

Impact of Market Orientation on the Business Performance According to Organization Structure in Large-Scale Chemical Companies

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ABSTRACT

It is important to investigate the intelligent dissemination of information about customers and competitors in companies and the way in which the marketing information of companies is being analyzed. Who is responsible for making decisions about customers and competitors needs and customers satisfaction? The researcher had selected 446 companies in Mumbai that selected 30 large scale companies. Hence questionnaires were distributed 30 large scale companies in Mumbai. **HYPOTHESIS. A:** Intelligence generation has positive effect on customer performance in companies. In this hypothesis, the path coefficient 0.897 with a standard error of 0.021 is estimated. According to the T-Test result 42/72 which is greater than is the Critical value at 0 .05 (1/96), therefore it can be concluded that this path coefficient with the error 05/0 is significant and meaningful. This means that intelligence generation has a positive effect on customer performance in companies **HYPOTHESIS. B:** Intelligence dissemination of information about customers has positive effect on customer's performance in horizontal levels in companies. According this meaning full relationship of independent variables to the dependent variable (Z1 <-X2) and intermediate variable and dependent variable (Y1 <-Z1) is confirmed. So the path coefficient of the intelligence dissemination of information about customers in the horizontal level organization on the customer performance in companies is equal to: **0.2751*0.1124=0.0309. HYPOTHESIS.C:** Intelligence dissemination of information about competitors has positive effect on market performance in vertical levels in companies. According this meaning full relationship of independent variables to the dependent variable (Z2 <-X3) and intermediate variable and dependent variable (Y2 <-Z2) is confirmed. So the path coefficient of the intelligence dissemination of information about competitors in the vertical level organization on the market performance in companies is equal to: **0.4085*0.4895=0.1999. THE MAIN HYPOTHESIS:** Market orientation has positive effect on business performance in companies. On this hypothesis, the path coefficient 0.9474 with a standard error of 0.0073 is estimated, according to the t-statistic equal to the value of being 130.4632 Greater than is the critical value of 0 .05 (1.96) than It can be concluded that this path coefficient in the error 0.05 is significant. This means that market orientation has a positive effect on business performance.

CONCLUSIONS: In the improvement of business performance, the role of external factors cannot be neglected. Although the performance improvement is clear, some uncontrollable peripheral factors such as status of competitors, market inflation, government politics, etc., affect the sales rate, income rate, profit rate and investment rates. One of the greatest and most important results of this research is the influence of intelligent dissemination of information about customers in horizontal levels of organization on customer's performance. In fact in horizontal levels of organization, staff awareness of customers' needs and their satisfaction from products and services can lead to a direct connection between manufacturer and consumer. In other words, the actual manufacturers of the products and services and final consumers of products and services are in touch. Therefore this relationship makes a way for better understanding of the customers' needs by the organization through the actual manufacturers i.e. the staff in horizontal levels of organization. Use of horizontal levels in organization is the best method for intelligent dissemination of information about customers in companies.

KEYWORDS: market orientation, business performance, marketing, Horizontal structure, Vertical structure

INTRODUCTION

Kohli and Jaworski (1993) define market orientation as a set of ongoing behaviors and activities related to generation, dissemination, and responsiveness to market intelligence. To some degree, this position is shared by Day (1994) who views market orientation as ongoing behaviors or processes via market sensing and buyer linking. Business performance is broadly viewed from two perspectives in the previous literature. First, there is the

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subjective concept, which is primarily concerned with the performance of firms relative to that of their competitors. The second view is the objective concept, which is based on absolute measures of performance (Chakravarthy, 1986; Cronin and Page, 1988).

This dissertation investigates the effects of market orientation on business performance with view of organizational structure. One of the signs of the health of a discipline is its willingness to reexamine its focus, techniques, and goals as the surrounding society changes and new problems require attention. Marketing has shown this aptitude in the past. It was originally founded as a branch of applied economics devoted to the study of distribution channels. Later marketing became a management discipline devoted to engineering increases in sales. More recently, it has taken on the character of an applied behavioral science that is concerned with understanding buyer and seller systems involved in the marketing of goods and services.

RATIONALE OF THE STUDY

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

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

One component that defines the market orientation of Kohliand Jawarski view is a component of distributed intelligence that directs impact on the relationship between market orientation and business performance. Companies generally have clear organizational structures which can be clearly separated.

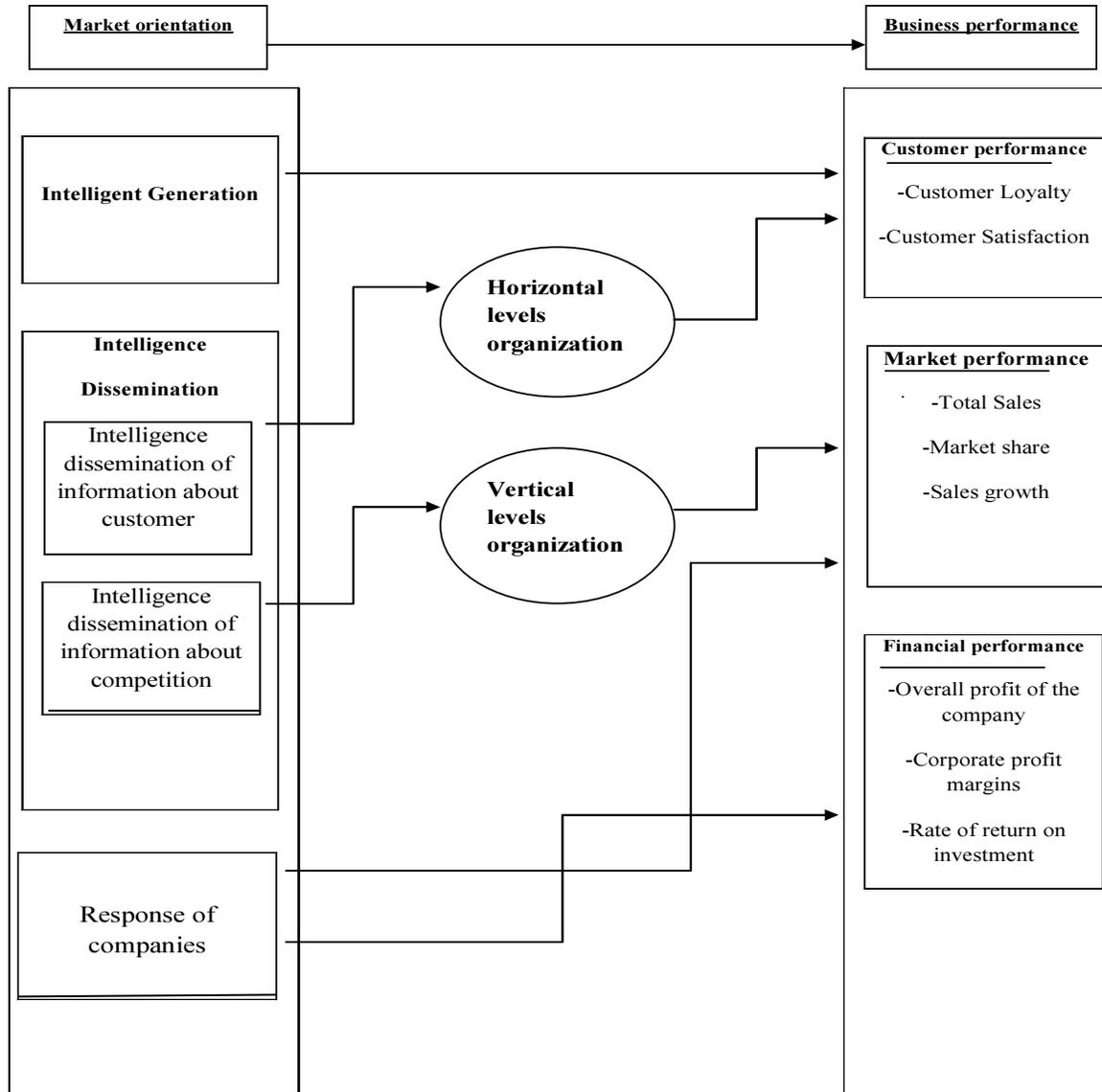
This division includes Organizational Hierarchy:

1) Vertical Organizational structure the traditional division includes top managers, middle managers and operational managers.

2) Horizontal Organizational Structure, The current staff positions are identical.

According to this type of Classified Organizational Structure, we have decided, to analyze the impact distribution of market information has on the company's Horizontal and Vertical organizational structure. So companies can respond to customer's performance (customer's needs) and market performance (market share) appropriately when customer information is distributed in horizontal level and competitors information is distributed in vertical level of companies. This means that employees have a better understanding of customer performance (the needs and satisfaction of customers) and customers can give their opinions about products and better services to the managers. Based on their duties, the managers of companies, also, gain a better understanding of market share in long-term strategies of the organization. (Their competitor's behavior in market).According to the writer's purpose in this research, we want to analyze the effectiveness of intelligence dissemination in company's horizontal and vertical levels on customer performance and market performance. According to the above traits, we also investigate the effect of response design on financial performance companies.

MODEL NO 1



STATEMENT OF THE PROBLEM

It is important to investigate the intelligent dissemination of information about customers and competitors in companies and the way in which the marketing information of companies is being analyzed. Who is responsible for making decisions about customers and competitors needs and customers satisfaction?

Undoubtedly, all final decisions are made by corporate managers but the basic question, here, is about the group which has more effect on making decisions about companies' profitability and competitors' situation.

This research is an attempt to shed light on the following fundamental questions:

- Does market orientation affect business performance?
- Does the intelligent dissemination of information about customers in company's horizontal levels affect customers' performance?

- Does the intelligent dissemination of information about competitors in company's vertical levels affect market performance?
- Does the response of companies affect companies' performance?
- Can intelligent dissemination (customers information, competitors information) in company's horizontal and vertical levels, lead to improved business performance of companies?

We hope the results of this research can lead to the betterment of decisions made for the company's profitability and customer satisfaction.

OBJECTIVES OF THE STUDY

The main objective is to study the impact of market orientation on business performance in large scale chemical companies in Mumbai .Detailed objective are:

- To study the market orientation in chemical companies.
- To study the impact of market orientation on business performance in chemical companies.
- To analyses and to study the impact of four factors, sale, income, profit and investment in large scale chemical companies on market orientation.
- To study impact of intelligent generation on customers performance in chemical companies.
- To study the impact of intelligent generation on the market's performance in chemical companies.
- To study the impact of intelligence dissemination of information about customers on customers performance in horizontal levels of organization in chemical companies.
- To study the impact of intelligent dissemination of information about competitors on market performance in vertical levels of organization in chemical companies.
- To study the impact of response of companies on the financial performance of companies in chemical companies.

HYPOTHESES OF THE RESEARCH

The major hypothesis of this study is as follows:

The main hypothesis is:

- Market orientation has a positive impact on business performance of large scale chemical companies.

Other hypotheses:

- Intelligent generation has a positive impact on customers' performance in companies.
- Intelligent generation has a positive impact on market's performance of companies.
- Intelligence dissemination of information about customers has a positive impact on customer's performance in horizontal levels of companies.
- Intelligence dissemination of information about competitors has a positive impact on market performance in vertical levels of companies.
- Response of companies towards market performance has a positive impact of chemical companies.
- Response of companies towards financial performance has a positive impact of chemical companies.

The Period Of Study

The present status of the impact market orientation on business performance would be studies taking into consideration to 5 years from 2008-2012.

Statistical Tools and Techniques to Be Used

the statistical software (**Smart pls**) and (**SPSS**) is used to find the demographic frequencies and cross tabulation of the variables. Rating and ranking system is used to analyze the best companies with the best business performance style. The analysis would be presented with the help of Pie-charts, Bar-diagrams and Normal Distribution Curves. The data collected for the research is qualitative, and hence it is difficult to analyze the data through measures of central tendency i.e. Mean, Median, Mode and Dispersion. The researcher has used Reliability, Validity, Structure Equation Modeling (SEM), Path Coefficient, T-value, Graphs, Bar Diagrams and (Cranach's Alpha).

Population

The total number of objectives or individuals under study is called the population. There are 677 chemical companies in the Maharashtra that 446 of them are in the Mumbai .Big companies are selected based on their sales. Companies that are part of large companies are selling over 1000 crore. A total of 446 chemical companies in Mumbai, of which 30 are companies' sales over 1000 crore, 388 are companies sales between 1crore till 1000 cars that are medium companies and 28 are companies' sales anther 1 car that are small companies . Thus the population

for the research is 30 large-scale chemical companies in Mumbai. Information from a number of companies and their sales are from mahraha chamber of commerce industries and agriculture in the city of Pune.

Table 1. Table Showing Frequency of Mumbai Chemical Company

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

Sample Size

some representative items are selected from the population. So that all important characteristics of the population are covered in the items of the group. Such a group is called a sample.

The researcher had selected 446 companies in Mumbai that selected 30 large scale companies. Hence questionnaires were distributed 30 large scale companies in Mumbai. In order to understand the impact of market orientation on business performance level, it was proposed to select 10 managers and Executive Director from the different large scale company in Mumbai, which amounts to 300 managers and Executive Director. Unfortunately on examining the questionnaires it was observed that 16 questionnaires were filled partially and 68 managers did not giving any respond. Therefore 216 questionnaires fully filled were collected.

THE ASSESSMENT RELIABILITY QUESTIONNAIRE:

The method for calculating the internal consistency of the characteristics of the measuring instruments used to measure it. If the alpha value greater than 7/0, indicating good reliability and if the 5/0 to 7/0, the average reliability. Using statistical software SMART PLS, with a Cronbach's Alpha reliability coefficient was calculated using the results in the table below.

Table 2. Table showing Results of Questionnaire Reliability

Constructing	Cronbach's alpha
Intelligence generation	0.9551
Intelligence Dissemination of information about customers	0.8705
Intelligence Dissemination of information about competitors	0.8318
Response of companies	0.8184
Horizontal level organization	0.9012
Vertical level organization	0.8605
Customer performance	0.8955
Market performance	0.5335
Financial performance	0.9254

It is noted that all index alpha greater than 0.06, so we can say that the questionnaire has acceptable reliability.

VALIDITY ANALYSIS

The reliability or validity of the question that gauges how much and with what accuracy, the desired attributes - measure. Without knowledge of the accuracy of the data validation tool one cannot measure it correctly. In this case the value will decrease the credibility of scientific research. For this purpose, we use factor analysis.

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

Table 3. Table showing, Results of factor analysis

	Standardized loading	Standard Error	T-TEST
Intelligence Generation Q1 <-	0.7519	0.0458	16.4187
Intelligence Generation Q2 <-	0.8284	0.039	21.2391
Intelligence Generation Q3 <-	0.7518	0.07	10.7419
Intelligence Generation Q4 <-	0.8185	0.0546	14.9801
Intelligence Generation Q5 <-	0.878	0.0319	27.5541

Intelligence Generation Q6 <-	0.8871	0.0277	31.9882
Intelligence Generation Q7<-	0.893	0.0246	36.274
Intelligence Generation Q8<-	0.8866	0.019	46.5947
Intelligence Generation Q9<-	0.8591	0.0385	22.2995
Intelligence Generation Q10<-	0.8717	0.0198	44.0899
Intelligence Generation Q11<-	0.7865	0.209	3.7641
Intelligence Dissemination of Information About Customer Q12<-	0.7983	0.2068	3.8601
Intelligence Dissemination of Information About Customer Q13<-	0.8955	0.1247	7.1793
Intelligence Dissemination Of Information About Customer Q14<-	0.8361	0.1354	6.1764
Intelligence Dissemination of Information About Competitors Q15<-	0.7282	0.1017	7.1626
Intelligence Dissemination of Information About Competitors Q16<-	0.8355	0.0871	9.5926
Intelligence Dissemination of Information About Competitors Q17<-	0.8212	0.0478	17.1838
Intelligence Dissemination of Information About Competitors Q18<-	0.694	0.1137	6.1029
Intelligence Dissemination of Information About Competitors Q19<-	0.7683	0.074	10.3803
Response of Companies Q20<-	0.8035	0.0497	16.1666
Response of Companies Q21<-	0.9096	0.0205	44.2924
Response of Companies Q22<-	0.8503	0.0503	16.9058
Response of Companies Q23<-	0.8062	0.0581	13.8693
Response of Companies Q24<-	0.4607	0.1532	2.7011
Response of Companies Q25<-	0.6747	0.0563	11.9767
Response of Companies Q26<-	0.4931	0.1085	4.5447
Horizontal Level Organization Q27<-	0.9537	0.1363	6.9985
Horizontal Level Organization Q28<-	0.9543	0.1356	7.0397
Vertical Level Organization Q29<-	0.9371	0.0144	65.1664
Vertical Level Organization Q30<-	0.9365	0.0142	65.7845
Market Performance Q31<-	0.4167	0.1732	2.4065
Market Performance Q32<-	0.8462	0.0378	22.3836
Market Performance Q33<-	0.8395	0.0405	20.7409
Customer Performance Q34<-	0.9091	0.0202	44.9535
Customer Performance Q35<-	0.9136	0.0209	43.6705
Customer Performance Q36<-	0.8128	0.0334	24.3599
Customer Performance Q37<-	0.5742	0.0756	7.5923
Customer Performance Q38<-	0.7022	0.0662	10.609
Customer Performance Q39<-	0.9289	0.02	46.5508
Financial Performance Q40<-	0.9006	0.0988	9.1192
Financial Performance Q41<-	0.8682	0.1093	7.9419
Financial Performance Q42<-	0.9452	0.0369	25.5972
Financial Performance Q43<-	0.892	0.0588	15.1644

Based on the above results, Structural studies indicate that all of the t-statistic exceeds the value of 1.96 and the values of the factor loadings greater than 0.4, they have the capacity to be used for structural measures.

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

The results are shown in the following table:

Table 4.Table showing, Results of Composite Reliability

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

According to the results listed in the table above, we can conclude that the internal consistency reliability of the model is acceptable.

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

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

Table5.Table showing, Results of Convergence validation

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

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

The coefficient of determination results is shown as follows:

Table6. Table showing, Results of coefficient of determination

Constructing	R ²
Horizontal level organization	0.0757
Vertical level organization	0.1668
Customer performance	0.8313
Market performance	0.9501
Financial performance	0.0704

According to the results of the above table, about 7.57% variable changes of horizontal level of the organization are determined by the distribution of customers information,16.68% of variable changes of vertical level of the organization are determined by distribution of competitors information.83.8% of variable changes of customers performance are happened by variables of intelligence dissemination of customer and horizontal level of the organization, 95.01% of the variables changes of market are determined by intelligence dissemination of competitors and vertical level of the organizations and 7.04 of variable changes of financial performance are determined by responding.

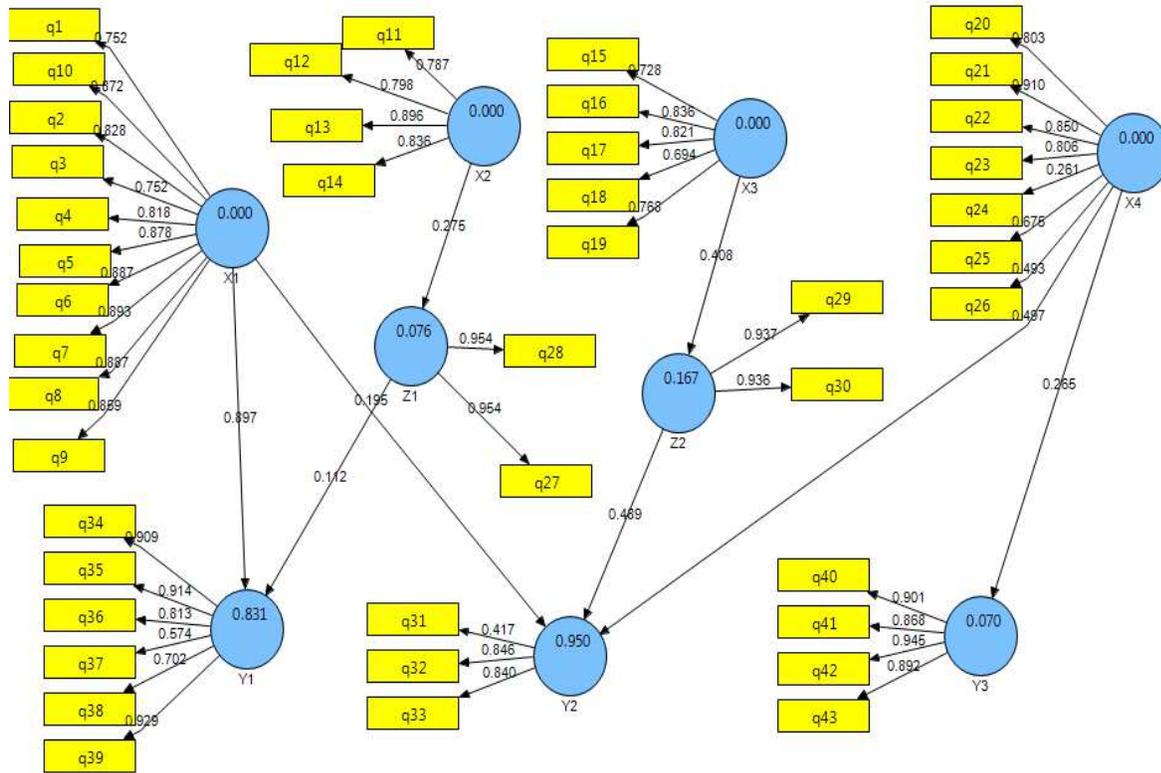
The next step in the evaluation of the structural model is to evaluate path coefficients between the latent variables of the model.

Hypotheses can be studied at this stage. The amount of the coefficient indicates the strength lies in the relationship between the two variables.

THE HYPOTHESIS OF THE STUDY:

In order to evaluate the research hypotheses, first the estimated path coefficients, then significant coefficients by a statistical test are studied. If the value of the statistical test becomes greater than 1.96 the path coefficient was significant and meaningful, otherwise it will not be so.

The model is based on conceptual model of researcher which is designed based on **Structure Equation Modeling (SEM)** and **Smart pls** software output.



MODELING2. The first modeling of Structural equation

- X1:INTELLIGENCE GENERATION
- X2:INTELLIGENCEDISSEMINATION OF INFORMATION ABOUT CUSTOMER
- X3:INTELLIGENCEDISSEMINATION OF INFORMATION ABOUT COMPETITORS
- X4: RESPONSE OF COMPANIES
- Z1:INTELLIGENCE GENERATION
- Z2: DISSEMINATION INTELLIGENCE OF INFORMATION ABOUT CUSTOMER
- Y1:CUSTOMER PERFORMANCE
- Y2: MARKET PERFORMANCE
- Y3: FINANCIAL PERFORMANC

HYPOTHESIS 1:

Intelligence generation has positive effect on customer performance in companies.

Table7.Table showing, effective relationships between intelligence generation and customer performance

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

Observation:

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

H0: $\rho=0$

H1: $\rho\neq 0$

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

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

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

In fact according table No.7 our main hypothesis (H1) is accepted and the null hypothesis (H0) is rejected.

HYPOTHESIS 2:

Intelligence generation has positive effect on market performance in companies.

Table 8.Table showing, effective relationships between intelligence generation and market performance

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

Observation:

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

H0: $\rho=0$

H1: $\rho\neq 0$

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

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

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

In fact according table No.8 our main hypothesis (H1) is accepted and the null hypothesis (H0) is rejected.

HYPOTHESIS3:

Intelligence dissemination of information about customers has positive effect on customers performance in horizontal levels in companies.

On this hypothesis, the horizontal level variable to assess its impact as a mediator variable in the relationship between intelligence dissemination of information about customer variable with customer performance variable.

To examine the indirect effects of the independent variables on the dependent variable, the following conditions need to be established.

The first condition is that the significant relationship between the independent variable and the mediator is approved.

The second condition is also corroborated by the significant relationship between the dependent variable and the mediator variable.

Then the set of clauses Top Indirect relation path coefficients achieve, by multiplying the path coefficient between an independent variable with intermediate variable and the path coefficient between intermediate variable with Dependent variable.

Table 9.Table showing, effective relationships between intelligence dissemination of information about customer and customer performance in horizontal levels in companies

Path	PATH COEFFICIEN	Standard error	T-TEST	Out comes
Z1 <-X2	0.2751	0.0909	3.0268	The hypothesis is confirmed
Y1 <-Z1	0.1124	0.055	2.0425	The hypothesis is confirmed

Observation:

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

H0: $\rho=0$

H1: $\rho\neq 0$

H1: Intelligence dissemination of information about customers has positive effect on customer performance in horizontal levels in companies.

H0: Intelligence dissemination of information about customers does not have positive effect on customer performance in horizontal levels in companies.

According to the above table meaning full relationship of independent variables to the dependent variable ($Z1 \leftarrow X2$) and intermediate variable and dependent variable ($Y1 \leftarrow Z1$) is confirmed.

So the path coefficient of the intelligence dissemination of information about customers in the horizontal level organization on the customer performance in companies is equal to:

$$0.2751 * 0.1124 = 0.0309$$

In fact according table No.9 our main hypothesis (H1) is accepted and the Null hypothesis (H0) is rejected.

HYPOTHESIS4:

Intelligence dissemination of information about competitors has positive effect on market performance in vertical levels in companies.

On this hypothesis, the vertical level variable to assess its impact as a mediator variable in the relationship between intelligence disseminating of information about competitors variable with market performance variable.

Table 10.Table showing, effective relationships between intelligence dissemination of competitor and market performance in vertical levels in companies

Path	PATH COEFFICIEN	Standard error	T-TEST	Out comes
Z2 \leftarrow X3	0.4085	0.0993	4.1143	The hypothesis is confirmed
Y2 \leftarrow Z2	0.4895	0.0509	9.6168	The hypothesis is confirmed

Observation:

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

H0: $\rho=0$

H1: $\rho\neq 0$

H1: Intelligence dissemination of information about competitors has positive effect on market performance in vertical levels in companies.

H0: Intelligence dissemination of information about competitors does not have positive effect on market performance in vertical levels in companies.

According to the above table meaning full relationship of independent variables to the dependent variable ($Z2 \leftarrow X3$) and intermediate variable and dependent variable ($Y2 \leftarrow Z2$) is confirmed.

So the path coefficient of the intelligence dissemination of information about competitors in the vertical level organization on the market performance in companies is equal to:

$$0.4085 * 0.4895 = 0.1999$$

In fact according table No.10 our main hypothesis (H1) is accepted and the Null hypothesis (H0) is rejected.

HYPOTHESIS5:

Response of companies toward market performance has positive impact in companies.

Table 11.Table showing, effective relationships between Response of companies and market performance

PATH COEFFICIEN	Standard error	T-TEST	Out comes
0.4973	0.034	14.623	The hypothesis is confirmed

Observation:

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

H0: $\rho=0$

H1: $\rho \neq 0$

H1: Response of companies toward market performance has positive impact on companies.

H0: Response of companies toward market performance does not have positive impact on companies.

On this hypothesis, the path coefficient 0.4973 with a standard error of 0.034 is estimated, according to the t-statistic equal to the value of being 14.623 Greater than is the critical value of 0 .05 (1.96) than it can be concluded that this path coefficient in the error 0.05 is significant. This means that Responsiveness has a positive effect on customers' performance.

In fact according table No.11 our main hypothesis (H1) is accepted and the Null hypothesis (H0) is rejected.

HYPOTHESIS 6:

Response of companies toward financial performance has positive impact in companies.

Table 12.Table showing, effective relationships between Response of companies and financial performance

PATH COEFFICIEN	Standard error	T-TEST	Out comes
0.2652	0.0952	2.785	The hypothesis is confirmed

Observation:

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

H0: $\rho=0$

H1: $\rho \neq 0$

H1: Response of companies toward financial performance has positive impact in companies.

H0: Response of companies toward financial performance does not have positive impact on companies.

On this hypothesis, the path coefficient 0.2652 with a standard error of 0.0952 is estimated, according to the t-statistic equal to the value of being 2.785 Greater than is the critical value of 0.05 (1.96) than It can be concluded that this path coefficient in the error 0.05 is significant. This means that Responsiveness has a positive effect on financial performance.

In fact according table No.12 our main hypothesis (H1) is accepted and the Null hypothesis (H0) is rejected.

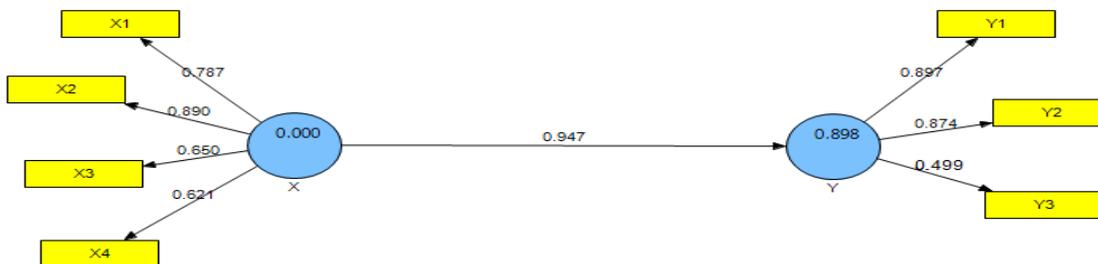
The model is examined in the second level based on the measurements obtained.

Considering X as market orientation and y as business performance, the following outcomes are obtained:

Table 13.Table showing, Results of factor analysis

	Standardized loading	Standard error	T-TEST
X1 <-X	0.7867	0.0562	13.9997
X2 <- X	0.8899	0.0204	43.7149
X3 <-X	0.6505	0.0762	8.5318
X4 <-X	0.6215	0.0816	7.6166
Y1 <-Y	0.8973	0.0172	52.0439
Y2 <-Y	0.8738	0.0273	31.9897
Y3 <-Y	0.4993	0.1646	2.2108

Based on the above table results, it is cleared that all of the T-test indicators value are important to be measured because of the reason that the T-test result value is than 1.96 and also the loading factor value is more than 0.4. The following figure shows the values of the path coefficients and factor loading model:



MODELING 3.The second modeling of Structural equation

Thus, the main hypothesis of the decision:

THE MAIN HYPOTHESIS:

Market orientation has positive effect on business performance in companies.

Table 14.Table showing, effective relationships between market orientation and business performance

PATH COEFFICIEN	Standard error	T-TEST	Out comes
0.9474	0.0073	130.4632	The hypothesis is confirmed

The null hypothesis (H₀) does not show a significant relationship between variables, but the contrary hypothesis (H₁) confirms a significant relationship between variable.

H₀: $\rho=0$

H₁: $\rho\neq 0$

H₁: Market orientation has positive effect on business performance in companies.

H₀: Market orientation does not have positive effect on business performance in companies.

On this hypothesis, the path coefficient 0.9474 with a standard error of 0.0073 is estimated, according to the t-statistic equal to the value of being 130.4632 Greater than is the critical value of 0 .05 (1.96) than It can be concluded that this path coefficient in the error 0.05 is significant. This means that market orientation has a positive effect on business performance.

In fact according table No.14 our main hypothesis (H₁) is accepted and the Null hypothesis (H₀) is rejected.

In this study the research and interpretations have been done in 2 phases.

1) Prepare some questionnaires to test the theories by asking 300 managers in 30 chemical companies in Bombay.

2) The analyses of the four factors namely sales, income, profit and investment.

In fact initially the completed questionnaires (done by managers) are gathered and interpreted. A graph and a table are prepared for each question, after that, the conclusions are taken. Structural Equation Model and Smart PLS software are used to test the theories, and then the results are described.

In the second phase, the documentations of the four factors (sales, income, profit and investment) have been analyses in a five-year period from 2008 to 2012. The four factors have been compared by the use of charts, graphs and tables. The observations of each company are done. And then based on the proper comparisons, the results of the observations have been gotten. The companies are compared in the four factors and their differences are found.

According to the results of analyzing and findings of this study, shows a significant relationship between market orientation and business performance in fact is characterized impact of market orientation on business performance of large scale chemical in Mumbai.

CONCLUSIONS

Following conclusion were drawn from the study:

- 1) Direct relation exists between the four factors namely, sales, income, profit and investment of the large chemical companies.
- 2) In this study large scale chemical companies showed that the profit is not always directly related to income, sales and investment, but the external factors also make a strong impact on profit , sales and even investment .
- 3) Apart from a few exceptions the growth rate of the companies in sales, income, profit and investment has shown growing trend.
- 4) Few companies have shown negative growth rate. It is mainly due to the effects of external factors.
- 5) The companies with a positive growth rate in sales, income, profit and investment have shown improvement in business performance. The marketing methods and other market orientation factors like customer's satisfaction, share in the market, customers' needs diagnosis, customers' tastes in production, have also contributed to improvement of business performance.
- 6) In the improvement of business performance, the role of external factors cannot be neglected. Although the performance improvement is clear, some uncontrollable peripheral factors such as status of competitors, market inflation, government politics, etc., affect the sales rate, income rate, profit rate and investment rates.
- 7) By analyzing the four parameters of sales, income, profit and investment in the companies it is concluded that most companies are successful in their business. Their market orientation is effective.
- 8) Intelligent generation has made an influence on market performance. In fact, intelligent generation enrich companies about the customer's needs, competitor's status in the market, market share, and customers

loyalty to companies products and services. And in general, it determines the company's status in the market. So it's quite clear that making use of this information can bring success to business performance of the organization or company.

- 9) Intelligent generation of competitors has made an influence on market performance. In fact intelligence generation about competitor's information informs companies about the competitor's strategy in the market.
- 10) One of the greatest and most important results of this research is the influence of intelligent dissemination of information about customers in horizontal levels of organization on customer's performance. In fact in horizontal levels of organization, staff awareness of customers' needs and their satisfaction from products and services can lead to a direct connection between manufacturer and consumer.
In other words, the actual manufacturers of the products and services and final consumers of products and services are in touch. Therefore this relationship makes a way for better understanding of the customers' needs by the organization through the actual manufacturers i.e. the staff in horizontal levels of organization.
Use of horizontal levels in organization is the best method for intelligent dissemination of information about customers in companies.
- 11) Among the greatest results of this research the influence of intelligent dissemination of information about competitors in vertical levels of organization on market performance. In fact, managers in companies under study have strongly stressed this point.
One of the best methods for a company to recognize competitors and determine a strategy in the market, is by the analysis of market data by managers in vertical levels of organization or by top executives. To understanding about market and competitors strategies, for managers in vertical levels is of great importance. More understanding of competitor's strategies, company's status in the market is crucial in decision making for future strategies of the company. This can bring about the best organization decision concerning market and competitors.
Use of vertical levels in organization is the best method for intelligent dissemination of information about competitors in companies.
- 12) Intelligent dissemination of information about customers are as follows
 - The intelligent dissemination of information about customers' needs and customer satisfaction, get good response of companies in horizontal levels in organization.
 - The intelligent dissemination of information about competitors strategic and market strategic get good response of companies in vertical levels in organization.This research shows that the companies shows good performances when they performs their best in intelligent generation and intelligent dissemination of information about customers and competitors in the organization. Reviewing the result, we see this has come true in the studied companies.
- 13) The results of this study contribute to the body of knowledge by showing that the performance of companies is influenced by their degree of market orientation.
- 14) Market orientation is considered an important marketing method. Using the market orientation approach is a successful way of attracting customers. Using the correct ways of marketing in diagnosing the customers and using the proper strategy versus the competitors are really beneficial. So the successful companies have had a plus point in market orientation.
- 15) It is stated from the study that, use of the market orientation approaches improves the business performance of the companies remarkably. Market oriented companies diagnose the customers' tastes and interests and tries to get the customers' satisfaction about the goods or services. Additionally, by knowing the competitors, the companies make the best decisions to keep their position in the market. Thus from the analysis and from the study of factors i.e. sale, income, profit, investment of companies it can be stated, that large scale chemical companies in Mumbai are market-oriented companies. Although the study shows that very few companies did not satisfy all market orientation parameters, but in general it can be that these market- orientated companies have had a good business performance. Thus the market orientation makes a positive impact on business performance of large scale chemical companies.

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