Extent of Market Orientation of Commercial Banks in Punjab

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Abstract

The growing competition coupled with customer desires is making it essential for the firms to implement such a concept, which can help them to develop a competitive edge over others. In this context, market orientation has gained popularity in recent years as it refers to the state of firms directed towards the market. It gives insights to understand the internal as well as external environment of an organization and equips the organization with better strategies to compete with its competitors. This paper examined the measure of the extent of market orientation of commercial banks in Punjab. In addition, a comparison was made between private-sector banks & public-sector banks and rural & urban branches of commercial banks to find out the nature of market orientation. MARKOR multi-item scale was used to measure the extent of market orientation in selected banks. This scale consisted of three constructs namely intelligence generation, intelligence dissemination, and responsiveness. Further, to serve the purpose, primary data were collected from 12 commercial banks in Punjab in February 2015. The total bank branches taken for the study were 200, out of which 100 were private-sector banks and 100 were public-sector banks. These banks were selected on the basis of their growth, profitability, efficiency, and credit quality. The results depicted that commercial banks of Punjab were considerably market oriented. However, in terms of overall and dimension wise mean scores of market orientation, the public sector banks and private sector banks were significantly different from each other.

Keywords : market orientation, MARKOR scale, commercial banks

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With the changing scenario of market, old concepts were transformed into new ones as every firm tried fast to outstrip the others. Profits, progress, and prosperity are gained by companies which successfully identify the needs of customers (Panda & Swar, 2016) and react proactively. Researchers have specified that implementation of market orientation provides better business performance and profitability to an organization. Market orientation is very important for administering the business as it paves the way to improve the performance and guides an organization to frame new strategies according to the prevailing market conditions. This study intends to measure the extent of market orientation of commercial banks in Punjab. In addition, a comparison has been made between the private-sector & public-sector and rural & urban branches of banks to ascertain the nature of market orientation in selected banks.

Market Orientation : Measurement Scales

MARKOR multi-item scale developed by Kohli and Jaworski (1990) has been used to assess the market

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orientation in commercial banks. Jaworski and Kohli (1993) proposed three dimensions of market orientation which are intelligence generation, intelligence dissemination, and market responsiveness. The MARKOR scale developed by Kohli, Jaworski, and Kumar (1993) consists of 21-items measured on a 5 - point Likert scale. The three components of MARKOR scale are explained as follows :

(i) Intelligence Generation : The marketer's key strategic tool is information of customers and their dynamic definition of value. Intelligence generation is not only the expression of customer needs, but it includes analysis of all the exogenous factors like influencing needs, preferences, and technological changes (Diamantopoulos & Hart, 1993).

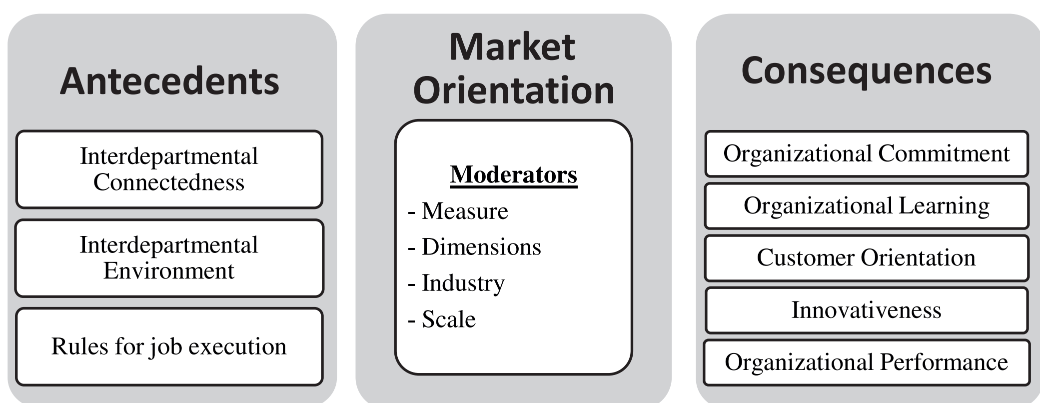
(ii) Intelligence Dissemination : Competitive advantage increasingly lies in a firm's ability to use market intelligence (Maltz & Kohli, 1996). Intelligence dissemination refers to the process of exchange of market information within an organization (Kohli et al., 1993). Effective dissemination of market intelligence is important because it provides proper knowledge of market to all the departments in the organization.

(iii) Responsiveness to Intelligence : Responsiveness is the action taken in reply to intelligence dissemination. This can take the form of choosing target audience, planning, and designing products or services etc., and helps in fulfilling the current and anticipated needs of the customer (Kohli & Jaworski, 1990). If organizations give prompt response to the information generated, market orientation is expected to work better.

Market Orientation : Antecedents and Consequences

The research framework proposed by Kirca, Jayachandran, and Bearden (2005) depicts the relationships among the antecedents and consequences of market orientation as shown in the Figure 1.

Figure 1. Antecedents and Consequences of Market Orientation



(1) Antecedents of Market Orientation : Kirca et al. (2005) identified various antecedent factors to market orientation, which are as follows:

(i) Interdepartmental Connectedness : Interdepartmental connectedness is the expansion of formal and informal contacts among employees across various departments. It has been assumed that these informal contacts increase sharing the information among employees leading to higher market orientation. Specifically, an organization that adopts customer orientation by integrating and disseminating customer related data tends to be more close to the market (Kennedy, Goolsby, & Arnould, 2003).

(ii) Interdepartmental Environment : Interdepartmental environment means those aspects of an organization's working environment that help the employees to perform their daily tasks as best as possible. It constitutes formal and informal atmosphere created among employees across departments. In fact, a positive atmosphere might reduce the tension between departments and increase the focus on processes, markets, and consumers.

(iii) Rules for Job Execution : Rules for job execution are the top management's emphasis on roles essential for workers to perform their regular responsibilities. The degree of formalization of regulation, discipline, and control at work place generate more focus on the assigned tasks.

(2) Consequences of Market Orientation : A market orientation is posited to improve business performance ; so, those organizations which are market oriented can be assumed to have better understanding of their customer's needs and, in turn, are better positioned to satisfy them. The main consequences of market orientation are discussed below :

(i) Commitment : Kohli and Jaworski (1990) argued that by promoting and ensuring cordial relationship among the work force, an organization can gain increased commitment of the employees and give them a sense of pride to work for the organization.

(ii) Learning : Learning is acquiring, analyzing, understanding, and distributing new knowledge and it is a part of a firm's culture (Slater & Narver, 1995). The construct of learning has been studied by many researchers and has been treated as an essential component for creating superior customer value.

(iii) Customer Orientation : Customer orientation comprises of excellence in services, organization's assurance, consumer satisfaction, and loyalty (Srivastav & Mittal, 2016). Market orientation enhances customer satisfaction and retention as it helps in offering good services to customers to satisfy their needs (Slater & Narver, 1994b). In that sense, the organization is in line with the customer demands, providing superior value to them. Market orientation does not focus solely on customers, but they are the essential aspect of the construct. Research has found a positive relationship between market orientation and customer orientation (Jaworski & Kohli, 1993, 1996; Kirca et al., 2005 ; Slater & Narver, 1994a, 1994b).

(iv) Innovation : Innovation consists of organizations' innovativeness and capability to implement new ideas in order to provide services according to the preferences of customers (Hult & Ketchen, 2001). Market orientation helps in enhancing an organization's innovativeness and new product performance by using market information effectively (Han, Namwoon, & Srivastava, 1998).

(v) Performance : Market orientation helps an organization to respond as per the requirements of its customers. It helps in maintaining cordial relationship between an organization and its customers. Many theories postulate that different firms have their own strategy to perform similar services (Barney, 1991) and these differences distinguish the performance of firms. So, performance is important and counts a lot in positioning the organization in the minds of customers.

Methodology

A survey design was selected to achieve the research objectives. The present research employs a conclusive design comprising of descriptive method to investigate the extent of market orientation in commercial banks of Punjab. To measure market orientation, MARKOR (Kohli & Jaworski, 1990) scale is used. The measurement of the variables uses Likert scale with 1 - 5 intervals.

(i) The Study Population : The present study is focused on top managers of commercial banks of Punjab. Data were collected from 200 top managers of public and private banks in February 2015.

(ii) Sampling Technique and Sample Size : Systematic sampling technique was followed to draw the sample from banks within the state of Punjab. Data were collected from top management (including branch managers, zonal managers, managers, etc.) in order to fulfill the research objectives of the present study.

(iii) Administration of the Instrument : The instrument was administered personally to the respondents after assessing its reliability, validity, and pilot testing of the questionnaire. In order to approach the respondents, suitable communication channels were used depending upon their physical location. Data were collected personally and through e-mails as it increases the reliability and validity of data.

(iv) Statistical Analysis : The collected data were analyzed with the help of SPSS and AMOS. Appropriate statistical tools like descriptive analysis and one-way ANOVA were applied to get the desired results.

Analysis and Results

(1) Descriptive Statistics : Descriptive statistics is a method of describing, showing, and summarizing large quantities of data in a meaningful way through simple tables and graphs that highlight the important mathematical figures. Descriptive statistics has been used to describe the data set through measures of central tendency and measures of variability or dispersion. It is considered as an important technique to represent the data. Descriptive statistics of sample used in the present research is summed up in the Table 1.

Two hundred questionnaires (200) were obtained from the bank managers in February 2015, constituting an overall response rate of 100%. Out of the 200 managers who participated in the study, 90% (n = 180) were branch managers, 2% (n = 4) were zonal managers, and 8% (n = 16) were senior managers of private and public sector banks. Descriptive statistics of the sample also depicts that 195 (97.5%) respondents were men and 5 (2.5%) were women.

The Table 1 depicts that only 6.5% (n = 13) of the managers were between the age of 25 and 35 years; more than 50% (n =136) of the managers were between the age group of 36 and 45 years; and 25.5 % (n = 51) were between the age of 46 and 60 years. The mean age of the managers is 43 years, which means that most of the bank managers were middle aged employees. The branches of private and public sector banks have been categorized in equal number of rural and urban bank branches to compare the extent of market orientation appropriately.

(2) Scale Reliability : Reliability is a fundamental issue in psychological measurement. It is concerned with the internal consistency of the items within a scale. Internal consistency of a scale can be obtained when items within the scale will be highly inter-correlated and there are two possibilities of items to be correlated. For the present study, to reduce the likelihood of capitalizing on chance during scale purification, the data were randomly divided into two samples before assessing reliability. The reliability analysis was conducted on first sample, and the

Table 1. Descriptive Statistics of the Sample

Public Banks	Frequency	%	Private Banks	Frequency	%
PNB	29	14.5	HDFC	28	14.0
Allahabad Bank	11	5.5	ICICI	25	12.5
Canara Bank	17	8.5	Kotak Mahindra	13	6.5
Indian Bank	10	5.0	Yes Bank	10	5.0
Bank of India	18	9.0	Axis Bank	16	8.0
Bank of Baroda	15	7.5	Indusind Bank	08	4.0
Category		**Frequency**			**%**
Rural		100			50.0
Urban		100			50.0
Age		**Frequency**			**%**
25-35		13			6.50
36-45		136			68.00
46-60		51			25.5
Mean age = 43 years					
Gender		**Frequency**			**%**
Male		195			97.5
Female		5			2.5
Designation		**Frequency**			**%**
Branch Manager		180			90.00
Zonal Manager		4			2.00
Senior Manager		16			8.00

analyses were replicated on the second sample. The first sample served as the measures development sample and the second sample had no influence on the choice of items to eliminate or retain which were then used to cross validate the measures. With regard to reliability, each indicator of each measurement instrument was first examined in terms of its corrected item-to-total correlation (Bearden, Netemeyer, & Teel, 1989). The final scale reliabilities (alpha coefficient) and item to total correlations are reported in the Table 2.

Reliabilities of subscale and item total correlation are more than 0.7 and 0.3, respectively for representing a modest degree of homogeneity and internal consistency. This means that the scale items have shown the acceptable level of reliability and internal consistency due to which the data can be used for drawing the subsequent outcomes.

(3) Assessment of Scale Validity : The term validity portrays the degree to which an observed measure effectively replicates the authentic significance of the perception under consideration. Construct validity shows a strong relationship or correlation between the constructs (Bagozzi & Phillips, 1982) and thus the potential of shared systematic error. The values in validity must be significantly distinct from zero and adequately large to support the further evaluation of research. The measurement of validity of constructs of market orientation is shown in the Table 3.

In the present study, confirmatory factor analysis through AMOS 18 is applied to assess the validity of market orientation constructs. The validity of measurement model mainly depends upon average variance extracted and factor loadings (Campbell & Fiske, 1959). If values of average variance extracted *(AVE)* and composite reliability *(CR)* are more than 0.5 and 0.7, respectively then they show significant level of convergent validity, which is important for any subsequent analysis.

Table 2. Scale Reliability of Market Orientation

Item	Market Orientation Scale Items	Alpha Value		Item to Total
		N = 100	*N* = 100	Correlations
	Intelligence Generation			
IG1	In our bank, we meet with customers at least once a year to find out what products and services they would require in the future.	0.870	0.929	0.544
IG2	Studies are made in our bank to know as to why people invest in our bank.			0.775
IG3	We conduct a customer survey at least once in a year to assess customers' overall valuation of our bank.			0.782
IG4	We often talk with our customers in order to learn how to serve them better.			0.766
IG5	We systematically collect information on our competitors' strategies.			0.747
IG6	We periodically review the likely effect of changes in our business environment.			0.809
	Intelligence Dissemination			
ID1	Persons in different departments of our bank spend time discussing customers' future needs.			0.735
ID2	When something important happens to our major customers or markets, the entire organization comes to know about it in a short period of time.			0.671
ID3	Data on customer satisfaction is communicated to all levels in the bank on a regular basis through circulars, newsletters, etc.	0.839	0.862	0.695
ID4	We conduct inter-departmental meetings at least once every three months to discuss market trends and developments.			0.673
	Responsiveness			
R1	Marketing planning is done in our bank only after all the information about customers has been collected, tabulated, and accordingly analyzed by the planners.			0.662
R2	The management of our bank makes a periodic review of all the services and products offered to our valuable customers.			0.502
R3	Several departments of our bank get together periodically to plan suitable response to any change in the business environment.	0.898	0.914	0.699
R5	The activities of various departments in the bank are well coordinated.			0.834
R6	Whenever a customer is dissatisfied, the complaint is resolved within 24 hours.			0.721
R7	Irrespective of their nature of job, all employees in our bank are highly sensitive to customer satisfaction.			0.558
R8	In the present setup, the staff in our bank gets more concerned with adhering to rules and regulations than serving customers.			0.774
R10	Our bank follows market segmentation to develop and promote different types of products and services to serve different customer groups.			0.63
R11	If a major competitor launches a campaign targeted at our customers, we implement the optimal response immediately.			0.781

Table 3. Validity of Constructs of Market Orientation

Construct	Index	*CR*	*AVE*
MARKET ORIENTATION	Intelligence Generation	0.901	0.622
	Intelligence Dissemination	0.838	0.565
	Responsiveness	0.893	0.516

Note : *CR* = composite reliability, *AVE* = average variance extracted

With regard to convergent validity, the values of composite reliability of all the constructs of market orientation have shown a significant range between 0.5 and 0.9. This signifies that scale items are correlated to each other. The value of composite reliability for intelligence generation is 0.907 ; for intelligence dissemination, it is 0.838 ; and for responsiveness, the value is 0.893. These values shown in the Table 3 are more than the threshold value of 0.7 and finally, the average variance extracted values *(AVEs)* are also above 0.5 for all the latent variables (Fornell & Larcker, 1981).

(4) Extent of Overall Market Orientation in Public and Private Banks : The overall score of market orientation was calculated by adding all the three constructs (Sharma & Verma, 2015 ; Verma & Israney, 2001), that is, intelligence generation *(IG)*, intelligence dissemination *(ID),* and responsiveness *(R).*
Theoretically,

$$MO = IG + ID + R$$

Before calculating the extent of total market orientation score, actual mean score of market orientation and its three components has been calculated.

The Table 4 depicts a significant difference between the mean scores of private and public-sector banks which is verified by using one-way analysis of variance (ANOVA). The aggregate scores for public and private sector banks are 84.30 and 96.31, respectively which means that private sector banks in Punjab are more directed or oriented

Table 4. Mean Score : Market Orientation and its Components in Public and Private Banks

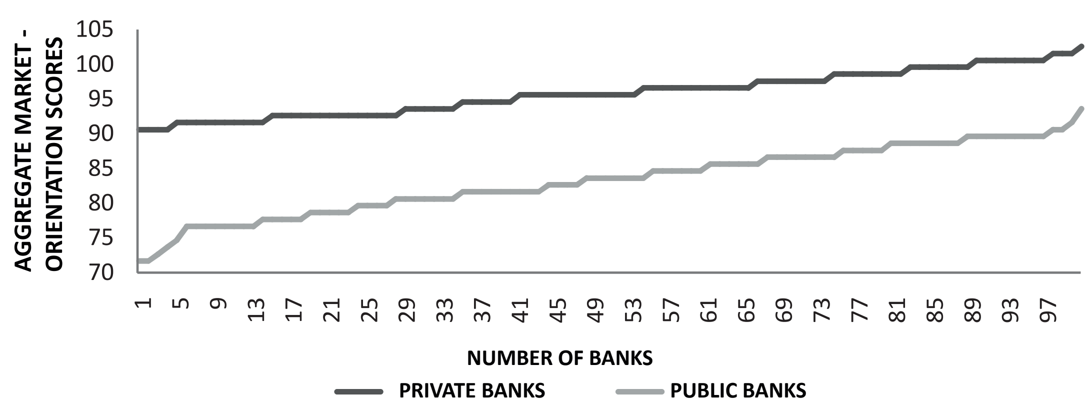
Components	No. of Scale Item	Expected Score Range	Expected Mean Score	Actual Mean Score			
				Aggregate Result	Public Sector Banks	Private Sector Banks	*F* -Value
Intelligence Generation *(IG)*	6	6 - 30	18	26.11	24.36	27.86	.00
Intelligence Dissemination *(ID)*	4	4 - 20	12	17.45	16.23	18.67	.00
Responsiveness *(R)*	11	11 - 55	33	46.74	43.71	49.78	.00
Market Orientation *(MO)*	21	21-105	63	90.30	84.30	96.31	.00

Notes: 1)Responses were obtained on a 5-point Likert scale with 1 standing for *'strongly disagree'*, and 5 standing for *'strongly agree'*.

2) The theoretically possible range has been determined by multiplying the lowest and the highest responses by the number of items in a scale.

3) The *'F'* values pertain to one-way analysis of variance (ANOVA).

Figure 2. Extent of Market Orientation in Public and Private Banks



towards the market as against the public sector banks. Additionally, the component wise analysis of private and public sector banks also shows significant differences in their mean scores.

In the Figure 2, X-axis and Y-axis describe aggregate market orientation score and number of banks, respectively. The range of overall market orientation for public sector banks is from 72 to 95 and for private banks, it is from 90 to 101. Hence, private sector banks are found to be more dynamic than public sector banks, but the actual mean score for both the banks is more than their expected mean scores, which shows that extent of market orientation in both the banks is high. The data reveals that out of the surveyed sample, nearly 70% percent banks did meet their customers regularly and gathered valuable information about them, thereby serving two purposes for banks. One, the banks get to know about the actual needs of their existing and potential customers, and secondly, they get aware about the strategies followed by their competitors to attract the customers.

It is also inferred from the analysis that information which was generated from the customers was properly disseminated among the different departments of the banks as per their duties and responsibilities. This information plays an important role for the employees as they can easily fulfill the needs of their customers using the information/feedback obtained. Out of 200 banks, at least more than 50% banks admitted that regular meetings were held to discuss the requirements and changes in market. These meetings helped the banks to plan the targets at all levels. Further, responsiveness is considered as the most important component of market orientation among all three dimensions because this component leads to actual response of banks towards the preferences of the customers. Private-sector banks try to respond more quickly to the strategic moves of their competitors ; whereas public banks are somewhat slow in response.

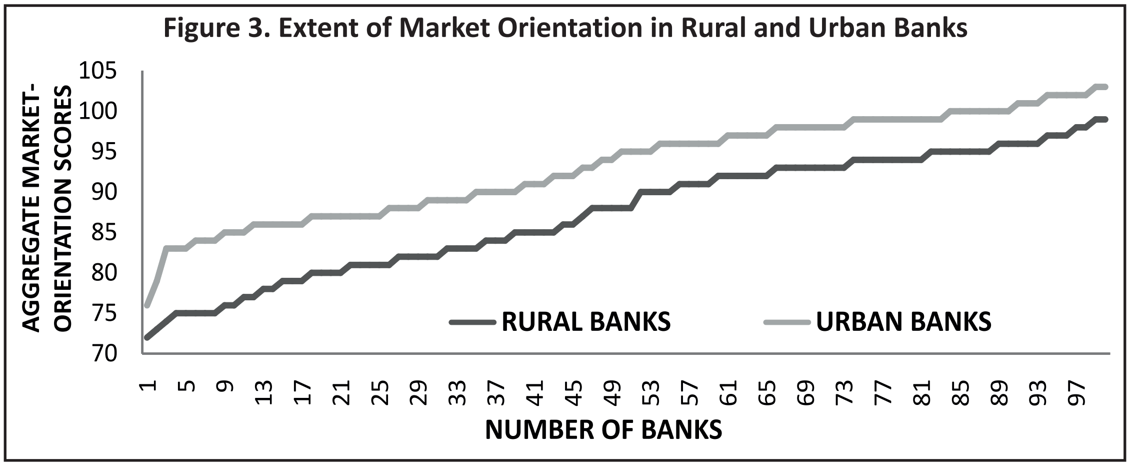
(5) Extent of Overall Market Orientation in Rural and Urban Banks : Extent of overall market orientation in rural and urban banks was calculated by analyzing the actual score of each dimension of market orientation such as intelligence generation, intelligence dissemination, and responsiveness. One way ANOVA was applied to determine the significant difference between the groups (rural and urban banks).

Earlier, the banks were largely controlled by government authorities, but now the trend has changed. Though banks still need to work under the directions of governing bodies, but they have autonomy to the extent that they have now implemented a high degree of market orientation to create superior value for their customers. They are using their resources to gather information about their customers to fulfill their (customers) desires.

The Table 5 depicts that all the three facets of market orientation show above average results for rural and urban branches of banks. But the score of urban banks is somewhat more than the score of rural banks. The one way ANOVA test was applied to check the statistical difference between the extent of market orientation in rural and urban branches of commercial banks. The results of the test depict that there is no significant difference between the extent of market orientation in these bank branches. The graphical representation of extent of market orientation in rural and urban banks in Figure 3 reveals a clear picture that up to what level these two categories of banks are market oriented.

Table 5. Mean Score: Market Orientation and its Components in Rural and Urban Banks

Components	No. of Scale Item	Expected Score Range	Expected Mean Score	Actual Mean Score			
				Aggregate Result	Rural Bank	Urban Bank	*F* -Value
Intelligence Generation *(IG)*	6	6 - 30	18	26.11	25.59	26.63	.23
Intelligence Dissemination *(ID)*	4	4 - 20	12	17.45	17.08	17.82	.56
Responsiveness *(R)*	11	11 - 55	33	46.74	46.11	47.38	.47
Market Orientation *(MO)*	21	21-105	63	90.30	88.78	91.83	.33



The Figure 3 depicts the extent of market orientation in surveyed rural and urban branches of public and private banks. It is clear from the graph that urban branches of commercial banks in Punjab were slightly more market oriented (score ranging from 73 to 101) as compared to their corresponding rural branches (score ranging from 72 to 99). Both categories of banks show above average market orientation scores. The difference between them is quite low, which verifies that rural and urban banks follow almost same strategies to deal with the changes occurring in the market.

(6) Consistency of Scale Items of Market Orientation : Consistency of scale items of each construct was

Table 6. Consistency of Scale Items - Market Orientation

Intelligence Generation				Intelligence Dissemination				Responsiveness			
Item	*R.W*	*S.E*	Std. Loadings	Item	*R.W*	*S.E*	Std. Loadings	Item	*R.W*	*S.E*	Std. Loadings
IG6	1.000		0.85	ID4	1.000		0.76	R11	1.000		0.84
IG5	0.871	0.077	0.80	ID3	1.082	0.106	0.76	R10	0.741	0.074	0.65
IG4	0.874	0.062	0.82	ID2	0.997	0.102	0.73	R7	0.704	0.081	0.58
IG3	0.866	0.061	0.82	ID1	1.169	0.107	0.83	R6	0.929	0.072	0.78
IG2	0.879	0.062	0.83					R5	1.078	0.072	0.86
IG1	0.658	0.064	0.57					R3	0.848	0.070	0.75
								R2	0.514	0.061	0.51
								R1	0.901	0.083	0.69
Df			9				2				20
N			200				200				200
CMIN/df			1.282				1.356				1.719
GFI			0.982				0.961				0.959
CFI			0.996				0.957				0.981
AGFI			0.957				0.904				0.927
RMSEA			0.038				0.021				0.060
PCLOSE			0.578				0.200				0.285

Note: *IG* = Intelligence Generation, *ID* = Intelligence Dissemination, *R* = Responsiveness, *R.W* = Regression Weights, *S.E* = Standard Error, Std. Loadings = Standardized Loadings examined by developing zero order correlation among the measures using confirmatory factor analysis. This is the most necessary as well as basic model of confirmatory factor analysis because it compares the actual frequency distribution with the expected distribution. In general, zero order confirmatory factor analysis is viewed as a statistical anthology test because it is best applied when factors do not observe any main effect and relations in null hypothesis (Hayashi & Hays, 1987).

The Table 6 depicts the zero order confirmatory analysis of intelligence generation, intelligence dissemination, and responsiveness separately. In the Table 6, the regression weights, standard error, and standardized estimates are also recorded to check the consistency of scale items with their respective constructs. The Table 6 reveals 18 measures of market orientation scale, out of which six are incorporated in intelligence generation, four in intelligence dissemination, and eight in responsiveness. Each of these measures is a clear indicator of its respective latent constructs and shares a common cause with them. The first model in the Table 6 consists of latent variables of intelligence generation. The six indicators of intelligence generation are moderately intercorrelated as the values of standardized loadings of each indicator are greater than the threshold of 0.5. The value of *GFI* (goodness of fit) is 0.982, *AGFI* (adjusted goodness of fit) is 0.957, and *CFI* (comparative fit index) is 0.996, which indicate that the model of zero order confirmatory analysis of intelligence generation is good and admissible.

Further, the relationship of ID1, ID2, ID3, and ID4 was assessed with a hypothesized parameter, that is, intelligence dissemination. The fit indices for the model were calculated to check the homogeneity, and it is observed that all the indicators define the construct collectively. The value of model fit components such as *GFI* is 0.961, *AGFI* is 0.904, and *CFI* is 0.957, which delineate that the zero order analysis is significant.

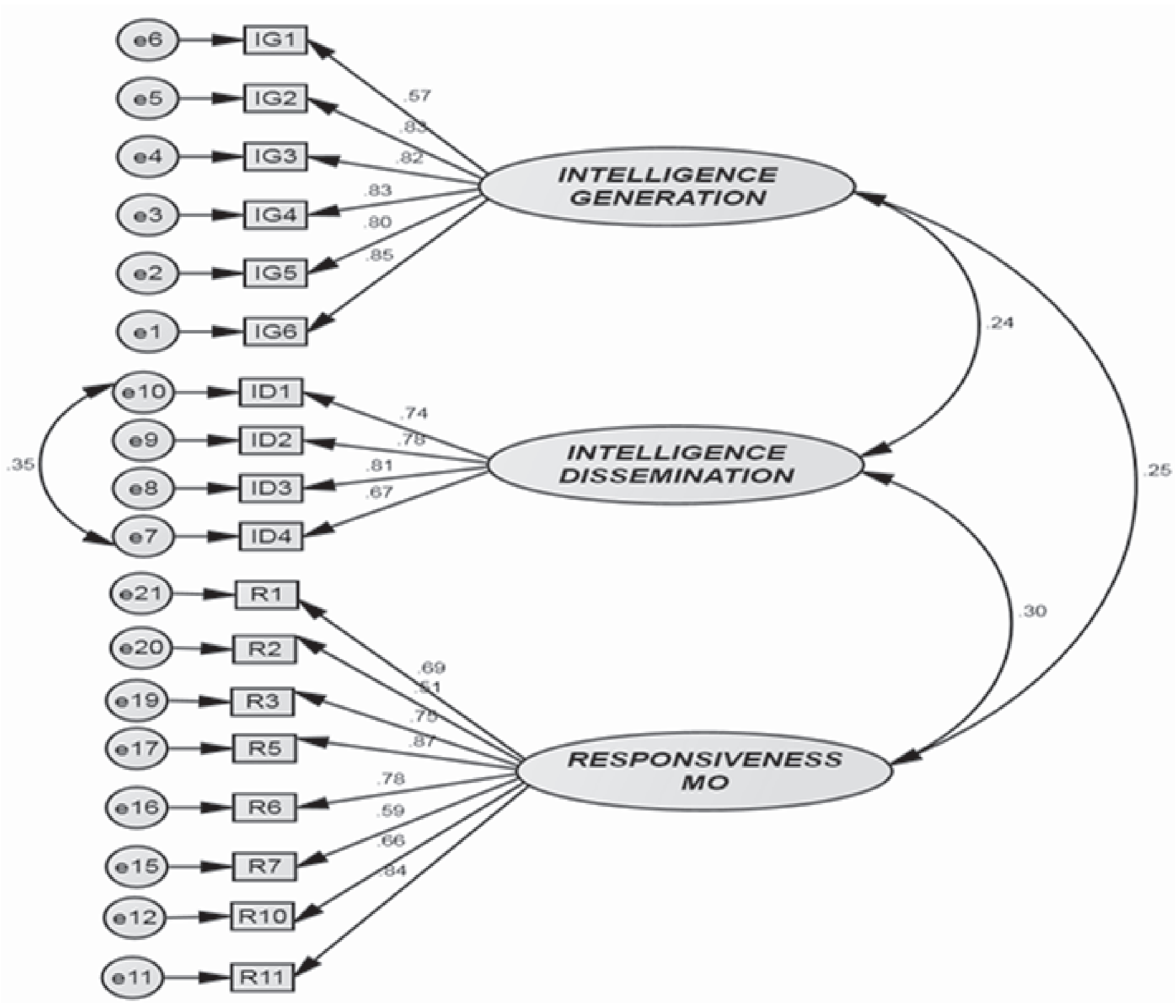
The Table 6 also reveals zero order CFA of third element of market orientation, that is, responsiveness. The zero order confirmatory analysis of responsiveness fulfills the minimum requirement for the model to be significant. The partial out latent variables of responsiveness did not show any relationship with its construct, hence they were removed from the final scale to increase its internal consistency. The revised model of zero order confirmatory analysis of responsiveness shows greater homogeneity. The values of *GFI, AGFI, CFI, RMSEA* are 0.959, 0.927, 0.981, and 0.060, respectively. These observations indicate that single factor model of responsiveness is also acceptable.

(7) Correlation Among the Constructs of Market Orientation : The relation among three components of market orientation was determined by using the first order confirmatory factor analysis (CFA) in AMOS 18. The hypothesized three-factor model of market orientation is posited in Figure 4 in which 18 observed measures are conjectured.

In the measurement model, it has been discovered that all the items have strong factor loadings, but overall fit is not good and model is inadmissible due to Heywood cases (negative error variance). Consequently, the model was reanalyzed ; this resulted in dropping of three statements from the construct of responsiveness. After dropping these items from the scale, the fit indices were again calculated to check the admissibility of the model. The root mean square error of approximation *(RMSEA)* of revised model is below 0.08, which is a significant value for absolute measure fit. Other fit values of revised model such as *GFI, AGFI, CFI,* and *TLI* are 0.927, 0.905, 0.993, and 0.992, which also signify that the model is statistically significant.

Moreover, this measurement model asserts that intelligence generation, intelligence dissemination, and responsiveness are correlated, although the nature of their relationships is unanalyzed because there is no claim about the directionality of such relationships. The hypothesized model in Figure 4 reveals the covariances between the constructs of market orientation scale. The covariance between intelligence generation and intelligence dissemination is 0.24 ; between intelligence generation and responsiveness is 0.25 ; and between intelligence dissemination and responsiveness is 0.30. This analysis illustrates that both intelligence generation and intelligence dissemination are important for responsiveness in commercial banks of Punjab. Without these two components, banks are not able to respond to requirements of customers. Therefore, commercial banks need to

Figure 4. Correlation Among the Constructs of Market Orientation



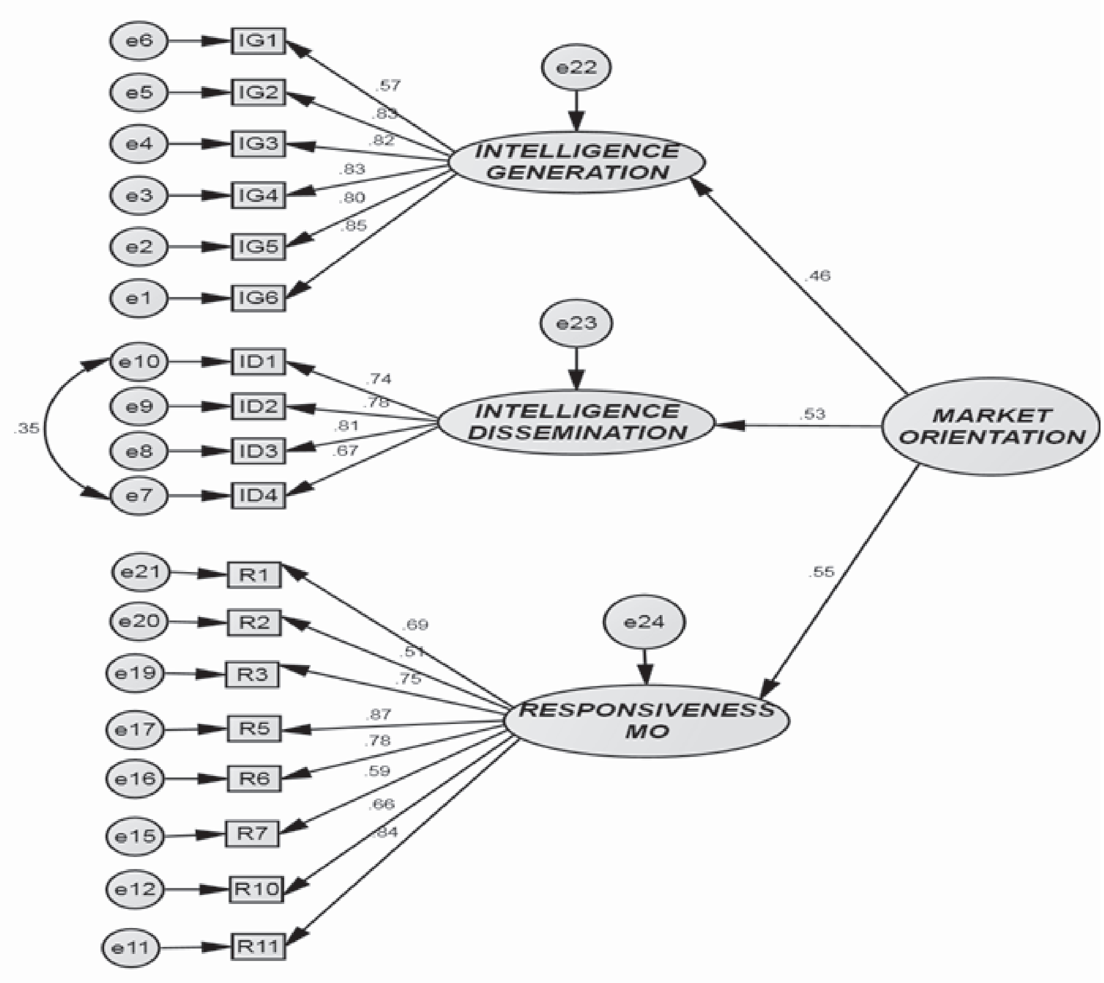
Note: *GFI* (0.927), *AGFI* (0.905), *CFI* (0.993), *RMSEA* (0.022), *PCLOSE* (0.993)

generate proper information from the market about the customers as well about their competitors and decentralize the authorities to different departments of their banks so that the different departments can plan their actions to fulfill the needs of the customers.

(8) Measurement of Second Order *CFA* of Market Orientation : In second order *CFA*, the three constructs such as intelligence generation, intelligence dissemination, and responsiveness are covariated with market orientation. This sub model indicates that among the three components of market orientation, responsiveness acts as a dominant factor and it outpaces the other two components of market orientation, that is, intelligence generation and intelligence dissemination. In the Figure 5, standardized parameter estimates between responsiveness and market orientation is 0.55, which is more than the other two dimensions of market orientation. It means that it is the most important component of market orientation.

This model depicts that all the communalities of 18 measured indicator variables exceed 0.50. This verifies that the model is over identified and can be used for further analysis. The value for root mean square error of approximation (lower the better), an absolute fit index, is 0.022, which is quite lower than the threshold of 0.08

Figure 5. Effect of Constructs of Market Orientation



with 18 measured variables and sample size of 200. Considering the incremental fit indices, *CFI* (comparative fit index) is the most widely used index (Hair, Black, Babin, Anderson, & Tatham, 2005). In this CFA model, *CFI* has the value of 0.993 which is greater than 0.90 for a model of this complexity and sample size. The other incremental fit indices also exceed cut off values, which reflect good model fit. This means that the three components of market orientation are interrelated with market orientation and are able to explain the construct. Therefore, it can be concluded that these three constructs collectively work for banks to be orientated towards the market.

Discussion and Conclusion

The measurement of extent of market orientation depicts the clear scenario that commercial banks of Punjab are highly market oriented. Commercial banks have geared up their performance in the market through the proper implementation of market orientation tools. They have understood the importance of the dimensions of market orientation for attracting more and more customers. However, both public-sector banks and private-sector banks are significantly different from one another in terms of overall as well as dimension-wise mean scores of market orientation. It has also been depicted through analysis that private-sector banks are more market oriented as compared to public-sector banks. It is because private-sector banks use their available resources optimally to gather the market intelligence which is further disseminated to plan the response. These findings concur with previous research done by Verma and Israney (2001) that extent of market orientation is significantly high in private-sector banks as compared to public sector banks. As far as rural and urban branches of banks are concerned, they are doing an equally excellent job to implement market orientation strategies.

Market orientation helps the organizations to enhance their performance, provide customer satisfaction, and long term profits (McNamara, 1972). Moreover, a comprehensive model of market orientation serves as a strategic tool for an organization to create wealth or profitability through delivering superior value to their customers (Homburg & Pflesser, 2000 ; Narver & Slater, 1990). It also supports that an organization's decisions must be based on long-term view rather than short term perspective because the long-term view enhances the effectiveness and uniqueness in decisions, while the short-term view guides business behavior into seeking immediate gains only (Langerak, Hult, & Robben, 2004).

The findings explicate that market intelligence provides an additional advantage to organizations by providing required information about the customers which ensures a good relation between customers and organizations. This means firms must focus on gathering market intelligence to deal with their customers efficiently and effectively. The market orientation scale consists of three components namely intelligence generation, intelligence dissemination, and responsiveness. These three dimensions play a crucial role for an organization to create value for its customers. Among all the three dimensions of market orientation, it has been proven that responsiveness is the most important dimension on which every service provider needs to focus. It is an essential dimension of market orientation because it tells how well the organization is using intelligence for fulfilling the demands of its customers. Appropriate intelligence generation and intelligence dissemination do not mean that responsiveness of an organization will also be good. The response of an organization depends upon the kind of staff it has. If employees are motivated, then they will definitely work for the goals and objectives of the organization, but if they are not motivated, they will not put their best to achieve the goals of the organization. The results of the study are exactly in line with the outcomes and the findings of Natalisa, Isnurhadi, and Saerang (2008).

It has been scrutinized that market orientation is essential for an organization to take a competitive edge over the others. It equips the firms to deal with the prevailing conditions of the market. Moreover, all the three components of market orientation collectively work for the success of an organization. Therefore, firms must work for collecting the information and then disseminate the information across the different departments to respond actively according to the needs of the customers.

Managerial Implications

The study has some noticeable implications for practitioners. It provides them with a comprehensive model of factors, which influence the quality of services offered by an organization. According to the findings, strong market orientation enhances chances for long-term viability, and short run profits increase with marketing efforts to increase customer base for commercial banks. Hence, managers must focus on all the three aspects (intelligence generation, intelligence dissemination, and responsiveness) of market orientation to put it into practice effectively and efficiently. Nevertheless, before implementing market orientation, top managers should first assess the extent to which it is important for their bank to be market oriented. The impetus for change must come from top managers who should exhibit their commitment to customers and a market orientation in speech as well as in their deeds. Top managers should seriously consider promoting a change-oriented attitude, supporting mixed department training programs to promote interdepartmental coordination.

Limitations of the Study and Directions for Future Research

This study is subjected to some limitations, which should be noted in future research. It covers only the region of

Punjab ; more variations can be gained through a wider coverage of respondents. Secondly, it is a cross-sectional study which restricts to obtain solid conclusions relating to the effects of the variables. This can be overcome by conducting longitudinal research. The other limitation of the study concerns with the generalization of the results because the sample includes only middle-level managers of the commercial banks. This means that limited heterogeneity in respondents could have affected the nature and extent of predictor variables.

Future studies could increase the understanding of the construct by adopting the following aspects:

(i) Expansion of the Sampling Frame : Though the access to the top management is considered a more reliable source of information than lower level informants, future studies might focus on a large sample of banking sector to understand the implementation of the concept of market orientation at different levels in the organization.

(ii) Longitudinal Research Design : The present study is limited in the cross-sectional nature of its design. Thus, it is restricted to make conclusion about the causality among the constructs. In such a case, longitudinal research design would help in understanding the development trends. It would further provide valuable insights into probable causation.

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