

Relationship among market orientation, service quality and organizational performance from perspective of Gonbad Kavoods Telecommunication firm employees

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ABSTRACT

This paper explores the relationship among market orientation, service quality and organizational performance in a service firm (Telecommunication firm). The population of the study consisted of all employees of Gonbad Kavoods Telecommunication firm (N=45). The sample size was considered equal to the population. A positive relationship was found among service quality, marketing orientation and business performance.

Key words: Market orientation, Service quality, Organizational performance.

INTRODUCTION

Market orientation is important for organizations in competing against one another in the worldwide global market. It is needed in both marketing as well as management [1]. Jaworski and Kohli (1993) argued that market orientation is concerned with behaviors and activities in the organization. They have defined market orientation as the organization-wide generation of market intelligence, disseminating and responding to the market intelligence across departments in the organization [2]. Meanwhile some authors relate the market orientation with cultural perspectives such as Narver and Slater (1990), Deshpande et al. (1993), and Deshpande and Farley (1998) mentioned that market orientation is not a culture but a set of activities in an organization [3].

In a market-oriented organization, the highest priority is given to the creation and maintenance of superior customer value; however, the interests of the other key stakeholders are also considered [4].

Apart from market orientation, organizations nowadays cannot run away from service quality that requires enhancement from time to time to maintain existing market or to capture new business. In fact, both market orientation and service quality are related to the performance of organizations. It has already been established that the concept and principles underlying market orientation could improve organizational performance. Many studies also have shown that good market-orientation practices will lead to effectiveness like service quality, which is becoming crucial for service organizations in fulfilling the customers' requirements and hence could lead to better organizational performance [1].

Being market-oriented implies that the organization will seek information about customers' needs and preferences and will continuously modify its offering mix as a result of changing needs and expectations and competitors actions. Therefore we can expect market oriented organizations to be more likely to meet or exceed customers' expectations and hence provide service quality [5].

The research of Boo (2006) empirically developed a service-driven market-orientation construct and tested its relationships with service quality among a sample of 558 university students from Malaysia which are used to understand the nature of the customer-perceived market orientation and its relationship with service quality. The

results show that the service-driven market orientation was positively related with service quality [6]. Samat et al. (2006) on the other hand looked at the influence of total quality management (TQM) practices on service quality and market orientation among service organizations and found that employee empowerment, information and communication, customer focus and continuous improvement were positively related to service quality whereas only employee empowerment and customer focus market orientation were positively related to market orientation [7]. Ramsaran et al. (2011) in a research explores the relationship between market orientation, service quality and the business profitability of stockbrokerage firms when serving their valuable customers. A positive relationship was found among service quality, marketing orientation and business performance [8].

There is a large body of literature dedicated to studying whether market orientation results in superior organizational performance. Since its inception in the early 1990s, the positive linkage between market orientation and business performance has been well established in the corporate literature [9]. Although it has been suggested that this relationship holds across different industry sectors and national cultures (Jaworski and Kohli, 1996; Slater and Narver, 2000), there is a less support for direct contributory relationship between market orientation and performance in service firms [10].

The purpose of this paper is to closely examine and develop a comprehensive understanding of the market orientation, service quality and organizational performance in the context of telecommunication firm in Gonbad Kavoods (Iran).

MATERIALS AND METHODS

The method of this study is descriptive correlation which was performed by field approach.

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. A modified Farrell's (2000) scale was used to measure market orientation. It includes 10 questions. Service quality was measured by the SERVQUAL scale suggested by Lassar et al (2000). It includes 12 questions. Organizational performance was measured by Cho (2009) Organizational performance questionnaire. It includes 11 questions.

The statistical population consisted of employees and managers working in the telecommunication firm in Gonbad Kavoods (N=45). The sample size was considered equal to the population.

SPSS (Version 16) software was used to analyze the data. As to the statistical measures, descriptive statistics including frequency, percentage, mean, standard deviation and tabulations were used to describe the data. Inferential statistics including Pearson correlation formula was used to test the hypotheses.

RESULTS

The research findings are presented in two levels of descriptive and inference. The descriptive findings indicate that over half of the participants (57.8%) have less than 42 years of age. 62.2 percent of the subjects have Bachelor degrees and 70.6 percent have 17 years work experience and less than.

Table1. Description of variables

Variables	Statistic	Mean	Std. Deviation	Minimum	Maximum
Market orientation		3.65	0.703	1.80	5.00
Service quality		3.31	0.812	1.67	4.83
Organizational performance		3.92	0.669	2.18	4.91

As shown in Table 1, the mean score of market orientation was 3.65 out of 5, which indicates that score of market orientation is higher than average. Also, the mean score of service quality was 3.31 out of 5, which indicates that score of service quality is higher than average. The mean score of organizational performance was 3.92 out of 5.

Table1. Correlation between Market orientation and Organizational performance

Variables	Organizational performance		
	N	Correlation Quotient	P - Value
Market orientation	45	0.574	0.001

Table2. Correlation between Market orientation and Service quality

Variables	Service quality		
	N	Correlation Quotient	P - Value
Market orientation	45	0.735	0.001

Table3. Correlation between Service quality and Organizational performance

Variables	Organizational performance		
	N	Correlation Quotient	P - Value
Service quality	45	0.721	0.001

In inference study of the data and also in studying the first hypothesis, these research findings indicate that the correlation coefficient between market orientation and organizational performance is significant ($r=0.574$, $P\leq 0.001$). In other words, there is positive relation between two variables. Also in studying the second hypothesis, result showed that there is a significant relationship between market orientation and service quality ($r=0.735$, $P\leq 0.001$). In studying the third hypothesis, a significant positive correlation was also found between service quality and organizational performance ($r=0.721$, $P\leq 0.001$).

DISCUSSION AND CONCLUSION

Purpose of this study was to investigate relationship among market orientation, service quality and organizational performance from perspective of Gonbad Kavos Telecomunication firm employees. The result of the present study indicates that market orientation has a positive relation with organizational performance. Market orientation has a positive relation with service quality. Also service quality has a positive relation with organizational performance. This finding supports the hypothesis that excellent market orientation and service quality bring good business performance.

Market orientation plays a pivotal role in determining the success of organizational performance. This has been proven by many of previous studies, both local and abroad in which this has indicates that the construct of market orientation is universal in nature. This is also applied to the construct of service quality. Many of past researchers have discovered that service quality has been proven to have significant relationship with organizational performance.

To improve the business performance of Telecommunication firm, should always increase the degree of market orientation by gathering customer information, competitor information and continuously make coordination among functions; it is because market orientation is proven to encourage learning orientation and innovativeness, it can be a source of advantages for this firm to improve business performance.

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