

A CROSS CULTURAL INVESTIGATION OF MARKET ORIENTATION-PERFORMANCE RELATIONSHIP: A REPLICATION IN SAUDI ARABIA

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This study examines the association of market orientation and performance of manufacturing industries in Saudi Arabia. Utilizing an improved judgemental measure of performance, the author also attempts to investigate whether the relationship of market orientation and performance is moderated by market turbulence, competitive intensity and technological turbulence. An examination of a sample of 111 managers of various manufacturing industries shows that market orientation is strongly and positively related to performance. Further, the study provides support for the moderating effects of competitive intensity and technological turbulence on the association of market orientation and performance.

Recent years have witnessed a renewed academic and practitioner interest in the issue of market orientation and its influence on business performance (Hunt and Morgan, 1995; Jaworski and Kohli, 1993; Narver and Slater, 1990; Siguaw *et al*, 1994). This resurgence of interest is not surprising because market orientation is believed to be the cornerstone of both marketing and strategic management (Anderson, 1992; Kotler, 1994; Slater and Narver, 1995). Nevertheless, empirical findings related to the association of market orientation and performance are inconclusive. Studies that utilized judgemental measures of performance found a positive relationship between market orientation and performance (see for example, Slater and Narver, 1994), while studies which used objective performance measures found no such relationship (e.g., Jaworski and Kohli, 1993). Further, although no empirical support is found as yet, some scholars have suggested that various environmental factors could moderate the relationship between market orientation and performance (Slater and Narver, 1995).

What is noteworthy is that most of the existing studies on market orientation have been conducted in the U.S.A. A few that have been undertaken outside the U.S.A., were carried out in other industrialized countries (Greenley, 1995; Liu,

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1995). Systematic studies on market orientation in a developing country context are limited. This is in spite of the fact that several developing country markets have been evolving rapidly and can provide appropriate grounds for robust tests of the association of market orientation and performance, as well as the moderating effects of environmental factors on the relationship between market orientation and performance.

Therefore, this study attempts to examine the relationship of market orientation and performance among Saudi Arabian manufacturing industries. Also, the study investigates the moderating effects of market turbulence, competitive intensity, and technological turbulence on the relationship between market orientation and performance. Further, the study utilizes an improved measure of performance that includes judgemental assessment of quality, customer satisfaction, financial position, revenue, and competitive position.

The study setting of Saudi Arabia, particularly the manufacturing sector of Saudi Arabia, is well suited for an examination of market orientation and its effect on performance. Saudi Arabian manufacturing sector is one of the fastest growing manufacturing sectors in the world (Saudi Commerce & Economic Review Perspective, 1995). Saudi Arabia started developing non-oil manufacturing industries in the early 70s following the oil boom which generated enormous wealth for the country. Today, more than 2,800 manufacturing industries are in full operation and produce a variety of products ranging from textiles and leather, wood and wood works, chemicals and plastics, to metals and foodstuffs (Saudi Commerce & Economic Review Correspondent, 1994). This sector now accounts for twenty seven percent of the country's GDP (\$ 122 billion) (Al Maeena, 1995).

An additional reason for selecting Saudi Arabia is that manufacturing industries exhibit substantial variations in their business orientations. Industries of substantial value adding activities within the country are given several preferential treatments, including subsidized capital, power supply, and tariff protection. These industries can essentially sell whatever they produce and, therefore, they focus on the producing of goods (Bhuian, 1995). In other words, these industries are primarily production oriented. On the other hand, some industries are shifting their focus from production to sales, and to marketing (Mahfouz, 1995). There are industries that face intense competition from producers of industrialized countries and other domestic firms. Some of these industries consider promotion to be the key element in achieving market success. Consequently, these industries focus on product displays, discounts, clearance sales, prizes, consumer gifts, etc. (Bhuian and AbdulMuhmin, 1995), while some others consider customers to be the driving force for product development and marketing efforts. The customer focus is manifested in various activities, e.g., hiring of marketing experts, conducting customer surveys, utilizing the services of advertising and marketing research firms, and incorporating marketing lessons in their employee training programs (Bhuian and Islam, 1995).

In sum, some manufacturing industries have begun to implement the marketing concept, some are carefully adopting it, while some others are deliberating the idea. There are also some manufacturing industries which remain skeptical about the concept of market orientation. Finally, there are manufacturing industries who are not considering the marketing concept at all. Thus, it can be concluded that an examination of market orientation and its effect on business performance among Saudi Arabian manufacturing industries would be useful (Bhuian, 1995; Bhuian and AbdulMuhmin, 1995; Bhuian and Islam, 1996; Bhuian, 1996; Mahfouz, 1995).

Literature Review

Market Orientation

One of the popular views of market orientation is that it is a form of culture that has a specific set of organizational values. For example, a market oriented organization places the highest priority on the profitable creation and maintenance of superior customer value (Despande *et al*, 1993; Narver and Slater, 1990; Slater and Narver, 1995; Shapiro, 1988). Another widely used view describes market orientation as a specific set of behaviors. For example, Kohli and Jaworski (1990) define market orientation as the implementation of the marketing concept. Specifically, a market orientation refers to the organization-wide generation of market intelligence, its dissemination across departments, and the organization-wide responsiveness to it. Since culture is a learned behaviour that permeates a society and is shared by it (Terpstra and Sarathy, 1994), the development of a culture takes place over a long period of time. In this vein, in order to have a market orientation as a form of culture, organizations need to have long experience in implementing the marketing concept. However, the experience of Saudi Arabian manufacturing industries in implementing the marketing concept is relatively recent (Bhuian, 1996; Bhuian and Al-Qatari, 1996). Thus, this study adopts the behavioral view, of market orientatin, the one advanced by Kohli and Jaworski, .

Performance

Although marketing academicians and practitioners have been advocating that business performance is affected by market orientation for more than three decades, a systematic analysis of the relationship was carried out only in 1990 by Narver and Slater. As the measure of performance, Narver and Slater used top managers' assessment of the SBU's return on assets (ROA) in relation to that of competitors. They found a positive relationship between market orientation and performance. Subsequently, Jaworski and Kohli (1993) examined the effect of market orientation on performance, utilizing both judgemental and objective measures of performance. The judgemental measure of performance related to managers' assessment of the overall performance of the business and its overall

performance relative to major competitors. The objective measure was the dollar share of the served market. A positive linkage between market orientation and performance was found for the judgemental measure of performance, while no relationship was found for the objective measure of performance. Finally, Slater and Narver (1994) investigated the relationship between market orientation and performance utilizing a judgemental measure of performance. The measure included the top management team's assessment of the SBU's return on assets, sales growth, and new product success relative to all other competitors. Indeed, Slater and Narver found a strong relationship between a market orientation and performance. The variations in the results on the effect of market orientation on performance have prompted researchers to suggest that the said relationship be studied with alternative dimensions of performance, including quality, customer satisfaction, and financial position.

An observation of the environment facing Saudi Arabian manufacturing firms supports positing a relationship between a market orientation and performance. Bhuian and AbdulMuhmin (1995) report that some manufacturing industries are ahead of others in terms of tracking and responding to the changing needs and preferences of customers. These behaviors are manifested in their various activities, e.g., market surveys, R & D spending, new-product introductions, modification of distribution networks, and demand oriented price practices. Increasingly, manufacturing companies are realizing the usefulness of marketing in winning customer responses. This changing perception of marketing is also reflected in the increasing demand for marketing graduates by business firms in Saudi Arabia as has been observed in employment notices in popular press.

Moderating Effects of Environmental Factors

Jaworski and Kohli (1993) hypothesized and tested the moderating effects of market turbulence, competitive intensity, and technological turbulence on the relationship between market orientation and organizational performance. An observation of the Saudi business environment suggests that these environmental factors can also have differential effects on the market orientation-performance linkage among Saudi manufacturing companies. Many Saudis are strongly influenced by Arab and Islamic traditions. Some of their needs and preferences remain unchanged, e.g., Saudi attire, Saudi food, leisuretime activities (Qutb, 1988). Therefore, manufacturing companies that cater to these unchanged needs face less *market turbulence* and, consequently, are not likely to become market oriented. On the other hand, there are Saudis who are less tradition bound, more exposed to Western lifestyles, more progressive, and who tend to seek variety and new ways of meeting their needs (Saudi Commerce & Economic Review Perspective, 1995). This latter type of Saudis may create high *market turbulence*

for some manufacturing firms and, therefore, can force these firms to become market oriented.

Likewise, *competitive intensity* among Saudi manufacturing companies varies substantially. Some companies can be characterised as pure and undifferentiated oligopolies. e.g., petrochemical and minerals (Saudi Commerce & Economic Review Correspondent, 1994). Some of these firms are also protected by tariff and non-tariff barriers. These firms may perform well, even if they are not very market oriented because customers have no alternative choice. On the other hand, some other manufacturing companies are in pure or monopolistic competitive situations, e.g., packaged foods, beverages, clothing, etc. (Yavas, Luqmani and Quraeshi, 1990). These are relatively free markets with competitors from all over the world. In this type of businesses, customers have alternative options for products. Consequently, a manufacturing firm that is not very market oriented is likely to lose customers to competition.

Finally, *technological turbulence* is also noticeable among many Saudi manufacturing industries. There are some businesses, e.g., furniture, leather, and others that continue to benefit from the surge in domestic demand and are undergoing expansion (Kazim, 1995). This type of companies faces less technological turbulence and can perform well, even if these firms do not monitor the impact of technological changes on the needs and wants of customers. On the other hand, Azzam (1995) reported that many other companies are forced to modernize their production facilities and change their modes of distribution, promotion, etc. to meet the changing demands of new generation Saudis. These firms have to keep track of the effects of technological changes on the needs and wants of customers. Without an understanding of the nature of the influences of technological changes on the needs and wants of customers, firms cannot offer products that satisfy customers. A market - oriented firm is highly capable in tracking the impact of technological changes on the needs of customers and in offering appropriate products. Therefore, a market orientation is expected to be strongly associated with performance under conditions of high technological turbulence.

Hypotheses

The preceding discussion warrants the examination of the following research hypotheses:

H₁: The greater the market orientation of a Saudi Arabian manufacturing firm, the higher its performance.

H₂: The greater the extent of market turbulence in the Saudi Arabian business environment, the greater the positive impact of market orientation of a Saudi Arabian manufacturing firm on its performance.

H₃: The greater the extent of competitive intensity in the Saudi Arabian business environment, the greater the positive impact of market orientation of a Saudi Arabian manufacturing firm on its performance.

H₄: The greater the technological turbulence in the Saudi Arabian business environment, the greater the impact of market orientation of a Saudi Arabian manufacturing firm on its performance.

Methodology

Data Collection

The sample for this study was drawn from the first industrial city located in Dammam, Saudi Arabia. There are eight industrial cities in Saudi Arabia. All of the approximately 2,800 manufacturing industries of the country are located in these eight industrial cities (Saudi Commerce & Economic Review Perspective, 1995). A number of reasons prompted the author to select the first industrial city for this study. To begin with, the administrative authority of the first industrial city had agreed to help the author in obtaining responses from the industries. Earlier studies indicated that without such cooperation from the concerned authority, securing responses from industrial organizations was extremely difficult in Saudi Arabia (Ben-Bakr *et al*, 1994; Yavas and Cavusgil, 1989). Second, the first industrial city was conveniently located from the researcher's work office enabling the researcher to utilize drop-off and pick-up method of data collection which was also supported in the existing empirical studies in Saudi Arabia (Bhuian and Islam, 1996; Yavas *et al*, 1990). Third, obtaining responses from a randomly selected national sample is extremely difficult in Saudi Arabia and, therefore, most of the existing empirical studies, as revealed from a search in the ABI Inform data base, in Saudi Arabia utilized convenient samples (Al-Meer, 1989; Bhuian, 1996; Metwally, 1993; Tuncalp, 1989; Twajiri, Al-Khursani, and Odah, 1994; Yavas *et al*, 1987; Yavas and Tuncalp, 1985). Finally, the literature also suggests that all eight industrial cities in Saudi Arabia contain a heterogeneous mix of companies within each city; however, between cities the mixes of companies are mostly homogeneous. Therefore, to the extent that other industrial cities are similar to the Dammam industrial city, the findings and implications of this study may be extended to explain the situation in those other industrial cities.

The first industrial city in Damman has 119 manufacturing industries. Each of the 119 industries was hand - delivered a questionnaire. One hundred and eleven completed questionnaires were returned, resulting into a response rate of 93 percent. This response rate compares favourably with other studies on market orientation (Jaworski and Kohli, 1993).

Following the example of extant research on market orientation (see Kohli *et al*, 1993), this study attempted to utilize top management personnel as sample units.

The reason for selecting such sample units is that these people are at the center of the decision - making process of their organizations and are capable of answering questions pertaining to market orientation, performance, and environmental factors which are the interests of this study. Also, this study utilized a single informant sample (one response from each industrial unit). Support for using single informant in a study on market orientation can be found in Kohli and Jaworski (1990) and Narver and Slater (1990). In Saudi Arabia, securing one response from one industrial unit is very difficult and, it would therefore, be even more difficult to obtain responses from multiple informants. Furthermore, only the names of the President /Managing Director/Chief Executive Officer are listed in the sampling frame. There is no sampling frame for other personnel of these organizations. Consequently, it would be too much to ask the President /Managing Director/Chief Executive Officer to get the research responses from their colleagues when the formers are reluctant to respond in the first place.

Although responses were sought from the President/Managing Director/Chief Executive Officer, among the respondents, 4 percent were in this group, 4 percent were vice presidents, 22 percent were either directors or general managers, 76 percent were functional managers, and 6 percent were supervisors. This scenario is common in the extant research (Jaworski and Kohli, 1993, Narver and Slater, 1990; Siguaw *et al*, 1994). Literature suggests that as long as most of the respondents are at the levels of functional managers or above, the respondents are expected to be knowledgeable about market orientation, organizational performance, and the external environment of the industries. In this study, 95 percent of the respondents were at the levels of functional managers and above.

In short, the characteristics of the sample indicate that an overwhelming majority (68 percent) of the respondents were in managerial or higher positions, 47 percent had majored in business, followed by 41 percent with engineering majors, 94 percent had bachelor or higher degrees, 75 percent had 6 or more years of experience in the same industry, 62 percent had 1 to 5 and 28 percent had 6 to 10 years of experience in the current company, while 56 percent belonged to the 30-50 year age group. In general, the profile of the respondents indicates that they are responsible persons and have knowledge about the questions that are sought in this study.

Construct Measurement

The measures of market orientation adopted in the study are from Jaworski and Kohli (1993) and the scale of business performance was taken from Bhuian (1992), Jaworski and Kohli (1993), and Narver and Slater (1990). Similar to most of the studies on market orientation (Jaworski and Kohli, 1993; Kohli and Jaworski, 1990; Narver and Slater, 1990), this study also utilized a judgemental measure of performance. If it is difficult to obtain objective measures of performance in the U.S.A; it would be even more difficult in Saudi Arabia. Besides, objective measures

may not serve as a common denominator because different organizations may have different longterm organizational objective. Therefore, objective measures of performance are not necessarily better than judgemental measures. However, different types of performance measures can be used with one complementing the other. Consequently, a 5-item multi-item performance measure was used in this study.

The scale of market orientation consisted of 11 items, 4 for measuring the component of market intelligence generation, 3 for assessing market intelligence dissemination, and 4 for measuring market intelligence responsiveness. The 5-item judgemental measure of performance asked informants for their assessment of the quality, revenue, financial position, customer satisfaction, and competitive position of the business over the last three years. The scales of competitive intensity (4 items), technological turbulence (3 items), and market turbulence (3 items) were taken from Jaworski and Kohli (1993). For all scales, respondents were asked to respond to Likert type statements on a 7-point format ranging from 1, strongly disagree, to 7, strongly agree.

The properties of all the scales were reported in several previous studies. However, the reliability coefficients of most of the scales met the recommended standard of .70 suggested by Nunnally (1978). Only the reliability coefficient of the scale of market turbulence was very low, $\alpha = .25$ and, therefore, this construct was dropped from further analyses. Table 1 includes several information related to the scales, including number of items, means, standard deviations, alphas, items-to-total correlations, and factor loadings. The questionnaire was administered in English. Since the target respondents were top level executives of industries, it was expected that this group of respondents would know English well. Further, the average scores of the scale items were used as measures of the constructs in the analyses. All the scale items are listed in the Appendix.

Method of Analysis

The data obtained from the sample was used to test the three hypotheses, H_1 , H_3 , and H_4 , of the study by estimating simple correlation coefficients (see Table 2 & 3). Hypothesis two could not be tested because of the poor reliability coefficient value of the construct, market turbulence. The first correlation coefficient pertained to the relationship of market orientation and business performance. The second and third correlation coefficients referred to the moderating effect of competitive intensity on the market orientation-performance linkage. A split group analysis was performed to test the moderating effect. The sample was split to form two groups, one with relatively low competitive intensity (values = < 3.5) and the other with relatively high competitive intensity (values = > 4.5). Similar operation was conducted for technological turbulence. The second correlation coefficient represented market orientation-performance linkage for data of low competitive

intensity. The third correlation coefficient related to market orientation-performance relationship for data of high competitive intensity. Similarly, the fourth and the fifth correlation coefficients indicated market orientation-performance relationships for data of low and high technological intensity respectively. Subsequently, the correlation coefficients of low and high groups were converted to t-statistics. Next, the differences between the t-statistics pertaining to low and high groups were tested to find out if the differences were significant .

Table 1
Number of Scale Items, Means, Std. Dev., Alphas, and Loadings

	# of Scale Items	Mean	Std. Dev.	Alphas	Item-to-Total Correlation	F ₁
Market Orientation	11	5.02	1.25	.88		
Item 1					.47	.51
Item 2					.61	.63
Item 3					.59	.64
Item 4					.39	.41
Item 5					.63	.68
Item 6					.66	.69
Item 7					.69	.70
Item 8					.64	.70
Item 9					.69	.74
Item 10					.48	.50
Item 11					.68	.73
Intelligence Generation	4	4.59	1.44	.68		
Item 1					.54	.66
Item 2					.58	.67
Item 3					.50	.65
Item 4					.24	.30
Intelligence Dissemination	3	5.06	1.54	.73		
Item 1					.59	.67
Item 2					.56	.64
Item 3					.52	.58
Intelligence Responsiveness	4	5.43	1.36	.80		
Item 1					.68	.77
Item 2					.69	.75
Item 3					.46	.50
Item 4					.64	.69

Table 1 (Cont.)
Number of Scale Items, Means, Std. Dev., Alphas, and Loadings

	# of Scale Items	Mean	Std. Dev.	Alphas	Item-to-Total Correlation	F ₁
Performance	5	5.68	1.15	.83		
Item 1					.54	.63
Item 2					.73	.82
Item 3					.65	.77
Item 4					.65	.74
Item 5					.62	.67
Competitive Intensity	4	4.58	1.26	.74		
Item 1					.48	.58
Item 2					.55	.61
Item 3					.57	.69
Item 4					.55	.62
Technological Turbulence	3	3.66	1.49	.75		
Item 1					.67	.76
Item 2					.48	.58
Item 3					.59	.69
Market Turbulence	3	5.12	1.06	.25		
Item 1					.20	.43
Item 2					.20	.43
Item 3					.02	.08

Results

Table 1 reports the descriptive statistics. The mean values indicate that an average manufacturing industry in Saudi Arabia is slightly market oriented, performing fairly well, faced with slight competitive intensity, and unconcerned with technological turbulence.

Table 2 shows the correlation matrix for all the variables, and reveals that market orientation is significantly correlated with performance and technological turbulence and not with competitive intensity. Likewise, performance is significantly correlated with competitive intensity and technological turbulence. Finally, competitive intensity is significantly correlated with technological turbulence.

Table 2
Correlation Matrix (N=111)

		1.	2.	3.	4.
1.	Market Orient	1.00	0.43 (.0001)	0.16 (.0891)	0.20 (.0305)
2.	Performance		1.00	0.29 (.0014)	0.31 (.0007)
3.	Competitive Intensity			1.00	0.25 (.0071)
4.	Technological Turbulence				1.00

Table3
Correlation Coefficients

		r	p-value	n
1.	Performance	.43	.0001	105
2.	Performance (Low Competitive Intensity)	.36	0.0685	23
3.	Performance (High Competitive Intensity)	.44	.0002	58
4.	Performance (Low Technological Turbulence)	.40	.0131	51
5.	Performance (Low Technological Turbulence)	.46	.0004	25

Table 3 reports the correlation results. The results are mostly consistent with the hypothesis. The hypothesis that market orientation is a positive function of business performance is strongly supported (correlation coefficient 1, 0001 level). The moderating effect of competitive intensity was supported. Under low competitive intensity, the relationship between market orientation and performance was insignificant, while under high competitive intensity, the market

orientation-performance linkage was significant (.0002 level). Further, the difference between the correlation coefficients pertaining to low and high competitive intensity was significant¹. Finally, the moderating effect of technological turbulence on the market orientation-performance linkage was also supported. Both under low technological turbulence and high technological turbulence, the relationship between market orientation and performance was significant. (0.131 and .00041 levels respectively). However, the difference between the correlation coefficients pertaining to low and high technological turbulence was found to be significant².

Discussion and Conclusions

The present study was conducted to explore the nature of the relationship between market orientation and business performance among Saudi Arabian manufacturing industries. Data was obtained from manufacturing industries located in the first industrial city in Dammam to examine the market orientation-performance linkage. The performance measure was judgemental and included managers' assessments of the quality, financial position, revenue, customer satisfaction, and competitive position of the business. Also, the study investigated the moderating effects of the environmental factors, i.e., competitive intensity and technological turbulence on the market orientation-performance linkage.

The finding that the market orientation-performance linkage is strong and positive is consistent with both the hypothesis and previous findings (Greenley, 1995; Hong, 1995; Jaworski and Kohli, 1993; Narver and Slater, 1990). It means that those industries in Saudi Arabia which are taking many actions directed at market intelligence generation, dissemination, and responsiveness, are also those with higher performance. Likewise, the findings that competitive intensity moderates the association of market orientation and performance support the hypothesis. Finally, the finding that technological turbulence does moderate the

¹The Correlation coefficients pertaining to low and high competitive intensity were converted to t-statistics ($t_{low} = 1.77$, $t_{high} = 3.67$). Next, another t-statistics was calculated for the above noted difference ($t_{3.67-1.77} = 7.72$). The latter is greater than $t_{critical} = 1.99$ ($\alpha = .05$, $df = 79$).

²The two correlation coefficients pertaining to low and high technological turbulence were converted to t-statistics ($t_{low} = 3.06$, $t_{high} = 2.48$). Next, another t-statistics was calculated for the difference between the above noted two t-statistics ($t_{3.06-2.48} = 2.38$). The latter t-statistics is greater than the $t_{critical} = 1.99$ ($\alpha = .05$, $df = 74$).

relationship between market orientation and performance is consistent with the hypothesis. Here, under both low and high technological turbulence, the associations between market orientation and performance are significant. However, the difference between the strengths of the associations under low and high technological turbulence is significant.

Managerial Implications

Form the point of view of Saudi manufacturing industries, the inference is that a high market orientation is the preferred organizational orientation. An adoption of a market orientation by firms could lead to higher performance. However, there exist certain conditions, such as a booming economic condition and a stable customer base, under which market orientation may not be particularly critical. It is important to bear in mind that a market orientation requires commitment of resources. A market orientation is useful if the benefits afforded by it exceed the cost of these resources. Thus, under the condition of low competition, a market orientation may not be the preferred orientation for firms. Therefore, firms operating under this condition should pay close attention to the cost-benefit ratio of a market orientation.

Limitations

This study is limited by several factors that need further research. First, since this is one of the few studies on market orientation in Saudi Arabia, the market orientation- performance linkage should be tested further with other independent samples from Saudi Arabia, as well as from other developing countries. Second, some firms may be actively involved in becoming market oriented and have planned to complete the change process over several years. The change in market orientation can take place over time and a longitudinal study could better capture this change process. Third, there could be differences between market oriented activities and the quality of these activities. These variations can influence the results pertaining to the market orientation- performance linkage and, therefore, future study should consider variations in the quality of market intelligence, its dissemination, and response. Fourth, this study only used five judgemental measures of performance. Obviously, there are many other performance measures, including ROA, ROE, and Sales-per-employee, that can be included in future studies. Finally, since organizational traits can be better captured by multiple informants, future studies should include multiple informants from each industry.

Appendix Measures

Market Orientation

Anchors: 1=Strongly disagree, 7=Strongly agree

Intelligence Generation

1. In this company, we meet with customers at least once a year to find out what their future needs will be.
2. In this company, we do a lot of in-house market research.
3. We survey our customers at least once a year to assess how they perceive the quality of our products.
4. We are slow to detect fundamental shifts in our industry (e.g., competition, technology, regulation) that can influence the needs of our customers.(R)

Intelligence Dissemination

5. We have interdepartmental meetings at least once a quarter to discuss market trends and developments.
6. Marketing personnel in our company spend time discussing customers' future needs with other functional departments.
7. Data on customer satisfaction are disseminated at all levels in this company on a regular basis.

Intelligence Responsiveness

8. We periodically review our product development efforts to ensure that they are in line with what customers want.
 9. Several departments get together periodically to plan a response to changes taking place in our business environment.
 10. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.
 11. The activities of the different departments in
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Appendix (Cont.)

Performance

this company are well coordinated.

Over the last three years....

1. the quality of our products has improved.
2. the revenues of my company have increased.
3. the financial position of my company has improved.
4. the customer satisfaction of my company has improved.
5. overall performance relative to major competitors has improved.

Copmpetitive Intensity

1. Competition in our industry is cutthroat.
2. There are many "promotion wars" in our industry.
3. Price competition is a hallmark of our industry.
4. One hears of a new competitive move almost every day.

Technological Turbulence

1. The technology in our industry is changing rapidly.
2. It is very difficult to forecast where the technology in our industry will be in the next 2 to 3 years.
3. A large number of new product ideas have been made possible through technological breakthroughs in our industry.

Market Turbulence

1. Sometimes our customers are very price-sensitive, but on other occasions, price is relatively unimportant.
 2. We are witnessing demand for our products and services from customers who never bought them before.
 3. We cater to many of the same customers that we used to in the past. (R)
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