European Journal of Business and Management
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.5, No.5, 2013
www.iiste.org

An investigation on the Relationship between New Service Development, Market Orientation and Marketing Performance

Laith Alrubaiee
Assoc Prof of Marketing, Chairman, Dept of Business Administration, Faculty of Business
Middle East University – MEU, PO box 383 Amman 11831 Jordan
E-mail: Lalrubaiee@meu.edu.jo/ Laith_alrubaiee@Yahoo.com

Abstract

New service development has been recognized as sources of advantage for service organizations. Market orientation, also, has long been considered as one of the most productive strategic options in satisfying market needs more efficiently. It has been recognized as the best option to attain and preserve a competitive advantage in the market. Unfortunately, the impact of market orientation on firm performance was influenced by certain environmental and organizational contexts, as well as, mediating variables. While the empirical evidence is not unequivocal, the generalizability of its impact required further research. The purpose of this study is to explore the relationship between new service development, market orientation and marketing performance. More specifically, main objective of this study is to investigate the mediating effect of new service development on the relationship between market orientation and marketing performance. The proposed model was tested on data were obtain through survey conducted on managers of Jordanian hotels. Structural equation modeling using EQS 6.2 for Windows with maximum likelihood estimation was conducted to verify the reliability and validity of the multi-item scales and to test the hypothesized relationships. The measurement properties of the measures were examined using a sequential process of exploratory factor analysis and confirmatory factor analysis. However, all measures were found to be exhibit acceptable reliability and validity. As regards the goodness of fit of the causal model, the results showed a reasonable fit between the model and the data. However, the findings confirm the effect of market orientation on new service development and Marketing performance. Result also provides evidence that new service development had a positive and significant impact on marketing performance. In addition, the indirect effect of market orientation on marketing performance through new service development as mediator was also verified. However, these results indicate the dual role of market orientation as both direct contributor to marketing performance and as indirect contributor through new service development. The study shed light on the usefulness of new services development that will help hotel become more market oriented and achieve superior performance outcomes. In sum the study has made a useful contribution to the hotel industry in emerging markets.

Keywords: New Service Development; Market Orientation; Marketing Performance; Structural equation modeling.

1. Introduction

A market orientation represents an additional strategic dimension and is a fundamental approach to understanding markets (Vorhies et al. 2009). The concept and applications of market orientation have evolved since the beginning of the 1990 s. It has received new support in publications by Kohli & Jaworski (1990) and Narver & Slater (1990) (Martı´n-Consuegra et al. 2008). These studies indicate that market orientation leads to better understanding of the environment, and the business that adopts it is, therefore, better able to identify and satisfy its clients' needs (Blesa & Bigne´ 2005). The most evident conclusion is that to be market –oriented improves the results of service enterprises. This argument can be stated for service companies (Estiban et al. 2002). A market-oriented firm, therefore, has superior performance because it continuously examines alternative sources of sustainable competitive advantage to determine how it can be most effective in creating superior value for its present and future target buyers(Subramanian et al. 2009). Although the positive effect of a market orientation on performance had long been accepted as an article of faith, a vast amount of studies have now empirically tested the relationship between the degree of market orientation and different aspects of business performance (Van Raaij & Stoelhorst, 2008). The market orientation -performance relationship, in particular, has received a great deal of attention, yet despite widespread acknowledgement of the direct relationship linking both constructs (e.g., Kirka et al. 2005; Cano et al. 2004), there remain important gaps in understanding and disputes over the contribution of market orientation to firms 'performance (CambraFierro et al. 2010). In general the results of studies that tested the causal relationship between market orientation to organizational performance gives the conclusion that market orientation has an influence on organizational performance (Suliyanto 2011). Nevertheless, in a five-country study, Deshpande´ et al. (1997) did not find a consistent impact of market orientation on performance. However, in the context of performance, within the marketing domain, market orientation plays a dominant role in the organizational performance-based research (O'Cass & Viet Ngo 2007). Subramanian et al. (2009) indicated that market orientation makes a significant contribution to the creation of a number of organizational competencies. Market orientation theory posits that market oriented organizations are able to translate their information advantage in products and services that are evaluated more positively by customers. A number of variables have been introduced as potential moderators or mediators in the market orientation – performance relationship. A strong case has been built for new product development proficiency and innovativeness as mediating variables. Studies by Va´zquez et al. (2001) and Langerak et al. (2004) mirror these findings with no direct relationship between market orientation and performance, but only an effect mediated by these variables. In contrast, study of Shoham et al. (2005) indicated significant direct and indirect impacts of market orientation on performance. The underlying rationale is that market-oriented organizations have a knowledge advantage over their competitors, and that this knowledge helps them become more proficient in their new product development activities(Van Raaij & Stoelhorst 2008). Further, result of Lonial et al. (2008) study reviled, that although market orientation has no significant effect on financial performance, it has a strong and positive effect on new service performance in the hospital industry. New service development has emerged as an important research topic in service operations management. Though, the development of new services has long been considered by scholars and managers as an important competitive necessity in many service industries, it has remained among the least understood topics in the service management and innovations literature (Menor & Roth, 2007). While Sin et al. (2003) findings provide further support for the notion that a firm's market orientation is related positively to business performance, irrespective of cultural context and the level of economic development, Nwokah (2008), does not find any strong association between market orientation and business performance in the Nigerian context. However, Shoham et al. (2005) indicated that the strength of the impact of market orientation on performance depends on the country in which it was implemented, therefore managers should expect higher payoffs in less developed countries. However, the study indicated, that market orientation leads to business performance only through some moderating variables. Lado & Maydeu-Olivares (2001) indicated a positive impact of overall market orientation on insurance firms, innovation degree and innovation performance in US market and EU markets. Results of Wei & Morgan (2004) study indicated a positive direct relationship of market orientation on firms' new product performance with an indirect positive effect of supportiveness of organizational climate via its impact on market orientation. As stated above, while a positive relationship linking market orientation and performance has been empirically found, there are still questions about its robustness (Shoam et al. 2005). Based on the above issues then the main problem can be formulated in this research is "How to explain the influence of market orientation and new service development on marketing performance?" Therefore, the purpose of this research is to provide insights into how market orientation and new service development together contribute to marketing performance. The present study contributes to the literature in two ways. First, it investigates the relationship between market orientation, new service development, and marketing performance in the hotel industry. Second, it looks at how market orientation and new service development affects hotel marketing performance in a developing country context, namely Jordan.

2. Literature Review

2.1. Market orientation

According to Drucker (1954) and Levitt (1960) market orientation is a central element of a management philosophy .Similarly, the market orientation construct is at the very heart of modern marketing and a frequently studied research subject. It was presented in the 1990s as the actions that firms undertake to implement a customer orientation, and include a set of behaviors and the organizational culture that supports them(Grinstein 2008). Accordingly, Baker & Sinkula (2005) stated that market orientation is a value-based strategic philosophy exhibiting itself in behaviors which help firms stay close to their consumers (Hsieh et al. 2008). Conceptually, market oriented organizations are organizations that are well informed about the market and that have the ability to use that information advantage to create superior value for their target customers. Two main perspectives on market orientation have emerged as a result: a behavioral perspective based on Kohli & Jaworski (1990), and a cultural perspective based on Narver & Slater (Van Raaij 2008). Over the years, the majority of market orientation studies have used either Kohli & Jaworski's (1990) or Narver& Slater's (1990) definition. Narver & Slater (1990) proposed that market orientation is the extent to which culture is devoted to meeting customer needs. They defined Market orientation as the competitive strategy that most efficiently generates the right kinds of behavior to create enhanced value for the consumer and therefore assures better long-term results for corporations (Maydeu-Olivares & Lado 2003).Therefore, market orientation comprises three components: customer orientation, competitor orientation, and interfunctional coordination. Customer and competitor orientation include all the activities involved in acquiring information about the customers and competitors in the target market and disseminating this information throughout the organization. Inter-functional coordination involves coordinated efforts, which typically involves more than the marketing department, to use this information to create superior customer value (Narver & Slater 1990; Kumar et al. 1998). A long-range investment perspective is implied in market orientation due to the need to prevent the organization's competitors from overcoming the superior customer value created by the organization (Subramanian 2009) .The three components of market orientation collectively form a unique strategic marketing resource and are vital to the performance of the firms(Hsieh et al. 2008). Market orientation is indeed a learning process in which organizations learn from all aspects of their environment, including customers and competitors, and take both short and long-term organizational goals into consideration (Kohli & Jaworski 1990). According to Narver & Slater (1990); Shapiro (1988), being market oriented implies delivering products and services valued by consumers, usually accomplished through (1) ongoing monitoring of market conditions and (2) adaptation of organizational responses .However, top management plays a critical role in fostering market orientation . Given the importance of market orientation, it comes as no surprise that this construct has received scrutiny from marketing scholars (Grewal & Tansuhaj 2001). A standard argument in the market orientation literature suggests that market-oriented firms are in a better position to satisfy the needs of their customers (Narver & Slater 1990). Therefore, researchers expect market orientation to be manifested in enhanced firm performance (Grewal & Tansuhaj 2001). In addition, some academics consider market orientation as a resource and/or a capacity of the company to provide a sustainable competitive advantage (Aldas-Manzano et al. 2005). The definition of market orientation adopted in this study is that put forward by Narver & Slater (1990), p. 21), according to whom " market orientation is the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business". They conceptualize market orientation as a one-dimensional construct that incorporates three behavioural components (customer orientation, competitor orientation, and interfunctional coordination) and use a single aggregated measure of market orientation (MKTOR). The three components of market orientation collectively form a unique strategic marketing resource and are vital to the performance of the firms (Hsieh et al.2008). However, a firm generally seeks to develop its own market orientation to ensure the continuous needs assessment of its customers, the early detection of shifts in the marketplace, and to prompt internal review and realignment of marketing strategies and activities where required. Nevertheless, research in the area of marketing orientation continues to be very prolific (Farrelly & Quester 2003; Chung 2011).

2.2. New service development

Johne & Storey (1998) defined new service development as the development of service products which are new to the supplier. On the other hand they defined new product development as the development of tangible products which are new to the supplier and sometimes new product development is expanded to include new service development. Nevertheless, the words "new service development" and "new product development" are often used interchangeably. However, Services can be more easily modified than physical products or physical processes. Thus changes to the service offering may be made relatively quickly and easily by individual service workers without management agreement or appropriate organizational learning taking place. Modifications made in this way may be at the expense of customer service quality. Furthermore, service developments may be easily copied by competitors. And, because service developments are not patentable, copying is rarely preventable. (Johne & Storey 1998). A careful review of the literature reveals that empirical research in new service development has largely been the domain of services marketing scholars. While the development of new services has long been considered by scholars and managers as an important competitive concern in many service industries, it has remained as one of the least understood topics in the service management and innovations literature (Menor & Roth, 2007). In contrast to research in new product development, research which deals with new service development is limited, and has tended to focus on new service development for financial services (Matear et al. 2004).Therefore, both services marketing and new service development have received considerable attention from researchers over the years. Along with Johne & Storey (1998), they defined product development/innovation as the development or(improvement) of tangible or service products. Similarly, innovation also defined as a new product created by the company specifically for the market. However, it has been widely accepted that service firms that do not innovate may not be able to survive in the market place. So, in recent years, more emphasis has been placed on innovation in services (Lonial et al. 2008). However, Menor & Roth (2007) defined a new service as an offering not previously available to the firm's customers that results from either an addition to the current mix of services or from changes made to the service delivery process. It has been suggested that new service development is important for service organizations and should yield positional advantages. Thus, if new service development activities do not yield competitive advantage, then investment in innovation cannot be justified (Matear et al. 2004). Therefore, the empirical evidence of Matear et al. (2004) study emphasized the importance of new service development as sources of advantage for service organizations. New service development is important as it leads to both cost-effectiveness and new service development success positional advantages. On the other hand, Dobni (2008) define innovation as the implementation of ideas surrounding new products or services, modifications to existing ones, new technologies or responses to opportunities. However, product strategy scholars are increasingly observing the importance of market orientation and exploring the links between this concept and product performance or success (Hsieh et al. 2008).It is argued that new product development is an inter-linked sequence of information processing tasks where knowledge of customer needs is translated into final product design (Meybodi 2003). It is one of the most powerful but difficult activities in business (Clark & Wheelwright 1995). Therefore, business managers and marketing academics alike agree that an essential element of an organization's long-term survival is success in New product development. On the other hand, the market environment in the service sector is likely to be more competitive in terms of product innovation than in other industries .Therefore, innovation in services is more easily and quickly imitated and more difficult to protect by means of patenting (Maydeu-Olivares& Lado 2003). However, a new service may achieve higher overall customer satisfaction. In addition, building a reputation for being innovative may make it easier for a company to introduce radical new products as consumers are more ready to accept such products from proven innovators. Therefore, new product introductions may also be used to change the perceptions of consumers within existing markets (Johne & Storey 1998).

2.3 Marketing performance

Performance is a fairly broad concept, and its meaning changes in accordance with user's perspective and needs (Lebas 1995). Traditionally, firm performance has been viewed and measured in accounting terms (Avci et al. 2011). An additional issue should be raised here; due to confidentiality concerns, it is often challenging to obtain actual accounting data from organizations unless they are publicly quoted companies. As a result, previous research studies looking into performance related issues used self-reported financial and non-financial performance measures. However, Sink & Tuttle (1989) note that performance should not be treated only as a financial concept. Thus, it is suggested that particularly in the service sector, non-financial performance should receive serious consideration. In addition, Law et al. (1995) recommend the use of nonfinancial performance measures based on the fact that tourism establishments are labor intensive and customer-oriented(Avci et al. 2011).

The marketing literature is replete with evidence of the positive relationship between market performance and financial performance (Anderson et al. 1997). Similarly, studies demonstrate the influence of market performance variables such as market share on return on sales (Buzzell 2004). On the other hand, marketing performance measurement continues to be a large and growing concern for marketing scholars and managers alike (O'Sullivan et al. 2009). However, marketing performance measurement is the assessment of "the relationship between marketing activities and business performance" (Clark & Ambler 2001, p. 231). Questions related to marketing productivity and performance assessment rank consistently among the top research priorities of the Marketing Science Institute. Current Marketing Science Institute priorities for 2006-2008 include the question of how to connect marketing metrics with marketing strategy, and, by implication, firm performance (MSI, 2006). Academic interest in marketing performance measurement is largely based on the assumption that greater marketing accountability enhances firm performance and marketing's stature (e.g., Rust et al. 2004). One study to date (O'Sullivan & Abela 2007) has demonstrated a positive relationship between the ability to measure marketing performance, and actual firm performance (O'Sullivan et al.2009). However, marketing performance is the subjective assessment of a hotel's performance relative to its competitors over the previous three years across three attributes: market share growth, revenue growth and sales growth.Therfore, the study evaluates marketing performance using the subjective approach to measuring performance. A number of authors defend the adequacy of subjective measures as opposed to objective ones (Pertusa-Ortega et al. 2010). Conceptually, growth reflects increases in sales and is often reflected in market share gains. Growth in sales and market share are important to a business to ensure long-term viability and resource availability. Profitability primarily reflects current performance (Venkatraman 1989). Similarly, profitability is viewed by some (e.g. Hunt & Morgan 1995) as the ultimate organizational outcome and is commonly used in strategic management studies. In addition, customer satisfaction represents the effectiveness of the organization in delivering value to its customers and is often viewed as an antecedent to profitability (Vorhies & Harker 2000).

2.4. *Relationship between market orientation, new service development and marketing performance*

The direct link between market orientation and organizational performance has been empirically explored in many studies and there appears a convergence among these empirical works that supports the positive link between market orientation and organizational performance (Narver & Slater 1990; Ruerket 1992; Jaworski & Kohli 1993, Deshpande´ et al. 1993; Baker & Sinkula 1999; Slater & Narver 2000; Noble et al. 2002). In other words, the benefit of market orientation appears to be that it provides an organization with a potential basis to outperform competitors (O'Cass & Viet Ngo 2007). However, as research has progressed on the market-orientation performance relationship, findings suggest that this relationship may be influenced by certain environmental and organizational contexts (Subramanian et al. 2009). Similarly, empirical evidence shows that companies with higher market orientation obtain better economic and commercial results. Researchers have extensively collected evidence of the positive effect of market orientation on business performance. Indeed, the vast majority of market orientation studies have examined the effect of market orientation on business performance, under various environmental conditions and context specific settings, demonstrating its superiority as a strategic orientation (Grinstein 2008; Subramanian et al.2009). Lado & Maydeu-Olivares (2001) summarized thirty empirical results within year 1990 to 2000. In a similar vein, Ellis (2006) in his research stated that the quantitative evidence obtained from meta-analysis of 56 studies which conducted in 28 countries proves that in general, market orientation determines the company's performance.

However, Lado & Maydeu-Olivares (2001) indicated a positive impact of overall market orientation on insurance firms, innovation degree and innovation performance in US and EU markets. On the other hand, Suliyanto (2011) found that customer orientation positive affect marketing performance, but the competitor orientation has no positive effect on marketing performance. Extant research in this area has established this relationship under various environmental conditions (Harris 2001; Greenley 1995; Kumar et al. 1998; Subramanian & Gopalakrishna, 2001) and context specific settings. Moreover, Maydeu-Olivares & Lado (2003) found that the effects of market orientation on economic performance are mediated through innovation degree and innovation performance. In general the results of studies that tested the causal relationship between market orientation and organizational performance gives the conclusion that market orientation has an influence on organizational performance (Suliyanto 2011). For instance, Kirca (2005) states that market orientation has an influence on overall organizational performance. While there is no unequivocal empirical evidence for the benefits of a market orientation, a number of studies in various industries and countries, using various similar instruments, to measure it have shown significant positive correlations between the construct and various measures of organizational performance. Most of these measures of organizational performance have been subjective (based on managers' perceptions) (Berthon et al. 2004). Although much of the subsequent research has been concerned with the direct relationship between market orientation and firm performance and has been examined in product, service, mixed product and service and international markets, there has been less investigation of market orientation within services industry (Matear et al. 2004). In a similar vein, in the health care industry, Subramanian et al.(2009) found that, market orientation makes a significant contribution to the creation of a number of organizational competencies which, in turn, lead to superior performance in the areas of cost containment, growth in revenue, success in retaining patients, and success of new services. On the other hand, Jain and Bhatia (2007) found, that market orientation has a positive effect on sales growth, market share and customer satisfaction. In a similar vein, in his study on star-rated hotels in China, Qu (2008) provided the evidence that market orientation affects business performance. Traditionally, market orientation literature has identified positive relationships between market orientation and innovation-related aspects. Kohli & Jaworski (1990), Deshpande´ et al. (1993) and Slater & Narver (1994) suggest that market-oriented behavior results in a higher degree of innovation and, therefore, of success in the commercialization of new products (Aldas-Manzano et al. 2005). Also, Han et al. (1998) provide empirical evidence concerning the market orientation-organizational innovativeness performance. However, market orientation may also be an important determinant of innovation in the services sector and innovation success depends on the firm's market orientation, especially on its customer orientation. Being in touch with your clients wants and needs, and being able to respond appropriately to them is a key to innovation success in the service sector. Nevertheless, the relationship between market orientation and innovation is generally assumed to be robust (Jimenez-Jimenez et al. 2008; Kayhan et al. 2006; Aldas-Manzano et al. 2005; Henard and Szymanski, 2001). Many researchers argue that market orientation has a significant positive impact on the success of launching highly innovative products (Cambra Fierro et al. 2010); Im & Workman, 2004; Deshpandé & Farley, 2004; Vázquez et al. 2001; Baker& Sinkula, 1999; Han et al. 1998). In the same vein, empirical evidence from various sources suggests that both innovation and market orientation have significant effects on different measures of corporate performance (Berthon et al.2004).

Lonial et al. (2008) noted that although, both market orientation and new service development concepts have been studied individually in the context of organizational performance, they have been rarely studied simultaneously and therefore the exact nature of the relationships among these concepts and organizational performance was not well understood. One of the key contributions in this area is the work by Lonial et al. (2008) who found a strong and positive effect of market orientation on new service performance. Their study also indicated a strong and positive relationship between new service performance and financial performance. The study also provided evidence for the mediating role of new service performance in the relationship between market orientation and financial performance in the hospital industry. On the other hand, empirical evidence of Cambra Fierro et al.(2010), Alegre et al. (2006), McGuiness and Morgan (2005), Jin et al. (2004), Deshpandé and Farly (2004) have demonstrated positive links between innovation and performance. In a similar vein, the findings of Cambra Fierro et al. (2010), Hernández-Espallardo & Delgado- Ballester (2009), Dobni (2008) and Aldas-Manzano et al. (2005), also provided evidence for the mediating role of innovation in the relationship between market orientation and performance. To this end, Cambra Fierro et al.(2010) argued that firms should be market oriented and therefore as Hernandez-Espallardo & Delgado- Ballester (2009) and Aldas-Manzano et al. (2005) have recently demonstrated the influence of innovation in performance will be significant. A link between market orientation, innovation and performance has been established. However, the evidence is not unequivocal. Over the last decade, studies that failed to find a significant direct influence of market orientation on financial or overall business performance include Agarwal et al. (2003), Baker & Sinkula (1999), Deshpandé et al. (2000), Han et al. (1998), Harris (2001), Harrison-Walker (2001), Hult et al. (2005), Sandvik& Sandvik (2003), Siguaw et al. (1998), and Sittimalkorn & Hart (2004).

3. Conceptual Framework and Hypotheses Development

3.1 Conceptual Framework

It is now possible to develop an overall model summarizing the hypotheses and reflects a causal ordering derived from the literature reviewed above. The proposed structural model guiding this research is depicted in Figure 1. It builds on core linkages between study variables: new Service development, market orientation and marketing performance. As can be seen in the figure, the new service development is proposed as mediator.

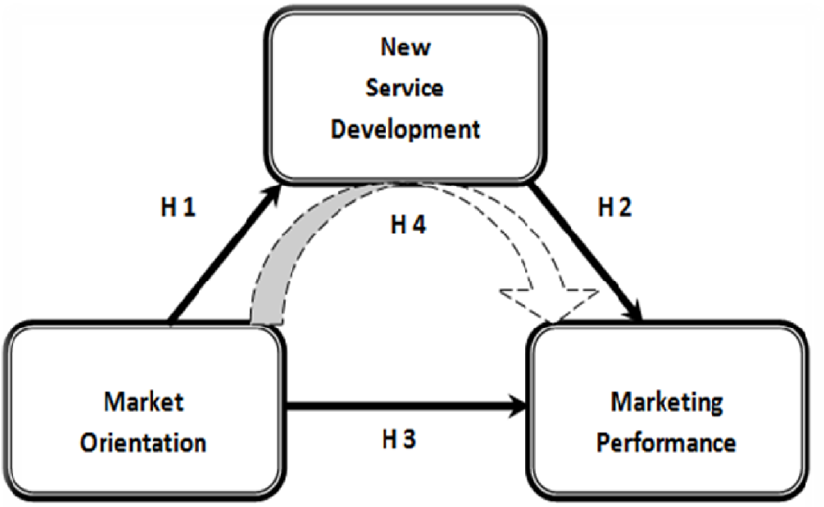

Figure 1. The conceptual model

The research hypotheses are represented in the Figure. Market orientation is believed to have a positive effect on new Service development (H1). It is suggested also that the new Service development lead to enhance the marketing performance of the Hotel (H2). Market orientation is posited to have a positive direct effect on marketing performance (H3). Finally, as for indirect effects, new Service development is proposed as the key mediator that connects the market orientation with the marketing performance of the Hotel (H4).

3.2. Research Hypotheses

The hypothesized relationships of the proposed structural model guiding this research are illustrated in Figure 1. Therefore, to examine these relationships the following hypotheses are formulated:
H1. Market orientation positively affects new service development
H2. New service development positively affects marketing performance.
H3. Market orientation positively affects marketing performance
H4. New service development mediates the impact of market orientation on marketing performance.

4. Research Design and Methodology

This study is exploratory, quantitative in nature, aiming to develop a better understanding of the relationships among the new Service development, market orientation and marketing performance. More specifically, the study intends to empirically investigate the direct and indirect effect of market orientation as perceived by hotel manager on marketing performance through new Service development as mediators.

4.1. *Study sample and respondents demographics.*
The proposed research model is tested in the context of hotel industry. Therefore,

the author employed a purposive sampling which encompassed all five-star hotels in Jordan. The survey population of this study was 23 hotels. Data was collected during the period of February – June 2011. Questionnaires were administered to a total of 160 general managers and department managers of 13 hotels. A total of 116 respondents returned surveys, of which seven questionnaires were rejected due to the lack of some information. Thus, total of 109 valid questionnaires were finally obtained, giving response rate of 68%. The questionnaire was administered in English. Most of the respondents represented mainly by male constituted 69.7%. Majority (52.3 percent) of the respondents were ages from 25 to 34 years old and 27.5% between 35 and 44 years old. Respondent's level of education primarily represented by 80.7% university graduate degree.45% of the respondents work in the hotel less than five years and 20.2% work in hotel more than 15 years.

4.2. Measurement Scales

As regards the measures of the study variables, three multi-item scales were proposed to operationalize the variables of the conceptual model. The study adopted those existing scales previously validated by other authors, adapting the items to the area of hotels. To measure market orientation Author followed the scale (MKTOR) proposed by Narver & Slater (1990), which has been used in a variety of studies (e.g., Hsieh et al.2008;Han et al. 1998; Lukas & Ferrell 2000). The measure is composed of three behavioural components: customer orientation, competitor orientation, and interfunctional co-ordination. This measure was assessed with 17 items derived from previous research (Maydeu-Olivares & Lado, 2003; Hsieh et al. 2008; Matear et al. 2004; Gray et al. 1998). Customer orientation measured using five indicators, competitor orientations (six indicators), and interfunctional coordination (also six indicators). Each item was scored on a seven-point Likert scale with anchors of 1 = 'strongly disagree' and 7 = 'strongly agree. New service development, however, was assessed with 7 items derived from Matear et al. (2004). Each item was scored on a seven-point Likert scale (1 = strongly disagree; 7 = strongly agree). Marketing Performance, on the other hand, was assessed using three subjective, self-assessment marketing measures (market share growth, sales growth and customer satisfaction) rather than an objective approach. This subjective Scale of marketing performance was derived from Kohli & Jaworski, 1990; Green Jr et al.2006 and Gray et al. 1998; sin et al. 2002).However, the measures of marketing performance were identified using judgmental measures based on managers' perceptions of how the marketing performed on multiple indicators of performance relative to its competitors .Therefore, Marketing performance was assessed with three items that asked respondents to evaluate their firm's marketing performance i.e. market share growth, sales growth and customer satisfaction over the last three years relative to their competitor. Seven-point scales with anchor points of 1 ("much lower") to 7 ("much higher") were used. By using a relative performance measure it was hoped that unwillingness to divulge financial information and difficulties comparing different sizes of firm could be minimized (Matear et al. 2004). However, a potential problem with using managers' perceptions of their firm's performance is that respondents may be biased in their assessment. (Kumar et al. 1998). In contrast, an objective approach to measuring business performance uses absolute values of performance measures (Chakravarthy 1986; Cronin & Page 1988). Previous studies that have used both the subjective approach and objective measures have found a strong correlation between the two approaches (Dawes 1999; Jaworski & Kohli 1993; Venkatraman & Ramanujam 1986; Pearce et al. 1987; Robinson & Pearce, 1988). Dess & Robinson (1984) concluded that it is appropriate to use subjective measures where objective measures were inappropriate or unavailable (Kumar et al. 1998; sin et al. 2002; sin et al.2003; Matear et al.2004).

4.3 Data analysis

This study adopts several statistical techniques to identify the relationships between the three study constructs. The measurement properties of the measures were examined using a sequential process of exploratory factor analysis and confirmatory factor analysis. The consistency of each measure was examined using Cronbach's alpha. A structural equation model analysis was conducted to test the hypotheses of this study in order to assess the effect and the significance level of each path in the research framework. The software package used throughout the analysis was EQS 6.2 for Windows (Bentler 2004).

5. Results

5. 1 Validation of Measures

As the scales used had already been validated in other studies, researcher has to verified their reliability for the sector being studied. Therefore, all the measures discussed above were subjected to a purification process assessing their dimensionality, reliability and validity. Specifically, following guidelines suggested by Gerbing and Hamilton (1996), researcher obtained unidimensional measures using a sequential process of exploratory and confirmatory factor analysis. The proposed model is analyzed and interpreted in three steps:(1) Exploratory factor analysis (EFA) was performed to determine the underlying dimensions of the study variables, (2) In order to determine if the extracted dimensions in step 1 offered a good fit to the data, Confirmatory factor analysis (CFA) was performed, and (3) Examine the interrelationships among the three study constructs. This sequence ensures that constructs' measures are valid and reliable before attempting to draw conclusions regarding relationships between constructs (Barclay et al. 1995).

5.1.1 Exploratory factor analysis

Exploratory factor analysis was used to determine which questions appear to best measure the various dimensions of market orientation, new service development and marketing performance and which items could be deleted from these scales. Therefore, exploratory factor analysis with varimax rotation (Kaiser 1958) was carried out to assess the underlying factor structures of the measurement items. The threshold employed for judging the significance of factor loadings was 0.50 (Hair et al. 1992; Kerlinger 1986). After deleting a cross-loaded item, the remaining items for Market Orientation (MO), new service development (NSD) and marketing performance (MP) were loaded on their postulated dimension. As shown in Table I, the exploratory factor analysis for market orientation yielded three factors with eigenvalue greater than 1 (customer orientation, competitor orientation, and interfunctional coordination) as Narver & Slater (1990) hypothesized .Further, the EFA for new service development and marketing performance yielded each one factor with eigenvalue greater than 1 as shown in Table 2. The factor structures of the three measures reflect the same factors reported in the original studies in which the measures appeared as shown in Table I and Table 2. Next, an assessment of the measure for unidimensionality and internal consistency was conducted**.** Measure reliability was examined for internal consistency by computing Cronbach's alpha coefficient, indicating acceptable levels of reliability for all three constructs. As shown in Table 1 and Table 2, all scales have reliability coefficients ranging from .76 to .89. Then, all reliability coefficients were above the commonly suggested threshold of 0.70 (Nunnally 1967; Nunnally 1978 Hair et al. 1998), which suggests a high internal consistency among the items in each construct.

5.1.2 Confirmatory factor analysis

Subsequently, a confirmatory factor analysis (CFA), using structural equation modeling and applying the maximum likelihood method, was used to test the reliability and validity of the dimensions suggested by the exploratory factor analysis (EFA) (Hair et al. 1998; Anderson & Gerbing, 1988). The results consistently supported the factor structure for all three constructs determined through the EFA. The standardized regression weights for Market orientation are shown in Table 1. Table 2 shows the standardized regression weight for new service development and Marketing performance. According to Anderson & Gerbing (1988), the validity of the structural model is assessed using three key validity dimensions: nomological, discriminant and convergent. The nomological validity is the validity of the entire model and indicates whether the model fits the data; the convergent validity verifies the homogeneity of the indicators and their constructs; and the discriminant validity refers to the extent of separation between the constructs, it means that each factor represents a separate dimension (Fornell & Larcker, 1981) . Thus, evidence of convergent validity was also provided by the fact that all measurement items loaded on the appropriate constructs. Further, according to Anderson & Gerbing (1988), discriminant validity is the degree of correlation among the constructs, and the correlation between different constructs. It refers to the principle that the indicators for different constructs should not be so highly correlated as to indicate they are measuring the same thing (see Alrubaiee, 2012). However, result indicated that, dimensions underlying a same latent construct were more correlated among themselves than correlated with dimensions of other latent constructs. Therefore, these correlation coefficients provided evidence of convergent validity (significant correlations between dimensions of a same latent

Table 1 Descriptive statistics, Exploratory and Confirmatory factor analysis of Market orientation

	Latent variables and indicators	Mean	SD	Factor loadings*1
q 1	We encourage customer comments and complaints because they help us do a better job	5.75	1.645	0.746
q 2	After-sales service is an important part of our business strategy	5.70	1.422	*x
q 3	We have a strong commitment to our customers	5.55	1.430	0.978
q 4	We are always looking at ways to create customer value in our products	5.61	1.592	*x
q 5	We measure customer satisfaction on a regular basis	5.49	1.463	0.750
MO1	**Customer Orientation** (Cronbach's alpha: 0.86)	5.62	1.151	0.796
q 6	We regularly monitor our competitors' marketing efforts	5.44	1.595	* x
q 7	We frequently collect marketing data on our competitors to help direct our marketing plans	5.35	1.481	0. 656
q 8	Our salespeople are instructed to monitor and report on competitor activity	5.41	1.375	* x
q 9	We know our most dangerous competitors' aims and strategies	5.21	1.581	0.766
q 10	We know our most dangerous competitors' strengths and weaknesses very well	5.25	1.511	0.509
q 11	We have a system for precisely monitoring the evolution of the components of our competitors' marketing policy products/services,	5.17	1.489	0.784
MO2	**Competitor Orientation** (Cronbach's alpha: 0.77)	5.30	1.042	0.963
q 12	Marketing information is shared with all departments	5.33	1.382	* x
q 13	We regularly have inter-departmental meetings to discuss market trends and developments	5.40	1.395	0.828
q 14	Our marketing people regularly discuss customer needs with other departments	5.44	1.436	* x
q 15	The marketing people regularly interact with other departments on a formal basis	5.30	1.336	0.580
q 16	All departments are involved in preparing business plans/strategies	5.20	1.556	*x
q 17	We do a good job integrating the activities of all departments	5.02	1.363	0.728
MO3	**Interfunctional Coordination** (Cronbach's alpha: 0.75)	5.28	0.921	0.690
MO	**Market orientation** (Cronbach's alpha: 0.89)	5.39	0.909	NA

*1 Standardized loadings, *x Deleted items, NA Not applicable

construct) and discriminant validity (nonsignificant or low correlations between dimensions underlying different latent constructs). In addition to, following the argument of Gaski & Nevin (1985), discriminant validity for all constructs were also assessed, The discriminant validity of these constructs is indicated because the correlation between any pair of scales is lower than the alpha coefficient of both the scales(see also Gaski (1986) and Gaski (1984)). This additional test provides further indication that the study constructs exhibit adequate discriminant validity. This condition clearly holds as shown in Table 3. Further, nomological validity refer to the ability of a scale to behave as expected with respect to some other constructs to which it is related (Churchill 1995). As mentioned above, Market orientation can improve new service development and marketing performance. Therefore nomological validity would be demonstrated if Market orientation were positively and significantly correlated with new service development and marketing performance. As stated in Table 3, all correlation coefficients between the dimensions of Market orientation , new service development and marketing performance are positive and significant (at $p < 0.05$). Thus nomological validity of the scale is demonstrated. Consequently, it was concluded that all the scales used were acceptably reliable and valid. However, in order to simplify the model and to increase the cases to parameters ratio, the second order constructs of market orientation were reduced to first order constructs using a partial aggregation approach (Moorman & Rust, 1999). To do this, the items making up each dimension were averaged. Therefore, researcher created three-item measure of market orientation, which corresponded to its dimensions. The average of item scores for each factor in market orientation construct was used as measures in the path model. The intercorrelations, means and standard deviations of the composite scores are shown in Table 3.

Table 2 Descriptive statistics, Exploratory and Confirmatory factor analysis of new service development and Marketing performance

	Latent variables and indicators	Mean	S D	Factor loadings*1
q 41	Upper management provides an environment conducive to new service development	5.11	1.513	0.839
q 42	Upper management is highly involved in NSD activities	5.39	1.360	*x
q 43	There is a clear and well-communicated NSD strategy	5.24	1.504	0.851
q 44	There are rewards (e.g. promotion, bonuses) for personnel who get involved in NSD activities	5.17	1.402	*x
q 45	There is a good fit between current human resource capabilities and new services being developed	5.41	1.248	0.492
q 46	After launch we use a formal procedure to audit our NSD performance	5.33	1.327	*x
q 47	Our NSD is efficient (in terms of time, resources, process)	5.19	1.294	0.515
NSD	**New Service Development** (Cronbach's alpha: 0.78)	5.26	.897	NA
q 74	Market share growth over the past three years	4.77	1.416	0.863
q 75	Customer satisfaction over the past three years	5.22	1.437	*x
q 76	Sales growth(in JD) over the past three years	4.96	1.426	0.706
MP	**Marketing Performance** (Cronbach's alpha: 0.76)	5.01	1.015	NA
	*1 Standardized loadings, *x Deleted items, NA Not applicable			

Table 3, Means, standard deviations, correlations, and Cronbach's alphas of model variables

	MO	NSD	MP
Market orientation	1		
New service development	0.680**	1	
Marketing performance	0.524**	0.508**	1
Mean	5.39	5.26	5.01
Std. Deviation	0.909	0.897	1.015
Cronbach's alpha	0.89	0.78	0.76

**. Correlation is significant at the 0.01 level.

However, the measurement model was tested by several confirmatory factor analyses grouping closely related constructs. The results of the confirmatory factor analyses indicated that the measurement models provided an acceptable fit to the data (Bentler 2004; Bollen 1989; Hoyle & Panter 1995; Hu & Bentler 1995). These results are summarized in Table 4. As shown in Table 4, the values of goodness-of-fit indices suggests that the three-factor model of market orientation (M2)fits the data better than the uni-dimensional conceptualization(M1). The values of x 2/df ratio was 2.28, BENTLER-BONETT NORMED FIT INDEX(NFI) was 0.92, BENTLER-BONETT NON-NORMED FIT INDEX (NNFI) was 0.94, COMPARATIVE FIT INDEX (CFI) was 0.95, BOLLEN'S (IFI) FIT

Table 4 Goodness-of-fit summary of basic study models*(confirmatory factor analysis)

	M1:MO One-factor model	M2:MO Three-factor model	M3: NSD-MP	M4: MO-N SD-MP
FIT INDICES				
CHI-SQUARE/ DEGREES OF FREEDOM =	4.60	2.28	2.39	1.42
BENTLER-BONETT NORMED FIT INDEX =	0.72	0.92	0.91	0.92
BENTLER-BONETT NON-NORMED FIT INDEX =	0.70	0.94	0.90	0.96
COMPARATIVE FIT INDEX (CFI) =	0.76	0.95	0.95	0.98
BOLLEN'S (IFI) FIT INDEX =	0.77	0.96	0.95	0.98
MCDONALD'S (MFI) FIT INDEX =	0.56	0.83	0.95	0.95
JORESKOG-SORBOM'S GFI FIT INDEX =	0.76	0.87	0.95	0.94
JORESKOG-SORBOM'S AGFI FIT INDEX =	0.63	0.78	0.86	0.88
ROOT MEAN-SQUARE RESIDUAL (RMR) =	0.19	0.14	0.10	0.09
STANDARDIZED RMR =	0.09	0.06	0.06	0.06
ROOT MEAN-SQUARE ERROR OF APP(RMSEA) =	0.18	0.10	0.11	0.06

----

*For method MAXIMUM LIKELIHOOD (ML).

INDEX was 0.96, MCDONALD'S (MFI) FIT INDEX was 0.83, the goodness of fit index (GFI) was 0.87 and adjusted goodness of fit (AGFI) index was 0.78(a value of 1.0 indicates perfect fit). These values suggest that there is a reasonably good fit between the observed data and the three-factor model of market orientation construct. As presented in Table 4, the result of confirmatory factor analyses (M4) also indicates that the data fit the measurement model well. The values of x 2/df ratio was 1.42, (NFI) was 0.92, (NNFI) was 0.96, (CFI) was 0.98, (IFI) was 0.98, (MFI) was 0.95,(GFI) was 0.94, (AGFI) was 0.88 and(RMSEA) was 0.06 (Bentler 2004; Bollen 1989; Hoyle & Panter 1995; Hu & Bentler 1995; Bagozzi & Yi 1988; Bearden et al. 1982; Marcoulides & Schumacher1996). In summary, the measurement models fit the data well and demonstrate adequate reliability, good convergence, and acceptable discriminant validity.

5.2 Path Model and Hypotheses Testing

The final step in the analysis was to test the path model as shown in Figure 2. Structural equations modeling using EQS 6.2 for Windows with maximum likelihood procedure was conducted to test the hypotheses of this study in order to assess the effect and the significance level of each path in the research framework (Bentler 2004). The average of item scores for each factor in market orientation construct was used as measures in the path model. Figure 2 shows the structural model with the tested results of the path model and indicates both inner and outer regression weights for the structural relationships between causal paths. Table 5 shows the goodness-of-fit indices for the path model. Model fit determines the degree to which the structural equation model fits the sample data. The values of x

2/df ratio was 1.628, (NFI) was 0.92, (NNFI) was 0.95, (CFI) was 0.97, (IFI) was 0.97, (MFI) was 0.94,(GFI) was 0.94, (AGFI) was 0.86 and(RMSEA) was 0.076. Clearly, all of the overall model fit indexes are well within the generally accepted limits, indicating a good fit of the model to the data, and the estimates of the structural parameters could then be used for hypothesis testing (Bentler 2004; Bollen 1989; Hoyle & Panter 1995; Hu & Bentler 1995; Bagozzi & Yi 1988; Bearden et al. 1982; Marcoulides & Schumacher 1996). Figure 2 shows the Standardized direct path coefficients for the main paths based on structural equation modeling. While Table 6 shows the Standardized direct, indirect and total path coefficients for the main paths based also on structural equation modeling. The results were as expected and provided support for all hypotheses. As can be seen from Figure 2 and Table 6 result provide support for H1 that market orientation has a direct and strong impact on new service development($b = 0.68$; $p< 0.1$). Result also provide support for H2 that new service development had a positive and significant impact on marketing performance ($b = 0.28$; $p< 0.5$). The direct effect of market orientation on marketing performance was also positive and significant ($b = 0.33$; $p< 0.5$), supporting H3.

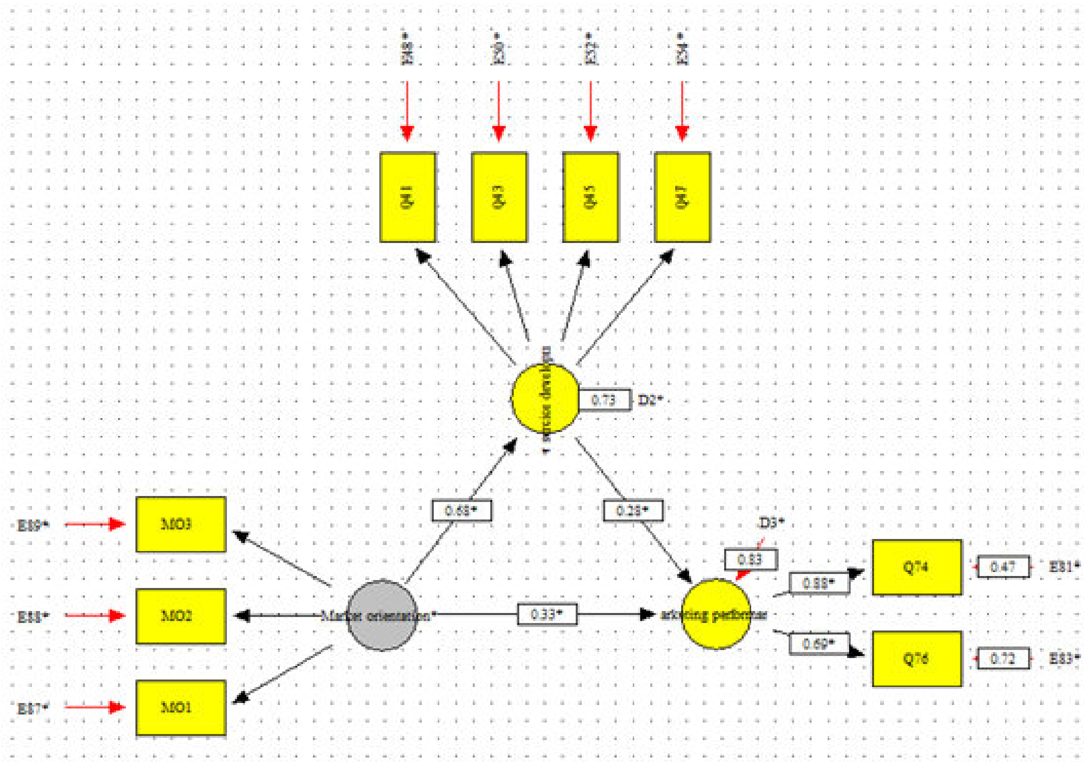

Figure 2: Result of structural equation modeling

Table 5 Goodness of Fit statistics for the structural model (for method =Maximum likelihood- ML)

CHI-SQUARE / DF ratio = 1.628

FIT INDICES
BENTLER-BONETT NORMED FIT INDEX = 0.924
BENTLER-BONETT NON-NORMED FIT INDEX = 0.945
COMPARATIVE FIT INDEX (CFI) = 0.968
BOLLEN'S (IFI) FIT INDEX = 0.969
MCDONALD'S (MFI) FIT INDEX = 0.941
JORESKOG-SORBOM'S GFI FIT INDEX = 0.935
JORESKOG-SORBOM'S AGFI FIT INDEX = 0.860
ROOT MEAN-SQUARE RESIDUAL (RMR) = 0.094
STANDARDIZED RMR = 0.060
ROOT MEAN-SQUARE ERROR OF APPROXIMATION (RMSEA = 0.076
90% CONFIDENCE INTERVAL OF RMSEA (0.021, 0.121)

The indirect effects of market orientation on marketing performance through new service development as mediator was significant (indirect standardized coefficient = .0.193; $p < .05$). Therefore H4 supported. As shown in Table 6, the Standardized total effect (direct and indirect path coefficient)was (b = 0.545). The results concerning the testing of hypotheses are summarized in Table 7. As regards the coefficient of determination (R2) values, result

Table 6 Results of structural equation modeling: standardized direct, indirect and overall effects

	To / From	New service development	Marketing Performance
Direct Effect	Market Orientation	0.680	0.332
	New service development	0.000	0. 282
Indirect Effect	Market Orientation	0.000	0.193
	New service development	0.000	0.000
Total Effect	Market Orientation	0.680	0.525
	New service development	0.000	0.282

Table 7 Hypotheses testing results of the structural equation modeling

Hypothesis	causal path	Standardized Coefficients	Test result
H1	Market Orientation → New service development	0.68**	supported
H2	New service development → Marketing Performance	0.28*	supported
H3	Market Orientation → Marketing Performance	0.33*	supported
H4	Indirect effect Market Orientation → Marketing Performance- through New service development as mediators	0.19 *	supported

Note: ** indicates $p<0.01$: * indicates $p<0.05$.

show that market orientation account for 46.2% of variance in new service development; market orientation and new service development account for 32% of variance in marketing performance. As can be seen from Figure 2, Table 5, Table 6 and Table 7, these results suggest that the model is a reasonable basis upon which to test the research hypotheses.

6. Discussion and implications

The study aimed to investigate the relationship between new service development, market orientation and marketing performance in the hotel industry in a developing country namely Jordan. To this end, the study presents a conceptual case and empirical evidence which support and advance the efforts of prior studies. The relationship between market orientation and business performance has been identified in prior research and cannot be overlooked. However, the mediator between these constructs has received little attention. Given that almost no study has been executed to explore the relationship among market orientation, new service development and Marketing performance within the context of hotel industry, this study presented a conceptual framework to investigate this interrelationship in Jordanian context. Thus, prior empirical research investigating a mediating mechanism through which market orientation affects financial performance focused on new service performance (Lonial et al. 2008) and new service success (Matear et al. 2004). Therefore, the main purpose of this study was to investigate the mediating role of new service development in the relationship between market orientation and Marketing performance in hotel industry. Nevertheless, this study has sought to contribute further to knowledge concerning market orientation, new service development and Marketing performance by applying Narver & Slater's (1990) market orientation's scale in the hotel industry in a developing country, namely Jordan. The measurement properties of the measures were examined using a sequential process of exploratory factor analysis and confirmatory factor analysis. However, all measures were found to be exhibit sufficient levels of content validity, unidimensionality, reliability, convergent validity, discriminant validity and predictive validity. As regards the goodness of fit of the causal model, the results showed a reasonable fit between the model and the data. Also, a structural equation model analysis was conducted to test the hypotheses using the software package EQS 6.2 for Windows. However, the findings revealed all the proposed hypotheses were supported. Results confirm the effect of market orientation on new service development and Marketing performance. Result also provides evidence that new service development had a positive and significant impact on marketing performance. In addition, the indirect effect of market orientation on marketing performance through new service development as mediator was also significant. However, these results indicate the dual role of market orientation as both direct contributor to marketing performance and as indirect contributor through new service development. This finding contrasts with the empirical findings of Lonial et al. (2008) which indicated no significant direct effect of market orientation on financial performance of hospitals, whereas, with a mediating role of new service performance the relationship between market orientation and financial performance has become significant. However, the empirical finding of present study is in the line with the finding of Matear et al. (2002), which investigated the mediating effect of innovation on market orientation and Performance of service firm. Moreover, findings of this study, in general, provide support for the assertion made by scholars (Kohli & Jaworski, 1990; Narver & Slater, 1990) that market orientation has a positive impact on performance. The findings also supports empirical evidence of Lado & Maydeu-Olivares (2001) ,as well as, Davison et al. (1989), which suggests that the predominant sources of ideas for new products/ services was market orientation. In addition, as Matear et al. (2004) stated, new service development is important as it leads to both cost-effectiveness and new service success positional advantages. Hence, the most beneficial market positions for service organizations are superiority in new service success. Therefore, consistent with Matear et al. (2004), the results of this study emphasize the importance of market orientation and new service development to achieving superior performance outcomes for service organizations. Nevertheless, the findings of this study also indicate that market orientation influences the link between new service development and marketing performance. Whereas, Narver et al. (2004) has suggested that a “proactive” market orientation is necessary, in which a business attempts to discover the latent needs of its customers, therefore, market orientation helps shape hotel's new service strategy and transforms market-accepted new services to successful marketing performance. For instance, through customer orientation, hotels will differentiate what customers really need and what customers like to have. More specifically, the study shed light on the usefulness of new services development that will help hotel become more market oriented and achieve superior performance outcomes. The findings of this research provide important pointers to hotel industry executives in terms of managing the organization for superior performance, given the industry dynamics. First of all the study establishes the importance of market orientation for hotels in order to obtain a sustainable competitive advantage by relating market orientation to the extent of success in new services development and achieving critical marketing performance outcomes. Moreover, in the academic context, the study provides yet another evidence to a growing body of literature demonstrating the benefits of market orientation and new service development to hotel industry in developing country namely Jordan. As such, Author believes that this study has made a useful contribution to the hotel industry in emerging markets.

7. Limitations and Future Research Directions

Due to certain limitations, the findings of this study must be interpreted with caution, First, it is important to recognize the main limitation associated with the marketing performance measurement of this study. According to confidentiality concerns, it is extremely challenging to obtain actual accounting data from tourism establishments in developing countries (Avci et al. 2011).In addition, given that prior studies defend the adequacy of subjective measures of business performance as opposed to objective ones (Lukas et al. 2001; Venkatraman & Ramanujam 1986; Kohli & Jaworski 1990; Green Jr et al.2006; sin et al.2002; , and many researchers have reported a strong association between these measures (Dawes 1999; Jaworski & Kohli, 1993; Venkatraman & Ramanujam, 1986), marketing performance, therefore were measured in this study using subjective evaluations of managers. Also, some argued that it is appropriate to use subjective measures where objective measures were inappropriate or unavailable as well as the practical difficulties associated with data collection (particularly in developing countries)

(Dess & Robinson 1984; Kumar et al. 1998; sin et al.2002; sin et al.2003; Matear et al.2004). However, a potential problem with using managers' perceptions of their firm's performance is that respondents may be biased in their assessment. (Kumar et al. 1998). Given these limitations associated with subjective measures, findings should be interpreted with some degree of caution. To this end, and supporting Avci et al.(2011), Suliyanto (2011), Subramanian et al.(2009), Lonial et al. (2008), Qu (2009) and Sin et al.(2003), the author of this study suggest that future studies should encompass both subjective and objective measures of marketing performance to confirm the findings of this study and increase the accuracy of the research results. Further, while restricting the study to organizations in a single industry i. e. hotel industry, it also restrict the generalizability of the study's findings to other industry contexts. Finally, as this study is conducted in Jordan, the generalizability of the research findings needs to be treated with caution. Therefore, it is suggested that future research replicates this study in other developing country.

References

Agarwal, S., Erramilli, K.M. & Dev, C.D. (2003), ''Market orientation and performance in service firms: role of innovation'', Journal of Services Marketing, 17 (1), 68-82.

Aldas-Manzano, J., Kuster, I., & Vila, N. (2005): "Market orientation and innovation: an interrelationship analysis". European Journal of Innovation Management, 8, 437-452.

Alegre, J., Lapiedra, R., & Chiva, R. (2006): "A measurement scale for product innovation performance". European Journal of Innovation Management, 9, 333-346.

Alrubaiee, L. (2012)," Exploring the Relationship between ethical sales behavior, relationship quality, and customer loyalty", International Journal of Marketing Studies, 4 (1), 7-25.

Anderson, J.C & Gerbing, D.W. (1988), "Structural equation modeling in practice: a review and recommended two-step approach", Psychological Bulletin, 103(.3), 411-23.

Avci a, Umut 1, Madanoglu, Melih & Okumus, Fevzi ,(2011), Strategic orientation and performance of tourism firms: Evidence from a developing country, Tourism Management, 32 , 147–157

Bagozzi, R.P. (1994), "Structural equation models: basic principles", in Bagozzi, R.P. (Ed.), Principles of Marketing Research, Blackwell, Cambridge, MA.

Bagozzi , R . P . &Youjae , Y . (1988) ' On the evaluation of structural equation models ' , Journal of the Academy of Marketing Science , 16 (1), 74 – 94

Baker, W. & Sinkula, J. (2007), "Does market orientation facilitate balanced innovation programs? An organizational learning perspective", Journal of Product Innovation Management, 24 (4) , 316-34.

Baker, W., Sinkula, J. (1999): "Learning orientation, market orientation and innovation: integrating and extended models of organizational performance". Journal of Market Focused Management, 4, 295-308.

Bentler, P. M. (2004). EQS 6 Structural Equations Program Manual. Encino, CA: Multivariate Software, Inc.

Bentler, P. M. (1995) EQS Structural Equations Program Manual (Encino, CA: Multivariate Software).

Berthon, Pierre , Mac Hulbert, James & Pitt, Leyland, (2004)." Innovation or customer orientation? An empirical investigation", European Journal of Marketing 38 (9/10), 1065-1090.

Bigne´, E., Ku¨ ster, I. and Tora´n, F. (2003), "Market orientation and industrial salesforce: diverse measure instruments", Journal of Business & Industrial Marketing, (. 18 No. 1, pp. 59-81.

Bigne´, J.E., Blesa, A., Ku¨ ster, I. and Andreu, L. (2004), "Market orientation: an antecedent to the industrial manufacturer's power", European Journal of Marketing, 38.(½), 175-93.

Bollen , K . A . (1989) . Structural Equations with Latent Variables. Wiley, New York..

Cambra Fierro,J.J. , Fuster Mur,A. , Susan Hart,S. & Polo Redondo,Y. (2010), Looking for performance : How innovation and Strategy may affect Market orientation Models,Working paper series, WP BSAD 10.03, Universidad "Pablo de Olavide, Department of Business Administration ,April.

Cano, C., Carrillat, F.,& Jaramillo, F. (2004): "A meta-analysis of the relationship between market orientation and business performance: evidence from five continents". International Journal of Research in Marketing, 21, 179-200.

Chung, H.F.L. / Industrial Marketing Management 40 (2011) Claycomb, C., Dro¨ge, D. and Germain, R. (1999), "The effect of just in-time with customers on organizational design and performance", International Journal of Logistics Management, 10 (1), 37-58.

Churchill, G. A. Jr. (1995). Marketing Research Methodological Foundations. 6th Ed., Dryden Press Fort Worth,TX.

Cronbach, L. J. (1947) Test 'reliability': its meaning and determination, Psychometrika, 16, 1–16.

Cronin, J.J. & Taylor, S.A. (1992), ''Measuring services quality: a re-examination and extension'', Journal of Marketing, 56 (3), 55-69.

Dawes, J. (1999), "The relationship between subjective and objective company performance measures in market orientation research: further empirical evidence", Marketing Bulletin 10, 65-75.

Deng, S. and Dart, J. (1994), "Measuring market orientation: a multi-factor, multi-item approach", Journal of Marketing Management, 10 (8), 725-42.

Deshpande´, R.& Farley, J.U. (1996), "Understanding market orientation: a prospectively designed meta-analysis of three market orientation scales", working paper, Marketing Science Institute, 96-125

Deshpandé, R. & Farley, J. (2004): "Organizational culture, market orientation, innovativeness, and firm performance: an international research odyssey". International Journal of Research in Marketing, 21, 3-22.

Dess, G.G. & Robinson, R.B. (1984), ''Measuring organizational performance in the absence of objective measures: the case of the privately held firm and conglomerate business unit'', Strategic Management Journal 5, 265-73.

Dobni, C. (2008): "Measuring innovation culture in organization". European Journal of Innovation Management, 11, 539-559.

Ellis, Paul, D. (2006) Market Orientation and Performance: A Meta-Analysis and Cross-National Comparisons. Journal of Management Studies. 43(5). 1089- 103.

Esteban, A., Milla´n, A., Molina, A. & Martı´n-Consuegra, D. (2002), "Market orientation in service: a review and analysis", European Journal of Marketing, 36 (9/10), 1003-21.

Fornell, C., & Larcker, D. (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. Journal of Marketing Research, 18 (February), 39-50.

Gaski, J.F. (1984). The theory of power and conflict in channels of distribution. Journal of Marketing, 48(Summer), 9-29.

Gaski, J. F. (1986) Interrelations among a channel entity's power sources: impact of the exercise of reward and coercion on expert, referent, and legitimate power sources, Journal of Marketing Research, 23(1),. 62–77.

Gaski, J., & Nevin, J. (1985). The differential effects of exercised and unexercised power sources in marketing channels. Journal of Marketing Research, 22 (2), 130-42.

Gaurav, Kunal. (2008). Impact of Relationship Marketing Strategy on Customer Loyalty. The Icfaian Journal of Management Research, 7(11), 7 – 21.

Gerbing, D.W. & Hamilton, J.G. (1996), "Viability of exploratory factor analysis as a precursor to confirmatory factor analysis", Structural Equation Modeling, 1(1), 62-72.

Gerbing, D. W. & James, C. A. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. Journal of Marketing Research, 25 (2), 186 – 192.

Green Jr Kenneth W., McGaughey, Ron & K. Michael Casey (2006) Does supply chain management strategy mediate the association between market orientation and organizational performance? Supply Chain Management: An International Journal 11/5 407–414 [DOI 10.1108/13598540610682426]

Greenley, G.E. (1995), "Market orientation and company performance: empirical evidence from UK companies", British Journal of Management, 6, 1-13.

Grewal, R. & Tansuhaj, P. (2001) Building Organizational Capabilities for Managing Economic Crisis: The Role of market Orientation and Strategic Flexibility. Journal of Marketing. 65 (April), 67-80.

Hair, J.F. Jr, Anderson, R.E., Tatham, R.L. & Black, W.C. (1998), Multivariate Data Analysis, 5th ed., Prentice-Hall International, Englewood Cliffs, NJ.

Han, J.K., Kim, N. & Srivastava, R.K. (1998), "Market orientation and organizational performance: is innovation a missing link?", Journal of Marketing,. 62 (4), 30-45.

Harris, L.C. (2001), "Market orientation and performance: objective and subjective empirical evidence from UK companies", The Journal of Management Studies, 38 (1), 17-43.

Henard, D. & Szymanski, D. (2001): "Why some new products are more successful than others". Journal of Marketing Research, 38, 362-378.

Hernandez-Espallardo, M. & Delgado-Ballester, E. (2009): "Product innovation in small manufacturers, market orientation and the industry's five competitive forces". European Journal of Innovation Management, 12, 470-91.

Ho, Y. & Huang, C. (2007), "Market orientation strategies and business performance: evidence from Taiwan's life insurance industry", Journal of American Academy of Business, 11(1) 297-302.

Hsieh, Ming-Hung -Hung Tsai, Kuen & , Wang, Jun-Ren,"(2008). "The moderating effects of market orientation and launch proficiency on the product advantage–performance relationship," Industrial Marketing Management 37 (2008) 580–592.

Hu, L. & Bentler, P.M. (1995), "Evaluating model fit", in Hoyle, R.H. (Ed.), Structural Equation Modeling: Concepts, Issues and Applications, Sage Publications, Thousand Oaks, CA.

Hu, L. & Bentler, P.M. (1999), "Cutoff criteria for fit indexes in covariance structure analysis, conventional criteria versus new alternatives", Structural Equation Modeling, 6,. 1-55.

Hult, G. T. M., Ketchen, D. J., & Slater, S. F. (2005). Market orientation and performance: An integration of disparate approaches. Strategic Management Journal, 26(12), 1173−1181.

Hurley, R.F.& Hult, G.T.M. (1998), "Innovation, market orientation, and organizational learning: an integration and empirical examination", Journal of Marketing, 62.(3), 42-54.

Hurley, R.F., Hult, G.T.M. & Knight, G.A. (2003), "Innovativeness: its antecedents and impact on business performance", Industrial Marketing Management, (. 33, pp. 429-38.

Im, S. & Workman, J. (2004): "Market Orientation, creativity and new product performance in high-technology firms". Journal of Marketing, 68, 114-128.

Jain, Sanjay, K .& Bhutia, Manju. (2007). Market Orientation and Business Performance: The case of Indian Manufacturing Firm. The Journal of Busines Perspective. 11(1) (January-March), 15-33.

Jaworski, B.J. and Kohli, A.K. (1993), "Market orientation: antecedents and consequences", Journal of Marketing, 57 (3), 53-70.

Jimenez-Jimenez, D., Sanz-Valle, R. & Hernandez-Espallardo, M. (2008): "Fostering innovation: the role of market orientation and organizational learning". European Journal of Innovation Management, 11, 389-420.

Jin, Z., Hewitt-Dundas, N. & Thompson, N. (2004): "Innovativeness and performance: evidence from manufacturing sectors". Journal of Strategic Marketing, 12, 225-266.

Johne, Axel & Storey, Chris (1998) New service development: a review of the literature and annotated bibliography, European Journal of Marketing, 32.(¾), 184-25.

Kaiser, H. (1958) The Varimax criterion for analytic rotation of factors, Psychometrika, 23, 187–200.

Kara, Ali John E. Spillan & Oscar W. Deshields, Jr. (2005). An Empirical Investigation of The Effect of A Market Orientation on Business Performance: A Study of Small-Sized Service Retailers Using MARKOR Scale. Journal of Small Business Management. 4.(2) 105-118.

Kayhan, T., Myfanwy, T. & Gretchen, L. (2006): "Examining the effect of market orientation on innovativeness". Journal of Marketing Management, 22, 529-551.

Kirca, A, H. Jayachandran, & Bearden, W.O (2005). Market Orientation: A Meta-Analytic Review and Assessment of Its Antecedents and Impact on Performance. Journal of Marketing 69. (April), 24-41.

Kohli, A.K. & Jaworski, B.J. (1990), "Market orientation: the construct, research propositions, and managerial implications", Journal of Marketing, 54 (2), 1-18.

Kumar, K., Subramanian, R. & Yauger, C. (1998), "Examining the market orientation-performance relationship, a context-specific study", Journal of Management, 24 (2), 201-34.

Kumar, N. (2004), Marketing as Strategy: Understanding the CEO's Agenda for Driving Growth and Innovation, Harvard Business School Press, Cambridge, MA.

Lado, N. & Maydeu-Olivares, A. (2001), "Exploring the link between market orientation and innovation in the European and US insurance markets", International Marketing Review, (. 18 (2), 130-44.

Langerak, F., Hultink, E.J. & Robben, H.S.J. (2000), "The mediating effect of NPD-activities and NPD-performance on the relationship between market orientation and organizational performance", SSRN, available at: https://eepi.ubib.eur.nl

Liu, S.S., Luo, X. & Shi, Y.-Z. (2003), ''Market-oriented organizations in an emerging economy: a study of missing links'', Journal of Business Research, 56 (6)481-92.

Lonial,S., Tarim, M., Tatoglu, E., Zaim, S., & Zaim, H. (2008), "The impact of market orientation on NSD and financial performance of hospital industry", Industrial Management & Data Systems, 108 (6), 794-811.

Lukas, B.A. and Ferrell, O. (2000), "The effect of market orientation on product innovation", Journal of the Academy of Marketing Science, 28 (2), 20-35.

Matear, S.M., Osborne, P., Garrett, T.C. & Gray, B.J. (2002), "How does market orientation contribute to service firm performance? An examination of alternative mechanisms", European Journal of Marketing, 36 (9/10), 1058-75.

Matear, Sheelagh, Gray, Brendan J. & Tony Garrett,(2004)," Market orientation, brand investment, new service development, market position and performance for service organizations", International Journal of Service Industry Management (. 15 No. 3, 2004 pp. 284-301, DOI 10.1108/09564230410540944

Maydeu-Olivares, Albert & Lado, Nora,(2003) Market orientation and business economic performance A mediated model, International Journal of Service Industry Management , 14 (3), 284-309

McGuiness, T. & Morgan, R. (2005): "The effect of market orientation on strategy dynamics: the contributing effect of organizational change capability". European Journal of Marketing, 39, 1306-1326.

Marketing Science Institute (MSI) (2006), 2006-2008 Research Priorities: A Guide to MSI Research Programs and Procedures, MSI, Cambridge, MA.

Menor, L.J., Tatikonda, M.V. & Sampson, S.E. (2002), "New service development: areas for exploitation and exploration", Journal of Operations Management, 20, 135-57.

Moorman, C. & Rust, R.T. (1999), "The role of marketing", Journal of Marketing, (. 63, October, pp. 180-97.

Morgan, N. A., Vorhies, D. W., & Mason, C. H. (2009). Market orientation, marketing capabilities, and firm performance. Strategic Management Journal, 30, 909-920.

Narver, J.C.& Slater, S.F. (1990), "The effect of a market orientation on business profitability", Journal of Marketing, 54 (4), 20-35.

Narver, J.C. & Slater, S.F. & MacLachlan, D.L. (2004), "Responsive and proactive market orientation and new-product success", Journal of Product Innovation Management, 21, 334-47.

Ngai, C.H. & Ellis, P. (1998), ''Market orientation and business performance: some evidence from Hong Kong'', International Marketing Review, 15 (2), 119-39.

Nunnally, J.C. (1994). Psychometric Theory, 3d ed. New York: McGraw-Hill.

Nwankwo, S., Owusu-Frimpong, N. & Ekwulugo, F. (2004), "The effect of organizational climate in market orientation: evidence from the facilities management industry", Journal of Services Marketing, 18 (2),. 122-32.

O'Sullivan, D. & Abela, A.V. (2007), "Marketing performance measurement ability and firm performance", Journal of Marketing, (. 71 (2), 79-93.

Payne, A.F. (1988), "Developing a marketing-oriented organization", Business Horizons, 31 (3), 46- 53.

Pulendran, S., Speed, R.& Widing, R.E. II (2003), "Marketing planning, market orientation and business performance", European Journal of Marketing, 37 (¾),. 476-97.

Qu, Riliang (2009) "The impact of market orientation and corporate social responsibility on firm performance: Evidence from China", Asia Pacific Journal of Marketing and Logistics, 21 (4),.570 – 582

Schumacker, R.E. & Lomax, R.G. (1996), A Beginner's Guide to Structural Equation Modeling, Lawrence Erlbaum Associates, Mahwah, NJ.

Sekaran, U. (1996). Research Methods for Business, 3rd ed. John Wiley & Sons, New York, NY.

Shoham, A., Rose, G. & Kropp, F. (2005): "Market orientation and performance: a meta-analysis". Marketing Intelligence and Planning, 23, 435-454.

Sin, L.Y.M., Tse, A.C.B., Yau, O.H.M., Chow, R.P.M. & Lee, J.S.Y. (2003), ''Market orientation and business performance: a comparative study of firms in mainland China and Hong Kong'', European Journal of Marketing 37 (5/6), 910-36.

Sin, L., Tse, A., Yau, O., Chow, R. & Lee, J. (2005), "Market orientation, relationship marketing orientation, and business performance: the moderating effects of economic ideology and industry type", Journal of International Marketing, 13, 36-57.

Slater, S. & Narver, J. (2000), "Market orientation at the beginning of a new millennium", Managing Service Quality, 11 (4), 230-2.

Slater, S.F. & Narver, J.C. (1994), "Does competitive environment moderate the market orientation-performance relationship", Journal of Marketing, 58 (1), 46-55.

Slater, S.F. & Narver, J.C. (1995), "Market orientation and the learning organization", Journal of Marketing, 59 (July), 63-74.

Subramanian, Ram(2009)," The role of organizational competencies in the market-orientation-performance relationship An empirical analysis," International Journal of Commerce and Management, 19 (1) , 7-26. DO10.1108/10569210910939645

Subramanian, R. & Gopalakrishna, P. (2001), ''The market orientation-performance relationship in the context of a developing economy'', Journal of Business Research, 53 (3), 1-13.

Suliyanto,(2011). Effect of Entrepreneurship Orientation and Marketing-Based Reward System towards Marketing Performance, international Journal of Business and Social Science 2 (6) ,168-174.

Tse, A.C.B. (1998), "Market orientation and performance of large property companies in Hong Kong", International Journal of Commerce & Management, 8 (1),. 57- 69.

Tse, A.C.B., Sin, L.Y.M., Yao, O.H.M., Lee, J.S.Y &Chow, R. (2003), "Market orientation and business performance in a Chinese business environment", Journal of Business Research, 56, 227-39.

Van Raaij & Stoelhorst, (2008), Vázquez, R., Santos, M., Álvarez, L. (2001): "Market orientation, innovation and competitive strategies in industrial firms". Journal of Strategic Marketing, 9, 69-90.

Venkatraman, N. & Ramanujam, V. (1986), "Measurement of business performance in strategy research: a comparison approach", Academy of Management Review, 11 (4), 801-14.

Venkatraman, N. (1989), "Strategic orientation of business enterprises: the construct, dimensionality, and measurement", Management Science, 35 (8), 942-62.

Venkataraman, S. & Sarasvathy, D. (2001), "Strategy and entrepreneurship: outlines of an untold story", in Hitt, M., Freeman, E. and Harrison, J. (Eds), Handbook of Strategic Management, Blackwell, Oxford.

Verhees, F. & Meulenberg, M. (2004): "Market orientation, innovativeness, product innovation and performance in small firms". Journal of Small Business Management, 42, 134-154.

Vorhies, Douglas W. & Harker, Michael (2000)."The Capabilities and Performance Advantages of Market-Driven Firms: An Empirical Investigation" Australian Journal of Management, 25, (2), September 2000.

Vorhies, D. W., Morgan, R. E. & Autry, C. W. (2009). Product-market strategy and the marketing capabilities of the firm: impact on market effectiveness and cash flow performance. Strategic Management Journal, 30(12), 1310-34.

Wang, C.L. (2008), "Entrepreneurial orientation, learning orientation, and firm performance", Entrepreneurship: Theory & Practice, (4), 635-57.

Wei, Yinghong (Susan) & Morgan, Neil A. (2004), Supportiveness of Organizational Climate, Market Orientation, and New Product Performance in Chinese Firms, J PROD INNOV MANAG 21:375–388.