

MARKET ORIENTATION RESEARCH IN SLOVENIA

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Abstract: The purpose of the paper is to review and summarise the key empirical findings on market research in Slovenia reported by Slovenian researchers mostly during the 1998-2010 period. In Slovenia, a number of empirical studies on market orientation have been conducted in recent years. However, the existing empirical knowledge of market orientation is dispersed across a number of papers and works addressing specific research issues. To date, no paper has attempted to review and integrate the key empirical findings. Based on the literature review, the presented paper identifies the following factors that enhance the level of Slovenian companies' market orientation: private funding capital, standardisation of rules and procedures, communication among employees and greater market and technological turbulence. On other hand, limited financial resources, past habits and specialisation of working activities impede the level of market orientation. Further, the review of consequences of a market orientation does not provide strong evidence of a direct relationship between the market orientation and business performance of Slovenian companies, especially when measures of financial performance are used. Instead, the weight of evidence suggests that a market orientation impacts on business performance indirectly through its impact on other marketing resources and innovation. Based on the literature review, guidelines for future market orientation research in Slovenia are proposed.

Keywords: market orientation, Slovenian companies, adoption, consequences

RAZISKAVE O TRŽNI NARAVNANOSTI V SLOVENIJI

Povzetek: Namen članka je pregledati in povzeti ključne empirične ugotovitve raziskav o tržni naravnosti v Sloveniji, ki so jih objavili slovenski raziskovalci večinoma v obdobju 1998-2010. V Sloveniji so bile v zadnjih letih opravljene številne empirične raziskave o tržni naravnosti. Toda obstoječe znanje o tržni naravnosti je razpršeno na številne članke in dela, ki obravnavajo specifična raziskovalna vprašanja. Noben članek doslej še ni poskušal podati pregleda in povzetka ključnih empiričnih ugotovitev. Predstavljeni članek želi zapolniti

to vrzel v slovenski trženjski literaturi. Članek prične s pregledom raziskav o tržni naravnosti v Sloveniji, pri čemer lahko opredelimo dve glavni raziskovalni področji: (1) sprejemanje tržne naravnosti, vključno z dejavniki, ki vplivajo na stopnjo tržne naravnosti slovenskih podjetij ter (2) posledice tržne naravnosti za vedenje in uspešnost podjetij. Podobno kot velja za tuje raziskave o tržni naravnosti, tudi pregled raziskav o tržni naravnosti v Sloveniji kaže, da so raziskovalci namenili razmeroma veliko pozornosti proučevanju posledic tržne naravnosti, bistveno manj pozornosti pa je bilo namenjene proučevanju dejavnikov, ki vplivajo na stopnjo tržne naravnosti slovenskih podjetij. Predstavljeni članek na podlagi pregleda literature opredeli naslednje dejavnike, ki povečujejo stopnjo tržne naravnosti slovenskih podjetij: zasebni ustanovitveni kapital, standardizacija pravil in postopkov, komuniciranje med zaposlenimi ter večje tržne in tehnološke spremembe. Nasprotno pa omejeni finančni viri, pretekle navade in specializacija delovnih aktivnosti zmanjšujejo stopnjo tržne naravnosti. Pregled domače empirične literature o posledicah tržne naravnosti kaže, da je večina raziskav proučila neposredno povezanost med tržno naravnostjo in različnimi kazalniki uspešnosti.

Šele v zadnjih letih so slovenski raziskovalci začeli proučevati tudi kompleksnejše modele, ki vključujejo posredne vplive tržne naravnosti na uspešnost podjetja prek vpliva na druge trženjske vire in inovacije. Pregled posledic tržne naravnosti ne omogoča jasnega sklepa o neposredni povezanosti med tržno naravnostjo in uspešnostjo slovenskih podjetij, še posebej, če upoštevamo finančne kazalnike uspešnosti. Nasprotno, ugotovitve preteklih raziskav bolj govorijo v prid sklepu, da tržna naravnost vpliva na uspešnost podjetja le posredno prek vpliva na druge trženjske vire in inovacije. Članek na podlagi pregleda literature poda predloge za prihodnje raziskave o tržni naravnosti v Sloveniji.

Priporočamo proučitev drugih mogočih dejavnikov, ki vplivajo na stopnjo tržne naravnosti. Tuja teoretična in empirična literatura predlaga vrsto dejavnikov tržne naravnosti, ki so bili doslej v slovenskih raziskavah zapostavljeni. Predvsem priporočamo proučitev vpliva treh dejavnikov, ki jih tuja empirična literatura najpogosteje omenja. Ti dejavniki tržne naravnosti so: (1) pomen, ki ga tržni naravnosti pripisuje vrhni management, (2) povezanost oddelkov in (3) sistemi nagrajevanja na podlagi tržne uspešnosti. Nekateri domači raziskovalci opozarjajo na nezadostno tržno naravnost slovenskih podjetij, zato bi boljše razumevanje dejavnikov tržne naravnosti pomagalo managerjem pri njihovih prizadevanjih za uresničevanje tržne naravnosti. Dalje, priporočamo proučevanje kompleksnejših modelov, ki vključujejo (tudi) posredne vplive tržne naravnosti na uspešnost podjetja, namesto proučevanja zgolj neposredne povezanosti med tržno naravnostjo in uspešnostjo.

Priporočamo tudi izvajanje longitudinalnih raziskav, da bi lahko primerjali, kako se tržna naravnost razvija v času, pa tudi zato, da bi lahko prepoznali

odložene vplive tržne naravnosti na uspešnost podjetja. Prav tako priporočamo proučitev morebitnih vplivov poslovnega okolja (tj. tržnih sprememb, tehnoloških sprememb in intenzivnosti konkurence) ter značilnosti samega podjetja (tj. njegove velikosti, dejavnosti, vrste trga) v raziskavah o dejavniki in posledicah tržne naravnosti. Končno, v prihodnjih raziskavah tudi močno priporočamo razlikovanje med odzivno in proaktivno tržno naravnostjo. Odzivna tržna naravnost se nanaša na izražene potrebe kupcev, proaktivna tržna naravnost pa na prikrite potrebe kupcev. Čeprav sodobna tuja literatura o tržni naravnosti vse bolj poudarja pomen razlikovanja med obema oblikama tržne naravnosti, so doslej le redke domače raziskave proučevale vpliv odzivne in proaktivne tržne naravnosti na uspešnost podjetja. Te raziskave kažejo, da je proaktivna tržna naravnost v slovenskih podjetjih značilno manj razvita od odzivne tržne naravnosti. Toda le proaktivna tržna naravnost značilno pozitivno vpliva na sposobnost inoviranja in stopnjo novosti. Navedene ugotovitve dodatno utemeljujejo smiselnost razlikovanja med obema oblikama tržne naravnosti v prihodnjih raziskavah.

Ključne besede: tržna naravnost, slovenska podjetja, sprejem, posledice

1. INTRODUCTION

Market orientation has been extensively researched since the 1990s. The first empirical studies were conducted in Western countries, followed by country studies from all parts of the world. Three meta-analyses confirm a positive relationship between a market orientation and business performance (Cano et al., 2004; Kirca et al., 2005; Ellis, 2006). Therefore, one would expect that adopting a market orientation would be one of the strategic priorities of every company (Rojšek et al., 2003). However, companies find it difficult to implement a market orientation, even though they view it as an appropriate business orientation (e.g. Van Raij and Stoelhorst, 2008). One of the main conclusions of studies from the 1990s is that in no other field is the gap between theory and practice wider than in marketing (cf. Catana and Catana, 2004). In particular, the level of the practical adoption of a market orientation in Central and Eastern European countries is very low (cf. Catana and Catana, 2004).

The question arises as to what we know about the market orientation of Slovenian companies. Are Slovenian companies market-oriented? Which factors lead to a higher level of market orientation and what are the real benefits of being market-oriented? In Slovenia, a number of empirical studies on market orientation have been conducted in recent years. Along with discussions of issues related to a market orientation, these studies are contributing importantly to the development of knowledge of the fundamental concept of marketing, thought in the context of Slovenian companies. However, the existing empirical knowledge of market orientation is dispersed across a number of papers and works which focus on specific research issues. To our knowledge, no paper has so far provided a review of research on market orientation in Slovenia. The purpose of this paper is to close this gap in the Slovenian marketing literature and summarise the key empirical findings and discussions on market orientation reported by Slovenian researchers mostly during the 1998-2010 period. Based on the literature review, guidelines for future market orientation research in Slovenia are proposed.

2. LITERATURE REVIEW

Based on the literature review on research on market orientation in Slovenia, two main research areas can be identified:

- the adoption of a market orientation along with factors that impact the level of Slovenian companies' market orientation (e.g. Jančič and Vodopivec, 1989; Snoj and Gabrijan, 1998; Gabrijan et al., 1998; Trošt, 2001, 2002; Snoj et al., 2004; Bodlaj, 2009) and
- the consequences of a market orientation for a firm's business behaviour and performance (e.g. Jančič and Vodopivec, 1989; Iršič et al., 1999; Rojšek and Podobnik, 2000; Trošt, 2001; Rojšek et al., 2003; Konič, 2003; Rojšek and Konič, 2003; Gabrijan et al., 2005; Milfelner et al., 2006; Bastič, 2007; Snoj et al., 2007; Milfelner et al., 2008a; Milfelner et al., 2008b; Milfelner, 2008, 2009a, 2009b; Bodlaj, 2009).

2.1 ADOPTION OF A MARKET ORIENTATION

According to marketing theory, the market orientation concept is one of the alternative business orientations which emphasises the company's focus on identifying and satisfying customer needs better than competitors in order to achieve business goals (Kotler, 2003). Due to its focus on the needs of the external business environment in order to better satisfy the company's own needs, a market orientation is classified as an "open" orientation in contrast to different types of "closed" business orientations, whereby companies largely focus on their own needs (Snoj and Gabrijan, 1998; Snoj et al., 2002; Snoj et al., 2004). In the literature, the most frequently cited types of closed orientations are production, product and selling orientations (e.g. Kotler, 2003; Varela and Rio, 2003).

An early attempt to examine the adoption of a market(ing) orientation of Slovenian companies was made by Jančič and Vodopivec (1989). Their exploratory research on the sample of 99 successful companies revealed that three business orientations prevailed according to the general managers' responses about a business goal: a product, market(ing) and selling orientation. In their study, companies were classified as market-oriented if they met at least two of the following three criteria: 1) the creation of income through a production of products which satisfy customer needs recognised by market research, 2) a marketing function ranks among the three most important business functions, 3) an active use of marketing

in practice. More than a half of companies in the sample met at least two of these criteria. However, at the same time almost a half of respondents admitted that their companies have not developed a true marketing approach (Jančič and Vodopivec, 1989).

The question of which business orientation prevails in Slovenian companies was also addressed by two extensive studies conducted in 1996 and 2001 as part of the international research project "The Effect of Privatisation and Foreign Direct Investment on the Marketing of Enterprises in Central and Eastern Europe", and its continuation "Marketing in the 21st Century – Marketing Resources, Competitive Positioning and Firm Performance" (Snoj et al., 2004). In these studies, seven alternative orientations were presented to respondents, i.e. general managers: a customer orientation and a societal market orientation as examples of open business orientations, and production, product, selling,

employee and financial orientations as examples of a closed business orientation. General managers were asked to indicate the statement which most closely described their company's business approach. Both studies revealed that, based on the general managers' assessments, »closed« types of business orientations prevailed in Slovenian companies (Snoj and Gabrijan, 1998; Snoj et al., 2004). In 2001, only 35.3% of Slovenian managers recognised a customer orientation as the prevailing business orientation of their companies, whereas the figure for a societal market orientation was only 4.1% (see Table 1). However, the share of companies with open business orientations increased from 31.9% in 1996 to 39.4% in 2001. It should be noted that these findings are based on general managers' assessments of which alternative descriptions best express their company's business approach, which might not reflect the actual situation since "rational" decision-makers also perceive and interpret reality subjectively (Snoj and Gabrijan, 1998).

Table 1: The predominant business orientation according to the general managers' assessments

Business orientation	1996	2001	Change in direction*
Customer orientation	30.3s%	35.3%	↑↑
Product orientation	23.8%	22.5%	↓
Production orientation	11.8%	13.8%	↑
Selling orientation	14.3%	12.6%	↓
Employee orientation	16.4%	10.1%	↓↓
Societal market orientation	1.6%	4.1%	↑
Financial	1.6%	1.6%	–
Total	100.0%	100.0%	

Legend: n₍₁₉₉₆₎ = 628 companies with more than 20 employees; n₍₂₀₀₁₎ = 759 companies with more than 20 employees

* A double arrow indicates a change by 5 percentage points or more.

Sources: Snoj and Gabrijan, 1998, p. 12; Snoj et al., 2004, p. 45

A second, much more common approach to measuring market orientation is to employ scales whereby respondents indicate the degree of their agreement with items expressing a market orientation. The two most recognised market orientation scales in the literature are the MKTOR scale covering three underlying behavioural components of customer orientation, competitor orientation and inter-functional co-ordination (Narver and Slater, 1990) and the MARKOR scale with the following three behavioural components of market orientation: intelligence generation, intelligence dissemination and responsiveness (Kohli et al., 1993). The vast majority of research on market orientation in Slovenia is based on the MKTOR scale (e.g. Gabrijan et al., 1998; Iršič et al., 1999; Konič, 2003; Rojšek and Konič, 2003; Snoj et al., 2004; Gabrijan et al., 2005; Milfelner et al., 2006; Jurše et al., 2007; Milfelner et al., 2008a; Milfelner, 2008, 2009a, 2009b) and the MARKOR scale (e.g. Trošt 2001, 2002; Rojšek et al., 2003).

When the results concerning the predominant business approach from a set of seven alternative business orientations were compared with the market orientation level measured with the MKTOR scale (Narver and Slater, 1990), some interesting findings emerged: while the lowest market orientation level (measured with the MKTOR scale) was found in companies in which general managers indicated a financial orientation as the predominant business orientation, the highest market orientation level was found in companies with a prevailing product orientation according to the general manager's assessment (Iršič et al., 1999). The latter finding runs counter to our expectations since a product orientation is a closed business orientation which, according to the literature, possesses many weaknesses such as little or no customer input, neglecting competitors' activities, marketing myopia etc. (Kotler, 2003). Possible explanations of this result might be the coexistence of different business orientations within the company (e.g. Snoj and Gabrijan, 1998) whereby companies try to find a balance between a market orientation and endeavouring to offer what are technically the best products in the industry.

In 1996, almost half the general managers of Slovenian companies interviewed were dissatisfied with the level of their company's market orientation. Limited financial resources and past habits were indicated as the most important obstacles to accepting a market orientation (Snoj and Gabrijan, 1998). The question therefore is whether a market orientation

is a luxury that can only be afforded by financially successful companies or, on the contrary, a market orientation is one of the main means to achieve this performance (Snoj and Gabrijan, 1998). Mumel and Iršič (1998) conclude that Slovenian companies have not achieved the required market orientation level. Awareness of the main purpose of organising and implementing marketing activities in Slovenian companies is too low. Moreover, companies gather information yet retain it in a closed circle of employees and therefore the information is not known to all who need it for efficient decision-making (Mumel and Iršič, 1998).

The question is then which factors enhance the market orientation level of Slovenian companies. Past research on this topic has been very limited. Gabrijan et al. (1998) found that private companies without direct foreign investment are more market-oriented than the former social companies and companies with direct foreign investments. Private founding capital therefore appeared as an important factor that motivates companies to achieve a higher degree of market orientation. By contrast, the entrance of foreign capital in a company in the form of direct foreign investments does not necessarily mean a positive shift towards a market orientation (Gabrijan et al., 1998).

Trošt (2001, 2002) examined the role of organisational structure as a potential antecedent of a market orientation with a sample of 155 middle and large manufacturing companies. Five variables of organisational structure were included in the study: (1) the centralisation of decision-making; (2) the specialisation of working activities; (3) formalisation, i.e. the extent of formal rules and procedures; (4) the standardisation of rules and procedures; and (5) communication among employees. A multiple linear regression analysis confirmed a significant impact of just three variables: the impact of standardisation and communication on the level of market orientation is positive, whereas the impact of specialisation is negative. Variables of organisational structure explained only about 38% of the variance in market orientation (Trošt, 2002).

Comparisons between groups of companies with a consideration of company characteristics (i.e. size, business sector etc.) and characteristics of the business environment (i.e. market turbulence, technological turbulence, competitive intensity) can provide additional information about which companies develop a higher level of market

orientation. Snoj et al. (2004) reported the highest market orientation levels in retail and the lowest in agriculture. However, no significant differences between business sectors were found. Recently, Bodlaj (2009) reports several comparisons between groups of companies by distinguishing between: (1) a cultural and a behavioural perspective on market orientation; and between (2) responsive and proactive market-oriented behaviours. The latter is in line with the recent market orientation literature which stresses the need to distinguish between two complementary market orientation forms: responsive and proactive (e.g. Narver et al., 2004; Atuahene-Gima et al., 2005; Tsai et al., 2008; Voola and O’Cass, 2010). A responsive market orientation addresses the expressed customer needs, whereas a proactive market orientation addresses latent customer needs (Narver et al., 2004).

The analysis of 325 Slovenian companies reveals that the average levels of three market orientation components (i.e. a market-oriented culture, responsive and proactive market-oriented behaviours) are above the scale midpoint. However, the average level of a market-oriented culture is significantly higher than the average levels of a responsive and proactive market orientation. In addition, a proactive market orientation is significantly lower than the average level of a responsive market orientation. Comparisons of the market orientation components across groups of companies reveal that the average levels of a market-oriented culture and responsive and proactive market-oriented behaviours are not statistically different between groups of companies given their main

business sector (manufacturing vs. service), size (small vs. medium and large) and type of market (business-to-consumer vs. business-to-business). On the other hand, the particular market orientation dimensions differ when various levels of market and technological turbulence are considered. Market turbulence refers to changes in the composition of customers and their preferences, whereas technological turbulence is the considered rate of technological change (e.g. Jaworski and Kohli, 1993). More specifically, the study reveals that companies operating in a business environment with a higher level of market turbulence have a significantly higher level of a market-oriented culture as well as responsive and proactive market-oriented behaviours in comparison to companies operating in a business environment with less market turbulence. Similarly, significant higher levels of responsive and proactive market-oriented behaviours were found in companies operating amidst a higher level of technological turbulence. Contrary to expectations, no significant differences in the market orientation components were found given the competitive intensity (Bodlaj, 2009).

In summary, the factors that enhance the level of Slovenian companies’ market orientation are: (1) private founding capital; (2) standardisation and communication within the company (the organisational structure); and (3) a higher level of market and technological turbulence. On the other hand, limited financial resources, past habits and specialisation impede the market orientation level. Table 2 summarises the main findings.

Table 2: Research on factors that impact the market orientation level

Researchers	Examined factor	Main findings*
Snoj and Gabrijan (1998)	Possible obstacles to accepting a market orientation	Limited financial resources and past habits are the most important obstacles
Gabrijan et al. (1998)	Type of ownership and capital	Private foundation capital motivates companies towards higher levels of market orientation
Trošt (2001, 2002)	Organisational structure: formalisation, centralisation, standardisation, communication, specialisation	Positive impact of standardisation and communication; negative impact of specialisation; insignificant impact of formalisation and centralisation
Snoj et al. (2004)	Company characteristics: industry	Insignificant differences
Bodlaj (2009)	Company characteristics: main business sector (manufacturing/service); company size; market type (business-to-consumer/business-to-business)	Insignificant differences
Bodlaj (2009)	Characteristics of business environment: market turbulence, technological turbulence, competitive intensity	Companies operating under a higher level of market and technological turbulence are significantly more market-oriented

Note: * Significant if $p < 0.05$ (except for the study reported by Snoj and Gabrijan (1998) where only a frequency distribution is available)

2.2 CONSEQUENCES OF A MARKET ORIENTATION

Similarly to research efforts in other countries, Slovenian researchers have paid considerable attention to the consequences of a market orientation. The majority of studies have examined a direct relationship between a market orientation and business performance. Only recently have Slovenian researchers begun to examine more complex models which incorporate indirect impacts of a market orientation on business performance. For example, a group of authors has examined the impact of a market orientation on business performance through the impact of a market orientation on other marketing resources (e.g. Gabrijan et al., 2005; Milfelner et al., 2006; Snoj et al., 2007; Milfelner et al., 2008a; Milfelner, 2008, 2009b). In addition,

Bodlaj (2009) examined the relationship between a market orientation, innovation and business performance. More specifically, the author examined the relationship between a market orientation, degree of novelty, innovation success and business performance.

We divide the review of the main empirical findings on the consequences of a market orientation into two parts. Table 3 provides a review of the research on the relationship between a market orientation and business performance, whereas Table 4 provides a review of research on other consequences of a market orientation, i.e. innovation and other marketing resources, which in turn has an impact on business performance (e.g. Milfelner et al., 2006; Milfelner et al., 2008a).

Table 3: Chronological review of research on the relationship between a market orientation and business performance in Slovenia

Researchers	Main sample characteristics	Measures of business performance	Main findings *
Jančič and Vodopivec (1989)	99 successful companies	Objective measures of financial performance	Market(ing) orientation in a broad sense (i.e. internal and external marketing) is important for business performance
Iršič et al. (1999)	628 companies with at least 20 employees	Subjective (relative to objectives)	An insignificant correlation with six out of seven measures (profit, sales, return of investment –ROI, cash flow, production costs, employment); positive correlation only with market share
		Subjective (relative to competitors)	An insignificant correlation with six out of seven measures (profit, sales, market share, cash flow, production costs, employment); positive correlation only with ROI
		Objective measure of ROI	Negative correlation
Rojšek and Podobnik (2000)	40 large manufacturing companies	Objective measure of return on assets – ROA	Insignificant relationship
Trošt (2001)	155 middle and large manufacturing companies	Subjective (improvements during the past five years in the following areas: financial position; customer satisfaction; performance relative to major competitors; quality)	Positive relationship
Rojšek et al. (2003)	155 manufacturing companies	Subjective; objective measure of ROA and ROE	A positive relationship with a subjective assessment of performance; a weak positive relationship with ROA; an insignificant relationship with ROE
Konič (2003)	194 small manufacturing companies	Subjective and objective measures of mainly financial performance	A weak negative relationship with net profit/loss per employee relative to industry; all other relationships insignificant
Rojšek and Konič (2003)	194 small manufacturing companies	5 subjective and 10 objective measures of mainly financial performance	A positive relationship only with a subjective measure of profit; all other relationships insignificant
Gabrijan et al. (2005)	759 companies	Subjective measures of market and financial performance	Market orientation is indirectly related to company's market and financial performance through innovation resources and reputational resources
Snoj et al. (2007)	759 companies	Subjective measures of market and financial performance	Market orientation is indirectly related to company's market and financial performance through innovation resources and reputational resources
Jurše et al. (2007)	90 companies	Objective measures: added value per employee (AVE) and the ratio between the company AVE and the average industry AVE	Positive relationship
Milfelner (2008)	464 manufacturing and service companies	Subjective (market performance; financial performance)	Market orientation is indirectly positively related to business performance through customer-related capabilities, innovation resources and reputational resources
Milfelner et al. (2008b)	415 manufacturing and service companies	Subjective (customer loyalty, market share, sales value)	Positive relationship
Milfelner (2009b)	415 companies	Subjective measures of financial performance	Indirect relationship between a responsive and proactive market orientation and financial performance through innovativeness and capacity to innovate (see also Table 4)
Bodlaj (2009)	325 manufacturing and service companies	Subjective (market performance; financial performance)	Insignificant direct relationship

Note: * Significant if $p < 0.05$

As evident from Table 3, the review of empirical literature does not provide a clear answer about the relationship between a market orientation and business performance in the context of Slovenian companies: the researchers report an insignificant relationship with the majority of the selected subjective measures of business performance (e.g. Iršič et al., 1999; Konič, 2003; Rojšek and Konič, 2003), a positive relationship only with subjective measures, yet an insignificant or weak positive relationship with objective measures of business performance (e.g. Rojšek et al., 2003) or even a statistically significant negative relationship with a selected measure of performance (e.g. Iršič et al., 1999). These findings suggest that a market orientation might not be a sufficient condition (or even not a required condition) for a better performance (Rojšek and Konič, 2003; Rojšek et al., 2003). Similarly, based on a comparison between a selling and market orientation with a sample of the most profitable Slovenian manufacturing companies, Zupančič (1998) assesses that Slovenian companies can still perform well, even if they are not truly market-oriented.

It should be noted that an insignificant relationship is most frequently reported when subjective or objective measures of financial performance are used (e.g. Iršič et al., 1999; Rojšek and Podobnik, 2000; Rojšek and Konič, 2003; Rojšek et al., 2003). A possible reason for the lack of a relationship between a market orientation and business performance might be the time lag involved in a market orientation's effect on performance (Iršič et al., 1999; Rojšek and Konič, 2003; Rojšek et al., 2003). Further, a relationship between a market orientation and business performance may depend on the moderating effect of the business environment and the type of industry (e.g. Iršič et al., 1999; Rojšek and Konič, 2003; Rojšek et al., 2003).

On the other hand, some recent studies show that a market orientation is positively related to added value per employee (Jurše et al., 2007) and measures of market performance, i.e. customer loyalty, sales value and market share (Milfelner et al., 2008b), which in turn positively impact financial performance (Gabrijan et al., 2005; Snoj et al., 2007; Milfelner et al., 2008a). To our knowledge, only a few studies have so far examined the impact of a market orientation on business performance by distinguishing between a responsive and proactive market orientation. Milfelner (2009b) has examined the indirect relationship of both forms of market orientation with financial performance through

innovation resources. Bodlaj (2009) has examined both a direct and indirect impact of both market orientations. Analysis using structural equation modelling reveals an insignificant direct relationship between the two forms of market orientation and business performance. Moreover, the analysis shows that a market orientation impacts business performance through the impact of a proactive market orientation on the degree of novelty. Hence, models with indirect effects of a market orientation might be more appropriate than models with a direct relationship between a market orientation and business performance (Bodlaj, 2009).

Before making a closing remark on the market orientation-business performance relationship, let us review other consequences of a market orientation (see Table 4). In general, the studies reveal a positive impact of market orientation on various marketing resources, such as innovation resources (i.e. performance of the new-product development process and the capability to introduce successful new products), reputational resources, customer-related capabilities, customer-based assets and distribution-based assets (e.g. Gabrijan et al., 2005; Milfelner et al., 2006; Milfelner et al., 2008a); innovativeness and the capacity to innovate (Milfelner et al., 2009a, 2009b). In addition, Bastič (2007) points to the crucial impact of marketing activities (i.e. research proficiency, sales proficiency, marketing synergy, market information) for the success of Slovenian new products. Based on two empirical studies, the researcher finds that a market orientation and the use of marketing knowledge for the development and marketing of Slovenian new products are insufficient. Slovenian companies have still not succeeded in generating marketing knowledge that would lead to ideas for radical innovations. Therefore, Slovenian companies should enhance their marketing knowledge and market orientation in order to increase their innovation intensity and the success of their innovation activities (Bastič, 2007).

As already mentioned only a few empirical studies distinguish between responsive and proactive market orientation. These studies suggest that both forms of market orientation positively impact innovativeness, i.e. a company's openness to innovation (Milfelner, 2009b); however, only a proactive market orientation positively impacts on the capacity to innovate (Milfelner, 2009b) and the degree of novelty (Bodlaj, 2009).

Table 4: Chronological review of research on the relationship between a market orientation and other consequences, i.e. innovation, marketing resources

Researchers	Main sample characteristics	Measures of consequences	Main findings *
Gabrijan et al. (2005)	759 companies	Innovation resources and reputational resources (relative to competitors)	Positive relationship
Milfelner et al. (2006)	759 companies	Reputational resources, customer-related capabilities, customer-based assets, distribution-based assets	Positive relationship
Snoj et al. (2007)	759 companies	Innovation resources, reputational resources	Positive relationship
Bastič (2007)	82 manufacturing companies	New-product success	Positive impact of marketing activities
	214 companies	Innovation capacity, i.e. number of product, process, marketing and organisational innovations	A market orientation is important
Milfelner et al. (2008a)	759 companies	Innovation resources, reputational resources, customer related capabilities, distribution-based assets	Positive relationship
Milfelner (2009a)	415 companies	Innovativeness, capacity to innovate	A positive relationship between all three components of a market orientation (i.e. customer orientation, competitor orientation, inter-functional co-ordination) and innovativeness; a positive relationship between customer orientation, competitor orientation and capacity to innovate
Milfelner (2009b)	415 companies	Innovativeness, capacity to innovate	A positive relationship between a responsive and proactive market orientation and innovativeness; only a proactive market orientation is positively related to the capacity to innovate
Bodlaj (2009)	325 manufacturing and service companies	Degree of novelty, innovation success	A positive relationship between a proactive market orientation and degree of novelty; an insignificant relationship between a responsive market orientation and degree of novelty An insignificant relationship between both market orientations and innovation success

Note: * Significant if $p < 0.05$

In summary, although some empirical studies reveal a positive direct relationship between a market orientation and business performance, the discordant findings do not allow us to conclude that a market orientation truly has a direct impact on the business performance of Slovenian companies, especially when measures of financial performance are used. On the other hand, studies on other consequences of a market orientation

confirm a number of positive impacts of a market orientation on other marketing resources and innovation which, in turn, positively impact business performance. Hence, past empirical findings show that a market orientation is an important factor of the business performance of Slovenian companies, yet its impact might be more indirect than direct.

3. DISCUSSION AND FUTURE RESEARCH

The literature review shows that much work has been done in Slovenia in the market orientation area in recent years. Empirical findings are valuable for Slovenian academics and practitioners because they shed light on the adoption of a market orientation in Slovenian companies and point to concrete benefits of being market-oriented. Rather than relying solely on marketing theory which argues that a market orientation leads to a better business performance (e.g. Kotler, 2003), and empirical findings from Western and other countries, market orientation research in Slovenia provides Slovenian academics and managers with much more cogent arguments showing why it is important to enhance the level of a company's market orientation. Moreover, the empirical findings are also important for marketing thinking in general. Menguc and Auh (2006) believe that in transitional economies a market orientation is still a novel concept and there is a limited understanding of whether a market orientation alone is sufficient for a good business performance or whether it needs to be complemented with other internal resources. Our review of past empirical studies on market orientation in Slovenia addresses this research issue by revealing that a market orientation is required, yet it is insufficient for the good business performance of Slovenian companies. Existing empirical findings do not provide strong evidence of a direct relationship between the market orientation and business performance of Slovenian companies. Instead, the weight of evidence suggests that a market orientation impacts on business performance indirectly through its impact on other marketing resources and innovation. Hence, past empirical studies tend to provide greater support for models which incorporate indirect effects of a market orientation on the business performance of Slovenian companies. It is worth mentioning that several empirical studies conducted in other countries also fail to confirm a direct relationship between a market orientation and business performance (e.g. Han et al., 1998; Deshpande et al., 2000). Some of these foreign studies only confirm an indirect relationship (e.g. Han et al., 1998; Langerak et al., 2004; Jimenez-Jimenez et al., 2008). Therefore, the channelling effects of a market orientation are much more subtle and complex than the direct relationships between a market orientation and business performance (Langerak et al., 2004). In addition, some foreign

researchers report a significant effect of a market orientation on business performance only in certain business environments (e.g. Greenley, 1995; Appiah-Adu, 1998). To conclude, based on the existing empirical research in Slovenia and in other countries we recommend that more complex models with indirect effects of a market orientation on business performance be examined, while also considering the moderating effects of the business environment. In addition, comparisons between groups of companies (e.g. manufacturing vs. service companies, business-to-consumers companies vs. business-to-business companies; small vs. larger companies) are also highly recommended in future research.

Furthermore, although two comparable studies reveal an increase in the percentage of Slovenian companies with an open business orientation (Snoj and Gabrijan, 1998; Snoj et al., 2004), closed business orientation types prevailed during the 1996-2001 period. However, the mere adoption of the market orientation concept is insufficient. According to the literature, a market orientation can be the source of a comparative advantage only if it is rare; if all competitors adopt a market orientation and implement it equally well, no company can gain a comparative advantage (Hunt and Morgan, 1995). Companies should therefore develop a higher level of market orientation relative to their competitors in order to outperform them. Some researchers point out the insufficient market orientation of Slovenian companies (e.g. Mumel and Iršič, 1998; Bastič, 2007). An early, extensive study shows that an unsatisfactory level of market orientation has also been recognised by half of Slovenian general managers (Snoj and Gabrijan, 1998).

The question remains of how to raise the market orientation level. Our empirical knowledge of the factors that enhance or impede Slovenian companies' market orientation is extremely limited to a few studies that examined possible reasons that hinder the acceptance of a market orientation within the company (Snoj and Gabrijan, 1998), the role of the type of ownership and the type of capital (Gabrijan et al., 1998), the role of the organisational structure (Trošt, 2001, 2002) and the role of the main company characteristics and business environment (Bodlaj, 2009) in the level of a company's market orientation. In general, these studies reveal the following factors that impede the level of Slovenian companies' market orientation: limited financial resources, past habits (Snoj and Gabrijan, 1998) and specialisation of working activities (Trošt, 2002)

and the following main factors that enhance the level of market orientation: private founding capital (Gabrijan et al., 1998), standardisation of rules and procedures, communication within the company (Trošt, 2002) and greater market and technological turbulence (Bodlaj, 2009). The latter finding on the moderating effects of the business environment is consistent with Kotler's observation (2003) that most companies only embrace the market orientation concept when they are forced to, for example due to a sales decline, slow sales growth, changing buying patterns etc. However, the insignificant moderating effect of the competitive intensity on the level of market orientation (Bodlaj 2009) warrants further examination. It would be logical to expect more market-oriented companies operating in a business environment with stronger competition. On the other hand, the empirical finding on the insignificant effect of competitive intensity is in line with Snoj and Gabrijan's (1998) observation that companies often act as "closed" even when the environment becomes extremely competitive. The most important reason for this lies in the company inertia (Snoj and Gabrijan, 1998).

It should be noted that a number of other possible antecedents of market orientation proposed by foreign theoretical and empirical literature have been completely neglected in past Slovenian research. For example, Kohli and Jaworski (1990) defined three groups of potential antecedents of market orientation: (1) senior management factors (the communication-action gap of top management, the risk aversion of top management, the upward mobility and education of top management, top management's attitude to change, the marketing manager's ability to win the trust of non-marketing managers); (2) interdepartmental dynamics (interdepartmental conflict, interdepartmental connectedness, a concern for the ideas of other departments); and (3) organisational systems (departmentalisation/specialisation, formalisation, centralisation, market-based reward systems, acceptance of "political" behaviour). Trošt (2002) in his study addressed the latter group. It is therefore recommended that future research also examines other potential antecedents, especially the impact of the following three factors: (1) interdepartmental connectedness; (2) top management's emphases; and (3) a market-based reward system, as identified as the three most important antecedents of market orientation in a meta-analysis (Kirca et al., 2005). Furthermore, Gebhardt et al. (2006) in their longitudinal, multi-firm, grounded

analysis of cultural transformation into a more market-oriented company also found that the sequence of these three factors is essential to successful organisational change. Importantly, top management's focus is required to begin and guide the process and hence it has appeared as a crucial factor. Hence, in future research on the possible antecedents of a market orientation, it is worthwhile paying special attention to the role of senior management factors.

To date, only limited research in Slovenia has distinguished between the two complementary forms of market orientation, i.e. a responsive and a proactive market orientation. These studies reveal that a proactive market orientation is significantly less developed than a responsive market orientation (Bodlaj, 2009). Yet, it is only a proactive market orientation that significantly and positively impacts the capacity to innovate (Milfelner, 2009b) and the degree of novelty (Bodlaj, 2009). These findings imply that the two market orientations lead to different consequences, thereby pointing out the importance of distinguishing between a responsive and a proactive market orientation. This is in line with Narver et al. (2004) who assert that merely satisfying expressed customer needs may be insufficient for a business to attract and retain customers therefore companies must increase their proactive market orientation in order to continually maintain a sustainable competitive advantage.

To conclude, the main recommendations for future research on market orientation in Slovenia are as follows: (1) to examine other possible antecedents of market orientation, in particular the antecedents of a proactive market orientation; (2) to further examine the consequences of a market orientation by distinguishing between a responsive and a proactive market orientation; (3) to examine more complex models which (also) incorporate the indirect impacts of a market orientation on business performance, rather than only examining simple models of a direct relationship between a market orientation and business performance; (4) to examine the moderating effects of the business environment, i.e. market turbulence, technological turbulence, and competitive intensity, as well as company characteristics, i.e. size, industry, type of market, when analysing the antecedents and consequences of a market orientation; (5) to conduct longitudinal studies in order to obtain comparable findings on how the adoption of a market orientation of Slovenian companies is evolving over time, but also to reveal the effects

of a market orientation on performance which might only appear with some delay.

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