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Market orientation among small Korean exporters

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Abstract

Day's conceptual framework linking market orientation with business performance is adapted for the export market, and is empirically tested using a sample of 341 small Korean exporters. The modified measures of market orientation have reasonably high degree of reliability. The prescribed relationships in the framework are supported by empirical findings. The implications are that in a highly volatile export market; market orientation indeed plays a key role in the success of small Korean exporters. © 2000 Elsevier Science Ltd. All rights reserved.

1. Introduction

Drucker (1954) first articulated market orientation as the core focus of the marketing concept. Kohli and Jaworski (1990), and Narver and Slater (1990) viewed market orientation as the implementation of the marketing concept. Numerous researchers in the marketing discipline (Aaker, 1995; Burchill & Fine, 1997; Fritz, 1996) have echoed this position. While the marketing literature has long underscored the importance of market orientation to organizational performance, only recently efforts have been made to operationalize the construct of market orientation and establish empirical support for its relationship to performance (Jaworski & Kohli, 1993; Slater & Narver, 1994). Kwaku (1996) provides evidence on the impact of market orientation on the performance of product and service innovations. Moreover, this relationship is sometimes moderated by environmental factors (Jaworski & Kohli, 1993; Slater &

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Narver, 1994). Confirming evidence gathered to date comes primarily from samples of domestic US companies. Research based on non-US companies typically showed mixed results. Thus, the market orientation–performance relationship may not hold even in domestic markets of non-US countries.

Foreign markets particularly in the domain of exporters are largely ignored. Export markets are more politically, culturally, geographically distant and diverse. With the heightened rate of competitive intensity in the global marketplace, exporters should make a more concerted effort to develop a stronger market orientation in order to sustain their competitiveness. The concept of market orientation has to be operationalized within the context of export markets. Its relationships with business performance and factors leading to varying degrees of market orientation have to be investigated in the export environment. On the one hand, market orientation, if indeed, plays a key role in a company's overall strategic program may be even more critical for the success of an exporter. On the other hand, due to the diverse nature of the foreign markets, market orientation is harder to implement, thus lessening its impact on business performance. This study has three objectives. First, the measure of market orientation will be operationalized for exporters in the foreign markets. Secondly, the relationship between market orientation and business performance will be examined. The question, to what extent, the relationship, if exists, may vary by the diverse nature of the foreign market conditions, will also be studied. Thirdly, given that market orientation may be related to performance, it will be fruitful to examine the underlying capabilities of an exporter leading to market orientation.

A brief review of market orientation and a broader framework proposed by Day (1994) will first be outlined. Justification for examining the role of market orientation within the export markets will then be presented. A description of the sample of small Korean exporters and the modified measures of market orientation will follow. Next, the paper will detail the analysis and results of the empirical study. The paper will then conclude with implications for exporters on market orientation.

2. Market orientation

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 (Kohli & Jaworski, 1990, p. 6). This position is echoed by Day (1994). The principal features according to Day (1994) are the following:

- primary emphasis on customers' interests;
- ability of the organization to generate, disseminate, and use information about the marketplace; and
- coordinated effort in pooling interfunctional resources in the creation of customer value.

The terms market oriented, market driven and customer focused have been used

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