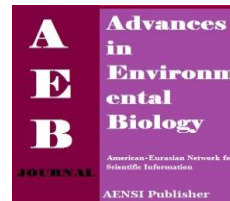




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The Role of Organizational Structure in Impact of Market Orientation on Business Performance

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ABSTRACT

Along with the emerging complexities in the business world of companies and the growing competition between them, the following questions may arise about the market and in the minds of company executives: What is the customers' demands? What are their wants? 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 customers performance (customers' 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. The research hypotheses are: 1) Intelligence dissemination of information about customers has a positive impact on customer's performance in horizontal levels of companies. 2) Intelligence dissemination of information about competitors has a positive impact on market performance in vertical levels of companies. 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 customers 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 consume

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INTRODUCTION

Along with the emerging complexities in the business world of companies and the growing competition between them, the following questions may arise about the market and in the minds of company executives:

- 1) What is the customers' demands?
- 2) What are their wants?
- 3) How can the organization be made vigilant against the market?
- 4) How can the needs and demands of customers be satisfied in better ways in comparison with what the competitors do?
- 6) How can the collected information from the market be properly distributed in the structure of the organization?
- 7) How is this appropriate distribution of information in the structure of organization be made effective on satisfying customers' needs?

Traditional marketing methods were oriented towards a short-term, tactical process of personal selling, advertising, and sales promoting. The marketing concept has changed from the long-term tactical sales approach to long-term marketing strategies which encourage business to look at basic customer needs rather than at transient products. The term marketing has been considered as the philosophy of conducting business. The term market orientation refers to the implementation of the marketing concept.

Rationale of the study:

One component that defines the market orientation of Kohli and Jaworski 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:

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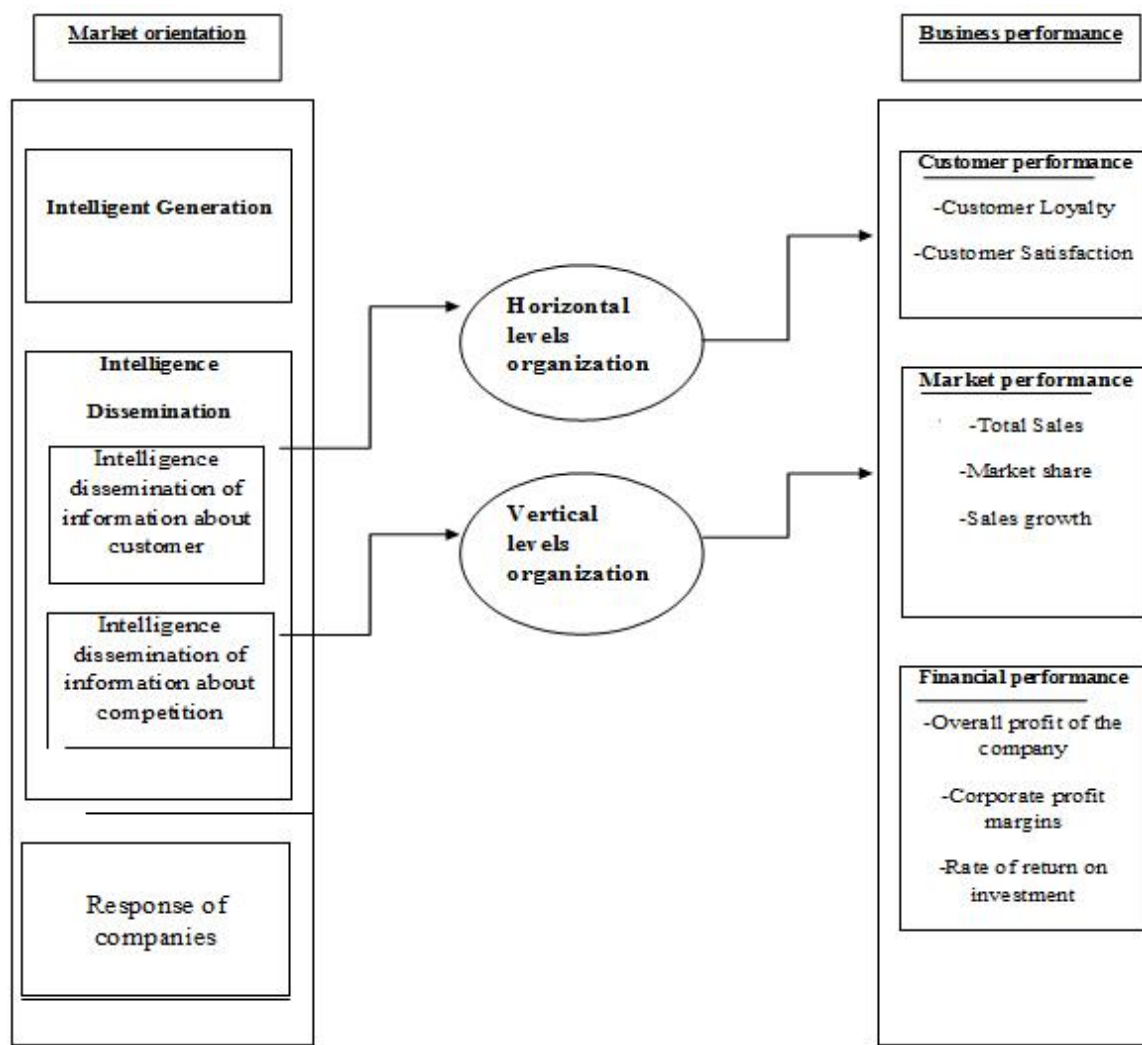
1) Vertical Organizational structure the traditional division includes top managers, middle managers and operational managers.

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 customers performance (customers 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.

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

- 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?



Objectives of the Study:

- 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.

Hypotheses of the research:

- Intelligence dissemination of information about customers has a positive impact on customers performance in horizontal levels of companies.
- Intelligence dissemination of information about competitors has a positive impact on market performance in vertical levels of 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.

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

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

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

Table: Showing, Results of factor analysis.

T-TEST	Standard Error	Standardized loading	
16.4187	0.0458	0.7519	Intelligence Generation Q1 <-
21.2391	0.039	0.8284	Intelligence Generation Q2 <-
10.7419	0.07	0.7518	Intelligence Generation Q3 <-
14.9801	0.0546	0.8185	Intelligence Generation Q4 <-
27.5541	0.0319	0.878	Intelligence Generation Q5 <-
31.9882	0.0277	0.8871	Intelligence Generation Q6 <-
36.274	0.0246	0.893	Intelligence Generation Q7<-
46.5947	0.019	0.8866	Intelligence Generation Q8<-
22.2995	0.0385	0.8591	Intelligence Generation Q9<-
44.0899	0.0198	0.8717	Intelligence Generation Q10<-
3.7641	0.209	0.7865	Intelligence Generation Q11<-
3.8601	0.2068	0.7983	Intelligence Dissemination of Information About Customer Q12<-
7.1793	0.1247	0.8955	Intelligence Dissemination of Information About Customer Q13<-
6.1764	0.1354	0.8361	Intelligence Dissemination Of Information About Customer Q14<-
7.1626	0.1017	0.7282	Intelligence Dissemination of Information About Competitors Q15<-
9.5926	0.0871	0.8355	Intelligence Dissemination of Information About Competitors Q16<-
17.1838	0.0478	0.8212	Intelligence Dissemination of Information About Competitors Q17<-
6.1029	0.1137	0.694	Intelligence Dissemination of Information About Competitors Q18<-
10.3803	0.074	0.7683	Intelligence Dissemination of Information About Competitors Q19<-
16.1666	0.0497	0.8035	Response of Companies Q20<-
44.2924	0.0205	0.9096	Response of Companies Q21<-
16.9058	0.0503	0.8503	Response of Companies Q22<-
13.8693	0.0581	0.8062	Response of Companies Q23<-
2.7011	0.1532	0.4607	Response of Companies Q24<-
11.9767	0.0563	0.6747	Response of Companies Q25<-
4.5447	0.1085	0.4931	Response of Companies Q26<-
6.9985	0.1363	0.9537	Horizontal Level Organization Q27<-
7.0397	0.1356	0.9543	Horizontal Level Organization Q28<-
65.1664	0.0144	0.9371	Vertical Level Organization Q29<-
65.7845	0.0142	0.9365	Vertical Level Organization Q30<-
2.4065	0.1732	0.4167	Market Performance Q31<-
22.3836	0.0378	0.8462	Market Performance Q32<-

20.7409	0.0405	0.8395	Market Performance Q33<-
44.9535	0.0202	0.9091	Customer Performance Q34<-
43.6705	0.0209	0.9136	Customer Performance Q35<-
24.3599	0.0334	0.8128	Customer Performance Q36<-
7.5923	0.0756	0.5742	Customer Performance Q37<-
10.609	0.0662	0.7022	Customer Performance Q38<-
46.5508	0.02	0.9289	Customer Performance Q39<-
9.1192	0.0988	0.9006	Financial Performance Q40<-
7.9419	0.1093	0.8682	Financial Performance Q41<-
25.5972	0.0369	0.9452	Financial Performance Q42<-
15.1644	0.0588	0.892	Financial Performance Q43<-

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 has been rejected.

Table: Showing, Results of Composite Reliability.

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

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 that 0.5 are accepted.

Table: Showing, Results of Convergence validation.

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

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

Hypothesis 1:

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 In direct 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: Showing, effective relationships between intelligence dissemination of information about customer and customer performance in horizontal levels in companies

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

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 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 <-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:

$$0.2751 * 0.1124 = 0.0309$$

In fact according table No.5.133 our main hypothesis (H1) is accepted and the Null hypothesis (H0) is rejected.

Hypothesis 2:

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: Showing, effective relationships between intelligence dissemination of competitor and market performance in vertical levels in companies.

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

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 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 <-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:

$$0.4085 * 0.4895 = 0.1999$$

In fact according table No.5.134 our main hypothesis (H1) is accepted and the Null hypothesis (H0) is rejected.

Discussion and conclusions:

To enjoy the advantages of market orientation, leadership is essential in the organization's ability to motivate organizational change that is vital to the development and maintenance of market-oriented strategies (Locander, Hamilton, Ladik, & Stuart, 2002).

Organizational change towards market orientation often results in the

- Flattening of organizational structures,
- Managing processes rather than functional specialization,

- Outsourcing of non-critical activities, forming networks of relationships with other organizations,
- And mostly with creating an organizational culture in which every employee views the customer as a primary stakeholder.

These variables are critical components for achieving superior business performance. However, the positive effect of market orientation on organizational effectiveness is not only reflected in superior financial performance but has also been linked to other factors that are beneficial to the customer, the firm and its employees, and society in general.

According to the results of analyzing the following conclusion were drawn from the stud:

1) 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 customers 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 consume

In other words, the actual manufacturers of the products and services and final consumers of products and services are in touch. therefore this releshenshipe 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.

2) 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 competitors 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.

3) 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.

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