.	Good marketing results mainly from the salesperson abilities.	1 2 3 4 5
9.	In order to increase sale's chances you should address the entire market rather than a particular segment.	1 2 3 4 5
10.	When planning a new product, you should first check with the firm's engineers if they like it.	1 2 3 4 5
11.	Incorporating the customer's needs into the development process increases the product's sales.	1 2 3 4 5
12.	Clarifying customer's needs through dialog, followed by a proper response, conditions the marketing success.	1 2 3 4 5
13.	A product's designer knows better than anybody else the proper design for a given product.	1 2 3 4 5
14.	In order to succeed in marketing, one must spend time learning its theory and practice.	1 2 3 4 5
15.	Identifying a problem to which is addressed by the product must antecede the development.	1 2 3 4 5
16.	A salesperson has to recognize the customer's needs.	1 2 3 4 5
17.	The firm's director understands the real customer's needs better than anybody else.	1 2 3 4 5
18.	Marketing is the exclusive turf of the marketing department, being its specialty.	1 2 3 4 5
19.	Products are manufactured only after understanding the customer's needs.	1 2 3 4 5
20.	Conditions for the firm's marketing success are the marketing staff's ability to grasp customers' needs and to design the proper solutions to those needs.	1 2 3 4 5
21.	It is right to coordinate marketing efforts just before introducing a new product to the market.	1 2 3 4 5
22.	A successful company finalizes a new product and only then looks for customers.	1 2 3 4 5
23.	A successful marketing person has to be charming and good-looking.	1 2 3 4 5

24.	Even a shop floor employee affects marketing performance.	1 2 3 4 5
25.	The salesperson must achieve the maximum sales by all means.	1 2 3 4 5
26.	As the firm's manager, I would always prefer to hire a good-looking marketing person rather than an educated one.	1 2 3 4 5
27.	In case the interest of the firm and its customer's contradicts, the customer should get preference.	1 2 3 4 5
28.	Treating dissatisfied customers is of supreme priority.	1 2 3 4 5
29.	An outstanding salesperson will manage to persuade a customer to make a purchase even if it is clear to him that the customer doesn't need the product at all.	1 2 3 4 5
30.	Attractive packaging has the job of hiding product defects.	1 2 3 4 5
31.	An outstanding salesperson must persuade the customer to prefer purchasing one of his products even when it is clear that the competitor's product better serves the customer's needs.	1 2 3 4 5
32.	A uniquely designed product will sell better although it does not provide a better response to a problem.	1 2 3 4 5
33.	In order to succeed in marketing, the marketing person should be emphatic towards his potential customers.	1 2 3 4 5
34.	Advertising is the primary way to market an organization.	1 2 3 4 5
35.	A marketing person must know the environment in which his customers function.	1 2 3 4 5
36.	Every department in the factory should try to satisfy the customers' desires.	1 2 3 4 5

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