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Market orientation and Company Performance:
A study of Selected Japanese and Sri Lankan Companies

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There have been a few empirical studies on the relationship between market orientation and business performance of companies in Japan and Sri Lanka. Past studies have found and confirmed market orientation can influence on business performance. The present study investigated and reported that there is a positive relationship between these two variables in both countries. The results from this study suggest that to maintain the higher level of market orientation, both Japanese and Sri Lankan companies should pay more attention on top management emphasis on market orientation and inter departmental connectedness. Notably, Sri Lankan companies should reduce the level of centralization which is likely to enhance market orientation.

Introduction

At present all most all the companies, irrespective of developed or developing countries, consider market orientation as a pivotal point in their decision making process. Literature on this concept suggests that environmental factors such as technology turbulence, competition, market turbulence, create the need of market orientation (Malhotra, 2001). Therefore, companies now adopt market orientation either as a culture or philosophy or behavior (Kohli and Jaworski, 1990, Narver and Slater, 1990).

In relation to defining market orientation, researchers have proposed varying definition of market orientation in the literature. However, although the thinking of market orientation occurred more than four decades ago, the importance of the concept started from Kohili and Jawarski (1990).

The strong argument is that there is a relationship between market orientation and company performance (Narver and Slater (1990), Ruekert (1992), Despande et al. 1993, Pelham and Wilson, 1996, Deng and Dart, 1994, Pelham and Wilson, 1996).

Although there are several studies related to market orientation and its link with company performance in many countries, very few studies conducted in Japan as well as Sri Lanka in this dimension. In order to fill this gap, samples of Japan and Sri Lankan companies were investigated.

Defining Market Orientation

A number of views of market orientation are apparent. In early 1990s Kohli and Jaworski (1990) have offered a formal definition of ‘market orientation, as a set of behaviours and activities in an organisation. Specifically the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and the organisation-wide responsiveness to it. In other words, it is a process of generating and disseminating market intelligence for the purpose of creating superior buyer value. Narver and Slater (1990) reinforce Kohli and Jaworski's (1990) conceptualisation by defining market orientation as "the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and thus continuous superior performance for the business". Based on this, they identified three behavioural components: customer orientation, competitor orientation, and inter functional orientation.

According to Slater and Narver (1995), market orientation provides strong norms for learning from customers and competitors; it must be complemented by entrepreneurship and appropriate organizational structures and processes for high order learning. In general market orientation is concerned with the processes and activities associated with creating and satisfying customers by continually assessing their needs and wants (Uncles, 2000).

Market Orientation and Company Performance

Several studies have been conducted to understand the market orientation and its impact on company performance. Many of the empirical findings provide support for the proposition that market orientation positively related to its company performance (Table 1). Traditionally, company performance is measured by business efficiency: it can be improved either by increasing the output for the same input or by decreasing the input required to produce a given output. However, in marketing for the purpose of performance or efficiency measures can take different forms, such as objective measurement and subjective measurement.

The term "subjective" is used to mean that the company's performance score is derived using a scale with anchors such as "very poor" to "very good", or "much lower" to "much higher" as compared to that of competitors. The term "objective" measure is based on the actual percentage figure for sales or profit or other financial activities. One common feature of research into the effect of market orientation on company performance is that studies generally incorporate subjective measures of performance as the dependent variables. (Dawes, 1999)

Generally, there is an impression that subjective measures are inappropriate. There are, however, several good reasons for using them. The reasons in this regard are: (1) managers may be reluctant to disclose actual performance data if they consider it commercially sensitive or confidential, (2) subjective measures may be more appropriate than objective measures for comparing profit performance in cross-industry studies (Dawes, 1999). This is because profit levels can vary considerably across industries, obscuring any relationship between the independent variables and company performance. Subjective measures might be more appropriate in this situation because managers can take the relative performance of their industry into account when providing a response (i.e. rate the profit performance of the company in relation to that of other companies); (3) performance measures such as profitability may not accurately indicate the underlying financial health of a company. Profitability may vary due to reasons such as the level of investment in R&D or marketing activity that might have long-term effects; and (4) there have been several studies that show a strong correlation between objective and subjective measures (Dess and Robinson 1984). A number of previous studies have found positive associations using subjective measures.

Most of the studies on market -orientation and organisational performance have incorporated objective measures as well as subjective measures. Organisational performance measures were assessed on sales growth, profitability, return on investment/assets/, market share, profit, profitability, overall financial performance, and product success.

The major findings of selected studies on nature of the relationship between market -orientation and company performance are summarised in the Table 1.

Table 1 Summary of Major Studies on Market orientation and Company Performance

(a) Subjective Measures

Author(s) of the Study	**Performance Measures Used**	**Findings: Nature of Relationship**
Narver and Slater, 1990.	Subjective assessment of ROA for self and compared to competitors.	Positive relationship.
Despande et al. 1993.	Subjective evaluation of profit, size, market share and growth compared to largest competitor.	Positive relationship for subjective measure but not objective measure.
Jaworski and Kohli, 1993.	Subjective measure — overall performance	Positive relationship
Slater and Narver, 1993.	Subjective evaluation of return on assets and sales growth relative to competitors.	Positive relationship with sales growth but not profit.
Deng and Dart, 1994.	Subjective evaluation including financial performance, liquidity, sales volume.	Positive relationship.
Slater and Narver, 1994.	Subjective evaluation of ROA relative to competitors	Positive relationship
Greenly, 1995.	Subjective evaluation of ROI, new product success and sales growth.	Relationship may be positive or negative, dependent on competitive environment.
Pelham and Wilson, 1996.	Subjective evaluation of business position relative to expectations.	Positive relationship.
Pitt et al. 1996.	Subjective evaluation of return on capital and sales growth.	Positive relationship.
Slater and Narver, 1996.	Subjective evaluation of ROA, sales growth and new product success, relative to competitors.	Positive relationship.
Balakrishnan, 1996.	Subjective evaluation of relative profits, satisfaction with profit, customer retention and repeats business.	Positive relationship.
Avlonitis and Goundaries, 1997.	Subjective evaluation of profit, turnover, ROI and market share.	Positive relationship.
Deshpande and Farley, 1998.	Subjective evaluation of sales growth, customer retention, return on investment, return on sales.	Positive relationship.

(b) Objective Measures

Esslemont and levis, 1991.	Objective evaluation, ROI, and change in ROI.	No relationship
Ruekert, 1992.	ROI with high level companies	Positive relationship
Diamantopoulos and Hart, 1993.	Sales growth and average profit margin compared to industry average.	Positive relationship.
Jaworski and Kohli, 1993.	Objective measure, market share.	Negative relationship
Au and Tse, 1995.	Hotel occupancy rates.	Weak relationship
Tse, 1998.	Financial data supplied by external organisation.	No relationship.
Han, et al. 1998.	Financial Performance, net income growth and return on asset.	Positive relationship.

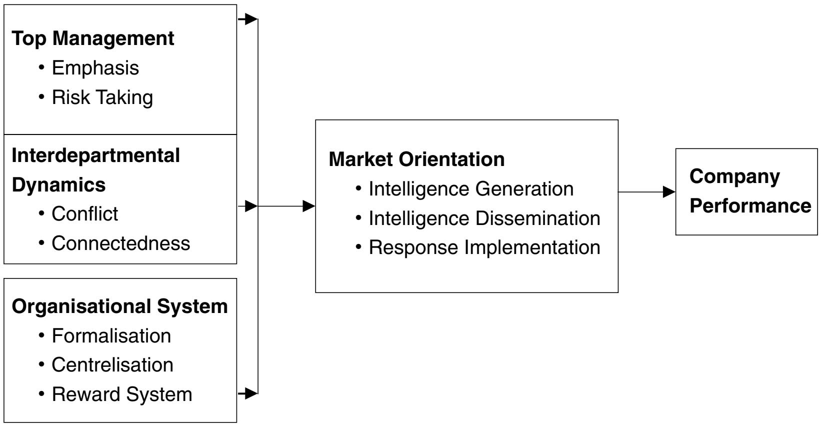
Antecedents to a Market Orientation

A market orientation will not develop by itself. Literature identified several antecedents' factors to market orientation. It include top management emphasis (Felton, 1959; Webster, 1988; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993); top management risk taking (Despande and Webster, 1989; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993); interdepartmental conflict (Dutton and Walton, 1966; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993); interdepartmental connectedness (Blake and Mouton, 1964; Lawrence and Lorsch, 1967; Despande and Zeltman, 1982; Kohli and Jaworski, 1990; Jaworski and Kohli, 1993); formalization, centralization, and Reward system (Webster (1988); Sigauw, Brown and Widing (1994); Kohli and Jaworski, 1990; Jaworski and Kohli, 1993).

Conceptual Model

On the basis of the operational definition of Kohili and Jaworski, (1990), the following determinant factors of market orientation under the three components were considered: Intelligence generation, Intelligence dissemination and Response Implementation.

Figure 1　Antecedents to and Consequences of Market Orientation



Jaworski, B. J., and A. K. Kohli (1993), "Market-orientation: Antecedents and Consequences," *Journal of Marketing*, Vol.57(3), pp. 53-70.

Objectives and Hypotheses

Objectives of the Study

The broad objective of this study is to evaluate the market oriented practices adopted by Japanese and Sri Lankan companies and to examine the relationship between market orientation and company performance.

The study has the following specific objectives in terms of Japan and Sri Lankan companies:

— To measure the extent of market orientation;

— To examine the relationship between market orientation and company performance;

— To measure the impact of market orientation on company performance; and

— To ascertain the influence of antecedence factors on market orientation.

Hypotheses

On the basis of the literature review on concept of market orientation, the following hypotheses were developed.

Market Orientation and Company Performance

Several empirical studies have found a strong positive relationship between market orientation and performance (Diamantopoios and Hart, 1993; Greenly, 1995b; Narver and Slater, 1990; Jaworski and Kohli, 1993). Therefore, the hypothesis that:

H1: The greater the market orientation of a company, the higher its company performance.

Top Management Emphasis on Market Orientation

The top management must give clear signals and establish clear values and beliefs about serving the customer. Market orientation is achievable only if the board of directors and chief managers realize the need to develop positive attitude towards market orientation. Continuous reinforcement by senior management is required if individuals within the organizations are to be encouraged to generate, disseminate and respond to market intelligence (Levitt, 1969). Therefore the hypothesis is that:

H2: The greater the top management emphasis on market orientation, the greater the market orientation of the company.

Top Management Risk Taking

Willingness to take risks will encourage and facilitate organization wide commitment to innovation and responsiveness (Kohli and Jaworski, 1990, Jaworski and Kohli, 1993). If top managers show a willingness to take risks and accept failures as being natural, junior managers are more likely to prepare and introduce offerings in response to market needs. Therefore, the hypothesis is that:

H3: The greater the top management risk taking, the greater the overall market orientation of the company.

Interdepartmental Connectedness

Connectedness between departments facilitates interaction and the exchange of information (Ruekert & Walker, 1987). Interdepartmental connectedness fosters interdependency within the company and encourages employees to act in a concerted manner in the processes of knowledge generation and knowledge utilization (Jaworski and Kohli, 1993). Therefore, the following is the formal testable hypothesis:

H5: The greater the interdepartmental connectedness, the greater the market orientation of the company.

Formalization

It is the design parameter by which the work processes of an organization are standardized. Formalization tends to hinder the generation and dissemination of information and the response implementation (Jaworski and Kohli, 1993).

Numerous studies to argue that the formalization may have opposite effect on market orientation (Zaltman et al., 1973; Despande & Zaltman, 1982). Therefore, the hypothesis is developed as:

H6: The greater the formalization, the lower the market orientation of the company.

Centralization

Centralization represents a situation in which all the power for decision-making rests at a single point within the organization. Numerous studies to argue that the centralization may have opposite effect on market orientation (Zaltman et al., 1973; Despande & Zaltman, 1982). Therefore, the expectation is the following:

H7: The greater the centralization, the lower the market orientation of the company.

Market Based Reward Systems

Rewards based on customer satisfaction and service levels which encourage the active generation and dissemination of market intelligence and responsiveness to market needs. A basic requirement for the development of a market oriented firm is the creation of market based measures of performance (Webster, 1988). Therefore, the hyphothesis that:

H8: The greater the market based reward system, the greater the market orientation of the company

Research Methodology

The Sample

The Hand Book of Japanese and Sri Lankan Companies, published by stock exchange, were used to draw sample for Japan and Sri Lanka respectively. The selection of the sample included a variety of companies from a cross section of industries (Table 2). The method of sampling employed in this study was convenience. Target respondents for the study were top level managers.

Table 2 Sample Profile

Name of the Country	Companies approached	Responded	Eligible for Analysis
Japan	176	37	34
Sri Lanka	106	39	32

Data Collection

The survey method was adopted for the collection of data. The instrument used for the purpose was a pre-tested structured questionnaire. Questionnaires were mailed to the selected Japan based companies as identified from the Hand Book of Japanese Companies. A covering letter, addressed to the chairman/president, was sent with each questionnaire, together with return postage paid envelope. In the case of Sri Lanka, questionnaires were mailed through e-mail.

The Questionnaire and Measures

To measure the degree of market orientation, Kohli et al`s (1993) market orientation scale was adopted. Specifically, a 34-item scale was used in this study, comprising four items relating to intelligence generation, five items for information dissemination and three items for response implementation. In addition to measuring the extent of market orientation, the study also measured some of its antecedents, using 22 items. Company performance was measured by using three subjective measurement variables and one objective measurement variables. The respondents were asked to indicate their level of agreement and disagreement with each statement on a 5 point likert scale (1 strongly disagree; 5 strongly agree).

All the statements, representing the market orientation and its major antecedents, were tested for reliability by computing Cronbach's alpha values for both countries. (Table 3 and 4). The minimum value taken as acceptable was 0.5 (Nunnally, 1967). As the reliability coefficient values for the Japanese companies are well above the acceptable value of 0.5, and the data can be taken as reliable and fit for the further analysis. However, alpha values of reward system (0.4849), and formalization (0.4946) are lower but very near to the acceptable value of 0.5. The same situation occurred for Sri Lankan companies.

Table 3 Cronbach Alpha Value for Constructs Related to Market Orientation for Japanese Companies

Item	Construct	Alpha Value
1	Intelligence Generation	0.6089
2	Intelligence Dissemination	0.7369
3	Response Implementation	0.4824
4	Top Management Emphasis	0.8176
5	Top Management Risk Aversion	0.6610
6	Reward System	0.4793
7	Formalization	0.5661
8	Centralization	0.9033
9	Departmental Conflict	0.6596
10	Departmental Connectedness	0.5382
11	Company Performance	0.8880

Table 4 Cronbach Alpha Value for Constructs Related to Market Orientation For Sri Lankan Companies)

Item	Construct	Alpha Value
1	Intelligence Generation	0.7101
2	Intelligence Dissemination	0.5444
3	Response Implementation	0.5077
4	Top Management Emphasis	0.7456
5	Top Management Risk Aversion	0.5934
6	Reward System	0.4849
7	Formalization	0.4946
8	Centralization	0.7065
9	Departmental Conflict	0.7223
10	Departmental Connectedness	0.6189
11	Company Performance	0.8524

The extent of market orientation was measured according to the methodology of Jaworski and Kohli (1993). Scores of components of market orientation and other antecedents' factors were computed as simple arithmetic means of the corresponding items score.

Findings and Discussion

Market Orientation of Selected Japanese Companies.

The extent of market orientation was measured by summing the scaled value of responses to all threecomponent measurements: intelligence generation, intelligence dissemination, and response implementation of the company.

Intelligence Generation

Japanese companies in this sample think that collection of intelligence is very important (Mean score- 4.26) and these company very much concern of meeting their customers. Also, these companies highly concern of assessing quality of the products/services (mean score- 4.26) and they put sincere effort to detect the changes in customer preferences.

In case of Sri Lankan companies, generation of intelligence by several departments and assessing quality of the products/services seem to be poor (mean score, 3.06, and 3.47 respectively). The overall mean score of intelligence generation (3.46) fall in between 3 and 4 on a five point scale. It indicates that the Sri Lankan companies do not put high effort to generate intelligence

Table 5　Mean Responses for Intelligence Generation of Japanese and Sri Lankan Companies

Statement	Mean Score		Standard Deviation	
	Japan	S. Lanka	Japan	S. Lanka
INTELLIGENCE GENERATION	4.15	3.46	0.67	0.97
Meet customers at least once a year	4.53	3.69	0.83	1.47
In our business intelligence on competitors is generated independently by several departments	3.88	3.06	1.20	1.39
Detect changes in customers' preferences as fast as possible	3.91	3.63	0.67	1.34
Asses the quality of the product/services at least once a year	4.26	3.47	0.90	1.50

Intelligence Dissemination

Participation of all departments is required for an effective response to market needs. Intelligence must be communicated, disseminated and even sold to relevant departments in the companies. The relatively high mean score (3.62) of intelligence generation of Japanese companies show that these companies gave due importance to the dissemination of intelligence throughout the company. Particularly, these companies show their interest on discussing market trends and development (mean, 4.03), and spending time for discussing future needs with other departments (mean score, 3.79). There was a positive perception that market information spread quickly through all levels in the company.

The mean score (3.35) of intelligence dissemination of Sri Lankan companies which is just above the average mean, indicates that the respondent companies are not much serious to disseminate the information throughout the company. Particularly, these companies lack on disseminating data on customer satisfaction (mean score, 3.00), slow to disseminate information on competitors to other departments (3.13), and employees are slowly informed about market changes (mean score, 3.19). But there was a high concern on discussing market trends and developments (mean Score, 4.00).

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Table 6 Mean Responses for Intelligence Dissemination of Japanese and Sri Lankan Companies

Statement	Mean Score		Standard Deviation	
	Japan	S. Lanka	Japan	S. Lanka
INTELLIGENCE DISSEMINATION	3.62	3.35	0.67	0.90
Discuss market trends &developments at least once a quarter	4.03	4.00	0.97	1.16
Marketing personnel spend time discussing customer future needs with other departments	3.79	3.44	0.98	1.37
Important things happen to customer or market every body in the company knows in a short period	3.38	3.19	0.95	1.31
Data on customer satisfaction disseminated all levels in the company regularly	3.38	3.00	1.10	1.34
One dept. finds out something about competitors, it is fast to alert other departments	3.50	3.13	0.83	1.29

Response Implementation

Responsiveness is the action taken in response to intelligence that is generated and disseminated. In fact all departments, not just marketing, participate in responding to market trends in a market oriented company. The research findings show that respondent companies were weaker on this front than with regard to the generation and dissemination of intelligence. In relation to well coordination of different departments (mean, 3.06) and implementing marketing plan in a timely fashion (mean, 3.06) in these company point to a relatively low degree of real responsiveness. However, the different departments in these companies put more effort to modify their product or service (mean, 4.26).

The mean score of response implementation (mean, 3.27) of Sri Lankan companies suggests that the respondent companies were weaker in this aspect as generation and dissemination of intelligence. Particularly, implementing marketing plan in a timely fashion (mean, 2.69), and coordination of different departments (mean, 3.41) in these company are having low degree of real responsiveness.

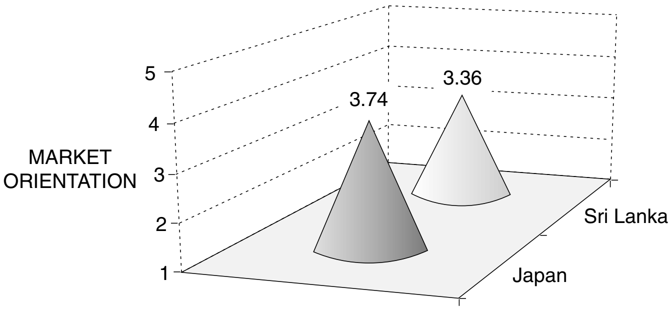
Table 7 Mean Responses for Response Implementation of Japanese and Sri Lankan Companies

Statement	Mean Score		Standard Deviation	
	Japan	S. Lanka	Japan	S. Lanka
RESPONSE IMPLEMENTATION	3.47	3.27	0.53	0.87
Different departments are well coordinated	3.06	3.41	0.95	1.29
Marketing plan would be able to implement in a timely fashion	3.06	2.69	0.85	1.03
If customers want us to modify our product or service, our departments put effort to do so.	4.26	3.72	0.67	1.37

The Adoption of Market Orientation

The mean scores of market-orientation for the 34 sample companies from Japan and 32 companies from Sri Lanka were 3.74 with a standard deviation of 0.45 and 3.36 with a standard deviation of 0.0.78 (on a 5- point scale) respectively. The extent of market orientation of Japanese companies suggests that these companies had moved towards market-orientation significantly. The Sri Lankan companies take middle level in practicing market orientation on this front.

Figure 2 Comparison of Market Orientation between Japan and Sri Lanka



Market Orientation and Company Performance.

The performance of the sample companies was measured using subjective and objective approaches. The potential effects of market orientation on performance of Japanese and Sri Lankan companies were investigated with multiple regression analysis. Five performance measures such as overall performance of the company (DV1), overall performance of the company relative to major competitors last year (DV2), return on investment of the company relative to competitors last year (DV3), sales of the company relative to competitors last year (DV4), and return on asset (DV5) were used.

Table 8 contains the results of the correlation which indicate that market orientation is significantly positively related to overall performance of the Japanese company (r= 0.467, at 0.01 level). Other rest of the performance measures including objective measures become no significance. Interestingly, for the Sri Lankan companies, all the performance measures were significantly related to market orientation. Based on this finding, it is accepted in both countries that there is a positive significant relationship between market orientation and overall company performance.

Results of the multiple regression analysis are given in Table 9. These results show the impact of market orientation on company performance. According to the outcome of the regression model, only one variable (overall performance of the company) was become significant to the Japanese companies but for Sri Lanka all the variables were become significant.

On the basis of the results, 21.8% of the total variation (R^2) in the Japanese companies' performance is explained by the market orientation. In other words, 78.2% of the total variance in the company performance is unexplained by the multiple regression equation. According to R value, the percentage of association between dependent and independent variables are 46.7% and it implies that market orientation directly associate with company performance.

In relation to Sri Lankan companies, the measurement of overall performance of the company relative to major competitors last year, gives high value. Therefore, on the basis of this result, 33.3% of the total variation (R^2) in the company performance is explained by the market orientation. In other words, 66.7% of the total variance in the company performance is unexplained by the multiple regression equation. According to R value, the percentage of association between dependent and independent variables is 57.7% and it implies that market orientation directly associate with company performance. It implies that market orientation influence on company performance. Therefore, the hypothesis 1, that is ‘greater the market orientation of a company, the higher its company performance’ is accepted.

Table 8 Relationship between Market Orientation and Company Performance Comparison between Japan and Sri Lanka

Performance Measurement Variables (Dependent Variables)	Coefficients- ß	
	Japan	S.Lanka
Overall performance of the company (DV1)	0.467*	0.551*
Overall performance of the company relative to major competitors last year (DV2)	NS	0.577*
Return on investment of the company relative to competitors last year (DV3)	NS	0.541*
Sales of the company relative to competitors last year (DV4)	NS	0.487*
Return on asset (DV5)	NS	-

Significant at .01 level. NS = Non Significant. Independent Variable = Market Orientation.

Table 9 Market Orientation and Company Performance in Japanese and Sri Lankan Companies: Result of Regression Analysis.

Independent Variables (IV)	**Dependent Variables (DV). Standardised Beta Coefficient (b)**									
	DV1		DV2		DV3		DV4		DV5	
	Japan	S.L	Japan	S.L	Japan	S.L	Japan	S.L	Japan	S.L
Market Orientation	0.467*	0.551*	NS	0.577*	NS	0.541*	NS	0.487*	NS	-
R Value	0.467	0.551	-	0.577	-	0.541	-	0.487	-	-
R Square	0.218	0.304	-	0.333	-	0.293	-	0.237	-	-
N	34	32	34	32	34	32	34	32	34	-

*Significant at .01 level NS = Not Significant

In relation to Sri Lankan companies, the measurement of overall performance of the company relative to major competitors last year, gives high value. Therefore, on the basis of this result, 33.3% of the total variation (R^2) in the company performance is explained by the market orientation. In other words, 66.7% of the total variance in the company performance is unexplained by the multiple regression equation. According to R value, the percentage of association between dependent and independent variables is 57.7% and it implies that market orientation directly associate with company performance. It implies that market orientation influence on company performance. Therefore, the hypothesis 1, that is ‘greater the market orientation of a company, the higher its company performance’ is accepted.

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Antecedents Factors to Market Orientation

Table 10 indicates the mean score of antecedents' factors which support to market orientation. The mean scores both countries show that all the factors of antecedents generally support to market orientation. Specifically top managers in both countries were evidently fully devoted to serving their customers in the most effective and efficient manner. Top management risk taking in both countries is around the mid-point value of 3 which indicate that top management in both countries were preferred to follow a middle path, neither taking big risks nor wanting to be left behind due to lack of innovation. Also, the study reveals that the market-based reward system in the both countries is not sufficiently exclusive and this will lead to a reduction in the level of market orientation.

In relation to formalization, the finding means score for both countries suggest that the work processes and order of respondent companies are not strongly formalized. This situation support market orientation in both nations. The nature of the centralization of the Japanese companies implies that the respondents company's employees were generally permitted to take decisions on their own even for small matters and were encouraged. This is in fact likely to favor market orientation. The mean value of Sri Lankan companies on this aspect indicate that the employees were not given freedom very much to take decisions on their own. The extent of inter-departmental conflict in both countries was less which encourages market orientation. In the same manner, interdepartmental connectedness of the companies in both countries was stronger. However, only the following factors were found statistically significant difference between Japan and Sri Lankan companies: top management emphasis, reward system, centralization, and departmental conflict.

Table 10 Antecedents Factors to Market Orientation

Antecedents to Market Orientation	Japan N=34		Sri Lanka N=32		't' Value
	Mean	SD	Mean	SD	
Top Management Emphasis	4.25	0.52	3.80	1.06	2.22*
Top Management Risk Taking	3.15	0.47	2.90	0.93	1.42
Reward System	3.07	0.52	2.65	0.70	2.78**
Formalization	2.91	0.55	2.91	0.82	0.03
Centralization	2.57	0.80	3.27	0.93	3.24**
Departmental Conflict	2.30	0.67	2.71	0.83	2.17*
Departmental Connectedness	3.99	0.55	3.71	0.89	1.54

**Significant at .01 level * Significant at .05 level

The Strength and Impacts of Antecedents on Market Orientation

The impact of antecedents' factors on market orientation is shown in Table 11. On the basis of outcome of regression analysis, only two factors such as top management emphasis and interdepartmental connectedness have been identified as significant factors on market orientation of Japanese companies.

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The rest of the factors are non significant in this data set. On the investigation of the Sri Lankan companies, three factors such as top management emphasis, interdepartmental connectedness and centralization have been found as significant factors on market orientation.

Table 11 Comparison of Influence Factors on Market Orientation Between Japan and Sri Lanka

Influence Factors of Market Orientation (Antecedents)	Standardised Beta coefficients	
	Japan	Sri Lanka
Top Management Emphasis	0.439*	0.292**
Departmental Connectedness	0.421*	0.326**
Top Management Risk Aversion	NS	NS
Market Based Reward System	NS	NS
Formalization	NS	NS
Centrelization	NS	-0.340
Departmental Conflict	NS	NS
R	0.717	0.910
R^2	0.513	0.828
N	34	32

The result Japanese companies of regression analysis explain that 51.3% of the total variation (R^2) in market orientation is explained by the top management emphasis, and departmental connectedness. In other words, 48.7% of the total variance in the market orientation is unexplained by the multiple regression equation and the percentage of association between dependent and independent variables is 71.7 % (R value). It implies that these factors directly associated with market orientation. Therefore, the two independent variables that top management and departmental connectedness jointly affect the market orientation. The conclusion in this regard that the Japanese companies should be more concern of top management and departmental connectedness which is fostering market orientation.

The regression coefficients suggest that the top management emphasis, centralization and departmental connectedness have the impact on market orientation of Sri Lankan companies. The negative coefficient of centralization suggests that there is a negative relationship between centralization and market orientation that the higher the centralization of the company may leads to the lower of the market orientation.

Based on the above analysis, hypotheses 1 and 2 were accepted in both countries. In addition to this, hypothesis 7 was accepted only by Sri Lankan companies. All other hypotheses were rejected due to non significant.

Conclusion and Future for Further Research

The empirical data on the market orientation and its organizational performance of Japanese companies suggest that these companies give high priority for market intelligence generation, to meet customers, and to asses the quality of the products/services very often, to emphasis the dissemination of Intelligence and having interaction of marketing personnel with other departments to discuss the market trends and developments. However, there are comparatively weaknesses in company responsiveness, reluctant to take big financial risk by top management, and not adapting market-based reward system.

Sri Lankan companies do not put high effort to generate intelligence and not much serious to disseminate the information throughout the company. Although top managers in the respondent companies were relatively shown their intention to serving their customers, the intention of risk taking is week and no encouragement for market based reward system, employees were not given freedom to take own decisions. In general, the responded Sri Lankan Companies give less priority to market orientation.

Limitations and Direction for Further Research

There are several other important factors may influence on market orientation such as environmental factors and suppliers which are not considered in this study. Also our sample size is relatively small.

It is more appropriate, if the evaluation of market orientation would have come from both company and customer point of view. We leave this for future investigation. The role of market based reward system was not clear in promoting the market orientation and calls for deeper insights through additional research in to the linkage involved.

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