MARKET ORIENTATION AS A VERITABLE TOOL FOR ORGANIZATIONAL PERFORMANCE: AN EMPIRICAL INVESTIGATION OF NIGERIAN INSURANCE INDUSTRY

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Abstract
This study examines the influence of market orientation on organizational performance with specific reference to Nigerian insurance sector. The study adopted survey research design, while structured questionnaires were employed to collect data from the respondents. Data were analyzed with the aid of mean, correlation and ordinary least square method of estimation. The result reveals that market orientation is significantly associated with customer satisfaction (r = 0.579; P < 0.05) and profitability (r = 0.234; P < 0.05). This indicates that market-driven oriented organization is bound to succeed in a cut-throat global competitive environment. The study further reveals that market orientation has significant influence on organizational performance, measured by customer satisfaction and profitability. Therefore, Nigerian insurance industry need to be market-driven oriented in order to be the sector of choice among emerging markets, noted for high market capacity, transparency, efficiency and safety by 2030.

Keywords: Market orientation, Organizational performance, Customer satisfaction, profitability, Insurance.

Introduction
The contribution of the insurance sector to sustainable economic growth and advancement in both developed and emerging economies has been
documented in the literature. According to Ehiogu (2017), one of the major economic functions of the Insurance industry is to promote the mobilization of funds, thus, offering a basis for financial intermediation to commence, trade, and industry. The industry provides employment to many, its loss prevention function also contributes substantial taxes to government, creating more goods, more jobs, improving earning, providing educational and health facilities. The sector shares the risk, provides financial protection, reduces the financial distress and accelerates the pace of economic growth (Sajuyigbe, 2016). Cognizant of this fact, the National Insurance Commission (NAICOM), the body responsible for the regulation of the industry recapitalized the sector in June 2005 and on May 20, 2009 another Minimum Paid-up Share Capital Policy for Insurance and Reinsurance Companies in Nigeria was released so that all insurance companies that provide life insurance are required to increase their minimum paid-up share capital upwardly. Hence, the sector will be attractive to investors, wax stronger and remain competitive. Despite this commendable reform policy, the sector is still lagging behind in terms of its contributions to the economic growth and development. Currently, Nigeria's insurance sector is still one of the most underdeveloped compared to its peers (Sajuyigbe, 2016).

In a dynamic market place characterized by changing customer needs and preferences, rapid technological advances and a multifaceted competitive landscape, the concept of market orientation (MO) has been used to explain why some firms achieve greater performance than their competitors (Brownhilder, 2016). Schindehutte, Morris, and Kocak (2008) assert that market-driving orientation is a superior ability to attract, serve, and retain customers which would bring success. Moreover, responsive market orientation enhances the predictability of information search, reliability of information use and easier information application during new service or product development process. This is so, because a market oriented company can keep recent customers content and loyal, can attract new customers, and achieve the needed level of growth, market share, as well as performance.

Numerous of studies have been carried out on the relationship between market orientation and organizational performance in advanced countries and developing nations (Brownhilder, 2016). However, to the best knowledge of the researchers, the construct has not been explored in the context of insurance sector in Nigeria. Therefore, the current study intends to fill the gap
in the literature by examining the influence of market orientation on organizational performance with specific reference to Nigerian insurance sector.

**The Specific Objectives are:**

i. To examine the extent market orientation influence organizational profitability.

ii. To examine the extent market orientation influence customer satisfaction.

**Research Questions**

i. To what extent does market orientation influence organizational profitability?

ii. To what extent does market orientation influence customer satisfaction?

**Research Hypothesis**

Ho1: Market orientation has no influence on organizational profitability.

Ho2: Market orientation has no influence on customer satisfaction.

**Review of Related Literature**

**Market orientation**

Market orientation is the more recently used synonymous with how to implement the marketing concept, and one of the major research topics in marketing literature during the past decades. Market orientation can be defined as a form of organizational culture where employees are committed to continuously create superior customer value, or as a sequence of marketing activities that lead to better performance (Gudlaugsson, Hermansdottir & Olafsson, 2009). Bisp (1999) defines market orientation as a series of actions to obtain, analyze and apply information about current and new customers, consumers and competitors. He emphasizes the importance of organizational learning and states that the ability to attract and develop staff with the needed knowledge and skills drives market orientation. Market orientation can be defined as a form of organizational culture where employees throughout the organization are systematically and entirely committed to the continuous creation of superior customer value (Ngansantil, 2001). Kotler (2001) points
out that market oriented companies must balance between customer orientation and competitor orientation when installing a market oriented culture in the company. Logically, a company that only focuses on either the customer or the competition will end up performing poorly. Gudlaugsson (2004) has written about market orientation as behavior that supports the market concept and is characterized by continuously gathering market data, analyzing data and creating knowledge that is communicated to everybody within the organization.

**Importance to Market orientation**

The need for organizations to be market –oriented cited in Oseyomon and Ogieva (2014) as follows:

i. Increasing competition in the economy: In recent times, organizations have not just competing locally but globally, following the advent of globalization (Kohli and Jaworski, 1990). This stiff competition in the marketing environment implies that it is the organization that possesses the best competitive strategy that will perform well.

ii. Consumerism: Over the years, consumers have become sophisticated. They know their rights and they insist on their rights. Therefore, organizations must be customer –driven so as to remain in business (Kotler, 2010).

iii. Changing buying pattern of customers: Customers buy products for reasons best known to them. Market orientation enables organizations to acquire customer intelligence. It is this intelligence that assists them to monitor and provide solutions to the fluctuating buying pattern of customers (Liao et al., 2001).

iv. Mass market and mass affluence. The Availability of a reasonable population of consumers who are well to do for whose patronage a large number of organizations are competing may compel these organizations to be market-oriented (Agbonifoh et al., 2007).

v. Again, another reason that may compel an organization to be customer-driven is the existence of a crop of professional managers (Agbonifoh et al., 2007).

**Functions of Organizational Performance Measures**

Performance measures play some critical function within an organisation. Brownhilder (2016), writing on financial measures of performance identified three critical functions as a mechanism of control and motivation, critical
business objective and as a tool of financial management and the same
direction, Engin and Omur (2012) asserts that the measurement of firm
performance communicates clearly what the expectations of the managers are
to the internal and external stakeholders of the firm. He adds that
performance measurement contributes to the monitoring of progress of the
firm, provides feedback and motivates employees as measurement is usually
tied to rewards to both the management and employees. These financial
measures include Return on Assets, Profitability, and Return on investment,
and market share. There has not been any empirical research to establish the
superiority of the predictive power of either subjective or objective measures
of performance (Chee-Hua, May-Chiun & Ramayah, 2014).

**Theoretical Review**
This study anchors on Resource-Advantage Theory of Competition because of
its relevance to the study. Resource-Advantage Theory observes that
consumers’ tastes and preferences are always changing and consumers have
imperfect information concerning products or services that might match their
taste and preferences (Basheer & Saeed, 2015). Resource-Advantage Theory
puts that human as their roles as consumers of products and managers of
firms, are motivated by constrained self-interest seeking by consideration of
what is right, proper, ethical, moral or appropriate. Also, R-A theory indicates
that resources are pertaining the tangible and intangible entities available to
the firm that enable it to produce efficiently and/or effectively a market
offering that has value for market segment(s) (Oseyomon & Ogieva, 2014). R-
A theory views resources as tangible and intangible entities available to the
firm that enable it to produce efficiently and/or effectively market offering
that has value for market segment(s). In this view, market orientation would
be an intangible entity that would be a resource if it provided information that
enabled a firm to produce (Hunt & Morgan, 1995).

**Empirical Review**
Previous studies that are relevant to the study are reviewed as follows:
Brownhilder (2016) investigate the impact of MO on SME performance, as
well as the moderating effects of the external environment on the MO-
performance nexus. Using data from South Africa, this study showed that two
of the three dimensions of MO (i.e. customer orientation, competitor focus)
are significant drivers of business performance and that the MO-performance nexus is moderated by the external environmental factors. Specifically the MO-performance relationship is positively moderated by market turbulence and negative moderated by technological turbulence and competitive intensity. Basheer and Saeed (2015) evaluate the relationship between orientation, innovation differentiation, market differentiation and organizational performance in the banking industry in Jordan. The research findings show that market orientation has positive and significant relationship with organizational performance. Oseyomon and Ogieva (2014) establish the relationship between the adoption of market orientation and sales of quoted companies in Nigeria. Purposive samplings method was used to select a total sample size of fifty (50) companies. To measure market orientation, the study conceptualized it to consist of market orientation intelligence gathering, market orientation intelligence dissemination, market orientation intelligence design and market orientation intelligence implementation. To determine the relationship between the adoption of market orientation and sales, correlation analysis was used and the test was conducted at 5% level of significance. Results obtained from the analysis showed that there was a positive relationship between the adoption of market orientation and sales of quoted companies in Nigeria. Chee-Hua, May-Chiun and Ramayah (2014) also examine the relationship between market orientation (MO) and organizational performance (OP) with service quality (SQ) as a moderator in the context of the hotel industry in Malaysia. MO and OP were conceptualized as three- and two-dimensional constructs, respectively, whereas SQ, which consists of two-dimensional constructs, namely, technical quality and functional quality, was used as a moderator. Data were gathered through a survey using a structured questionnaire with a sample of 187 executive-level employees employed in hotels rated three stars and above in Malaysia. Smart PLS 2.0 (M3) with path modeling and bootstrapping was used to examine the standard error of the estimate and t-values. The findings suggest that only competitor orientation dimension of MO was significantly related to OP, whereas customer orientation and inter-functional coordination were not related. Interestingly, SQ was found to have moderated the relationship between MO and performance of the hotels in Malaysia.
Nithima and Wanno (2012) studied the relationship among market orientation, logistics supply chain management, and effectiveness of drug production in pharmaceutical organizations. The data were collected from 280 marketing personnel in pharmaceutical organizations and analyzed equation model using the LISREL program, version 8.72. The study showed that the level of variables were quite high. The analysis of causal relationship showed that market orientation resulted in positive effects on the logistics supply chain management and effectiveness. Finally, supply chain management had positive influence with effectiveness. The significance statistical level was 0.05. Variables could explain variances and predict effectiveness as 70 percent (p-value < .05). Therefore, pharmaceutical organizations should emphasize market orientation, logistics, and supply chain management in order to increase effectiveness of logistic performance and supply chain management.

Engin and Omur (2012) studied the effects of market orientation, learning orientation and innovativeness on organizational performance. The study sample was 352 logistics companies in Turkey. The data were collected from marketing executive officers and the data was analyzed by the structure equation model. The study showed that market orientation directly affected organizational performance and learning orientation. Suliyanto and Rahab (2012) examine the relationship between market orientation and learning orientation which affected the improvement of innovative and organizational performance. The study involved quantitative research and was conducted using a cross sectional survey. The study sample was 150 small and medium businesses in Banyumas Regency in Indonesia. The data were collected from questionnaires mailed to business owners and managers. The study found that market orientation directly affected learning orientation, innovativeness, and organizational performance. Khamwon and Speece (2010) studied the relationship between market orientation and financial performance in the veteran service sector. Market orientation had three elements, which were customer orientation, competitor orientation and inter-function coordination, which followed Narver and Slater (1990)’s concept. The study sample was 80 clinic and hospital owners in Bangkok and the area nearby. The method of analysis was regression analysis. The study showed that market orientation had a significantly positive relationship with financial
performance, which could help an organization gain initiative and raise its performance.

Micheels (2010) examine the relationship of market orientation, learning orientation, innovativeness, cost focus, entrepreneurship, and overall performance. The research methodology utilized quantitative research by using cross sectional surveying. The study sample was 347 beef producer companies in the Illinois Beef Association. The data were collected by using questionnaires which were sent to the owners of the companies. Then the data were analyzed by using structure equation modeling (SEM). The study showed that market orientation directly affected innovativeness and overall performance. Innovativeness directly affected overall performance.

Methodology
The study adopted survey research design and primary sources of data was used in this study and the 5 staff members (marketing unit) each of the twenty two insurance companies operating in Oyo state, Nigeria were selected totaling 110 via purposive technique as a sample size for the study. The questionnaire was designed in likert scale format. The Validity of the questionnaire has been tested by presenting the questionnaire to some arbitrators specialized in the marketing field. Their constructive suggestions have been used to amend the questionnaire and introduce it in its present form. The reliability test was done using test-retest method. The result gave a reliability coefficient of 0.65, 0.76 and 0.81 for market orientation scale, customer satisfaction scale and profitability scale respectively. This indicate a high degree of consistency. Data were analyzed with the aid of mean, correlation and ordinary least square method of estimation.

Data analysis and Discussion
Table 1: Distribution of Respondents by Marketing Orientation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>In our business unit, we meet with customers at least once a year to find out what products or services they will need in the future.</td>
<td>3.51</td>
<td>10th</td>
</tr>
<tr>
<td>In our business unit, we do in-house market research</td>
<td>3.87</td>
<td>9th</td>
</tr>
<tr>
<td>We survey end-users to assess the quality of our product and service offerings.</td>
<td>3.99</td>
<td>8th</td>
</tr>
</tbody>
</table>
We periodically review the likely effects of changes in our business environment, such as regulations and technology, on customers.  

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing personnel in our business unit spend time discussing customers future needs with other functional departments.</td>
<td>4.41</td>
<td>4th</td>
</tr>
<tr>
<td>We have interdepartmental meetings to discuss market trends and developments</td>
<td>4.17</td>
<td>7th</td>
</tr>
<tr>
<td>Data on customer satisfaction are disseminated at all levels in this business unit on regular basis.</td>
<td>4.27</td>
<td>5th</td>
</tr>
<tr>
<td>We periodically review our product development efforts to ensure that they are in line with what customers want.</td>
<td>4.64</td>
<td>1st</td>
</tr>
<tr>
<td>If a major competitor were to lunch an intensive campaign targeted at our customers, we would implement a response immediately.</td>
<td>4.19</td>
<td>6th</td>
</tr>
<tr>
<td>When we find out that customers are unhappy with quality of our service, we take corrective action immediately.</td>
<td>4.52</td>
<td>2nd</td>
</tr>
</tbody>
</table>

Table 1 reveals that majority of respondents agreed that they periodically review our product development efforts to ensure that they are in line with what customers want, which was ranked highest ($M = 4.64$). Other perceptions of marketing orientation in the rank order include, when we find out that customers are unhappy with quality of our service, we take corrective action immediately ($M = 4.52$), we periodically review the likely effects of changes in our business environment, such as regulations and technology, on customers ($M = 4.45$), marketing personnel in our business unit spend time discussing customers future needs with other functional departments ($M = 4.41$), data on customer satisfaction are disseminated at all levels in this business unit on regular basis ($M = 4.27$), if a major competitor were to lunch an intensive campaign targeted at our customers, we would implement a response immediately ($M = 4.19$), while in our business unit, we meet with customers at least once a year to find out what products or services they will need in the future ($M = 3.51$) was ranked least. This indicates that the Nigerian insurance companies have woke up from their slumber by embracing and leverage on market orientation. This implies that market-driven oriented has saved the sector from the market oblivion.
Table 2: Relationship between Variables

<table>
<thead>
<tr>
<th></th>
<th>Market orientation</th>
<th>Customer Satisfaction</th>
<th>Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market orientation</strong></td>
<td>Pearson Correlation</td>
<td>.579**</td>
<td>.243*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.011</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>110</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.114</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.234</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>110</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td><strong>Profitability</strong></td>
<td>Pearson Correlation</td>
<td>.243*</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.011</td>
<td>.234</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>110</td>
<td>110</td>
<td>110</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).

Table 2 depicts that market orientation is significantly associated with customer satisfaction (r = 0.579; P < 0.05) and profitability (r = 0.234; P < 0.05). This indicates that market-driven oriented organization is bound to succeed in a cut-throat global competitive environment. By implication, Nigerian insurance industry need to be market-driven oriented in order to be the sector of choice among emerging markets, noted for high market capacity, transparency, efficiency and safety by 2030.

Table 3: Results of Regression analysis of influence of market orientation on customer satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>16.670</td>
<td>1</td>
<td>16.67</td>
<td>54.479</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>33.048</td>
<td>108</td>
<td>.306</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>49.718</td>
<td>109</td>
<td>.306</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3 shows that market orientation ($\beta = 0.578; t = 7.381; P = 0.000$) has positive influence on organizational performance, measured by customer satisfaction. The F-value of 54.479 indicates that the overall regression plane is statistically significant. This connotes that market orientation is a driven force of customer satisfaction. Therefore, null hypothesis is rejected while alternative hypothesis is accepted. Deduction to be made from this finding is that Nigerian insurance companies have to be market-driven oriented before their products/services could be attractive to the citizenry.

**Table 4: Results of Regression analysis of influence of market orientation on customer satisfaction**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Redskins</td>
<td>3.114</td>
<td>1</td>
<td>3.114</td>
<td>6.773</td>
<td>.011</td>
</tr>
<tr>
<td>Residual</td>
<td>49.650</td>
<td>108</td>
<td>.460</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>52.764</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.150</td>
<td>.416</td>
<td>7.581</td>
<td>.000</td>
</tr>
<tr>
<td>MO</td>
<td>.250</td>
<td>.096</td>
<td>.243</td>
<td>2.602</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PR
Table 4 reveals that market orientation ($\beta = 0.250; t = 2.602; P = 0.000$) has positive influence on organizational performance, measured by productivity. The F-value of 6.773 indicates that the overall regression plane is statistically significant. This implies that market orientation is a germane predictor of profitability. Therefore, null hypothesis is rejected while alternative hypothesis is accepted. The implication of this finding is that market orientation is one of strong marketing strategies that drive the organization to achieve its ivory tower in a global competitive environment.

**Conclusion and Implication**

This study examines the influence of market orientation on organizational performance with specific reference to Nigerian insurance sector. The study adopted survey research design and primary sources of data was used in this study and the 5 staff members (marketing unit) each of the twenty two insurance companies operating in Oyo state, Nigeria were selected totaling 110 via purposive technique as a sample size for the study. Data were analyzed with the aid of mean, correlation and ordinary least square method of estimation. The results market orientation has significant influence on organizational performance, measured by customer satisfaction and profitability. Therefore, Nigerian insurance industry need to be market-driven oriented in order to be the sector of choice among emerging markets, noted for high market capacity, transparency, efficiency and safety by 2030.

**References**


