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Congruence of Market Orientation and Organizational Learning: Performance Perspective

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Abstract

The purpose of this study is to investigate the relationship between market orientation, organizational learning and organizational performance. The study follows quantitative research strategy and cross-sectional survey design to collect data from manufacturing firms operating in Pakistan. Regression analysis and structural equation modeling techniques are used to analyze data. Results indicate that both market orientation and organizational learning significantly affect organizational performance. Additionally, customer orientation and inter-functional coordination are also positively related with all dimensions of organizational learning. Competitor orientation is significantly related with only knowledge interpretation dimension of organizational learning. This research explains how customer knowledge and competitor knowledge is instrumental towards an organization's learning behavior. This research is valuable to practitioners as they can learn how customer knowledge can provide them with multiple opportunities to create superior value. Similarly, competitor related knowledge is instrumental in drawing a competitive strategy to win customers. This paper is novel as it confirms market orientation as an antecedent of organizational learning. Furthermore, the paper explores significant implications of components of market orientation for organizational learning sub-processes.

Keywords: market orientation, customer orientation, competitor orientation, organizational learning, Inter-functional Coordination, knowledge acquisition, knowledge distribution, knowledge interpretation.

1. Introduction

The business environment has become complex, dynamic (Gumusluoglu & Ilsev, 2009) and highly competitive where survival and growth is becoming a daunting challenge. In such conditions only those firms survive that understand market dynamics and adapt to the evolving environment (Argote, 2011). Economic viability is, therefore, linked with a firms' ability to learn from their environment and markets and continuously adjust to the emerging situations (Jiménez-Jiménez & Sanz-Valle, 2010).

This spirit of learning from the market, is captured by "market orientation" (MO), where a firm frequently collects knowledge about customers' needs, competitors' capabilities and factors effecting buying behavior (Deshpandé & Farley, 1998; Kohli & Jaworski, 1990; Slater & Narver, 1995) therefore altering its offering to create superior customer value. Over two decades of research reveals that organizations adhering to MO not only generate useful learning from markets but also enjoy a substantial competitive advantage (Avlonitis & Gounaris, 1999). Thus MO provides two important benefits, first market knowledge increases (Slater & Narver, 1996) and second, performance improves (Bontis et al., 2002; Narver & Slater, 1990).

In the same context, organizations can be viewed as learning systems (Morgan, 1986) because of their adaptive behavior. Organizational learning (OL) is not only a source of competitive advantage (Tushman & Nadler, 1986) but also an effective response to environmental uncertainty and dynamism (Edmondson & Moingeon, 1998). Huber (1991) explains that OL involves knowledge acquisition, distribution, interpretation and organizational memory. OL can result from internal experimentation (Huber, 1991) or by focusing externally on market forces (Narver & Slater, 1990; Kohli & Jaworski; 1990). Since MO provides insights about market place and serves as a logical learning base for organizations, it is intuitive to propose that the two i.e. MO and OL have a relationship. In is also noted that market oriented organizations and learning orientated organizations depict similar values and behaviors (Grinstein, 2008). In other words MO leads to market based knowledge, facilitating OL and adaptation of the firm to given and emerging circumstances, thus securing their economic fate (Gumusluoglu & Ilsev, 2009).

Independently MO and OL have been studied to great extent by researchers. In general scholars have shown interest to inspect organizational performance (OP) through OL (García-Morales et al., 2012; Zhao et al., 2011) and market orientation (Guo, 2002), where they have found, in both cases, a strong association with OP (Narver et al., 2004; Tsiotsou, 2010). Ozkaya et al. (2015) reported that MO can lead to OL by developing customer and competitor knowledge competence.

Given this robust relationship between MO as well as OL with performance, which has been widely studied, one can institutively suggest that there is an interface between the two (Grinstein, 2008; Santos-Vijande et al., 2005; Slater & Narver, 1995). This paper, therefore aims not only to study the performance outcomes of both MO and OL, but also to study the interrelationship between these two. Therefore, the main research question this study is interested in that "how do different components of MO and OL interact with each other to enhance organizational performance?"

This study adds to the literature by examining how cultural based perspective of MO (Narver and Slater, 1990) relates to process of OL. Research on MO offers two dominant approaches, i.e. Narver and Slater (1990), propose MO as organizational culture, whereas, Kohli and Jaworski, (1990) capture MO in activity perspective. Although both approaches have central emphasis on organization's ability to learn from markets, however, Kohli and Jaworski (1990) present narrow definition of MO (Harris, 1996) making it an activity of marketing department (Harris, 1996), similarly, Kobylanski & Szulc (2011) believe Kholi & Jaworski's MO perspective to be activity or characteristic of a firm. Managers can use this knowledge to foster overall organizational learning behaviors through focusing on customer knowledge and competitor knowledge. Organizations operating in developing countries can specifically benefit from this knowledge.

2. Literature Review

2.1 Market Orientation and Organizational Learning

Literature reveals that OL deals with knowledge and information processing perspective resulting in variety of organizational behaviors (Huber, 1991; Sinkula, 1994). Huber (1991) suggests that OL comprises of knowledge acquisition, knowledge distribution, knowledge interpretation and organizational memory. Knowledge acquisition comprises of acquiring new know-how that was previously unknown (Liao et al., 2007), knowledge distribution relates to sharing of knowledge across functional boundaries (Lin, 2007b), whereas knowledge interpretation involves giving common meanings to the knowledge and organizational memory involves storing of knowledge for later use (Huber, 1991).

In marketing literature, "Marketing Concept" proposes that customer knowledge is starting point in understanding end user's perspective for designing value creating strategies (Drucker, 1954). Marketing Concept is operationalized through MO (Narver & Slater, 1990; Kholi & Jaworski; 1990), that nurtures a knowledge producing behavior in an organization (Keskin, 2006) to understand customer needs and competitor capabilities. There are three components of MO (Narver & Slater, 1990), i.e. customer orientation (CuO), competitor orientation (CoO) and inter-functional coordination (IFC), all related to valuable market information.

CuO requires understanding of buyer's entire value chain, and customer orientated business develop capability in generating intelligence about current and future customer needs (Day & Wensley, 1988). CoO is an understanding of strategic capabilities and short-term strengths and weaknesses of rival businesses (Day & Wensley, 1988; Poter, 1985). IFC establishes information sharing across functional boundaries Narver and Slater (1990).

Slater and Narver (1995) theoretically explain how OL can be realized through MO. Since organizational efforts are directed towards customer value creation, therefore market based learning is an important capability (Menguc & Auh, 2006). Market oriented organizations are fast learners because these firms anticipate market requirements ahead of their competitors (Fang et al., 2013). When emphasis is on market based learning, all stages of OL i.e. knowledge acquisition, knowledge distribution and knowledge interpretation become important. It is so because, through CuO and CoO, firms acquire knowledge about consumer behavior and competitor capabilities (Rowley, 2002; Tseng, 2009) and

disseminates this knowledge through IFC for strategy design. With ample market knowledge, business firms develop market sensing capability (Day, 1994) resulting in superior performance.

Drawing on resource based view and strategy implementation approach Kharabsheh, Jarrar, and Simeonova (2015) examined the relationships among differentiation and cost leadership strategies, responsive market orientation (RMO), proactive market orientation (PMO), learning orientation (LO) and organizational performance in Jordan. They found out significant relationship between both strategy dimensions and LO, and RMO and organizational performance. Calisir et al. (2016) in their study in Turkey found a significant impact of market orientation on firm's performance. However, OL found to have no significant effect on firm's performance. Kasim et al. (2018) in their study found out that MO has a significant impact on firm growth through OL as a mediating mechanism.

From the review of the literature and findings of empirical studies it seems that authors have conceptualized MO and OL differently and also mixed and inconclusive findings have been reported in terms of their interrelationships and impact on organizational performance. This inconclusiveness and consequent confusion therefore provides justification to further look into this area with different theoretical and empirical approach.

3. Theoretical Framework and Hypotheses

The main question that his study intends to answer is that how do different components of MO and OL interact in an organization to enhance its performance. The resource based view (RBV) and dynamic capabilities view (DCV) offer theoretical underpinnings to this study to conceptualize possible contribution of different components of MO and OL to organizational performance. RBV explains that how firm's performance may be enhanced through superior resources that are rare, unique, inimitable and non-substitutable (Barney, 1991). However, RBV is limited to clear identify which resources specifically possess potential to fulfill these four conditions. DCV specifically indicates that these are firm's capabilities to learn and adapt from market that provide them sustainable competitive advantage (Teece et al., 1997). Firms that continuously learn new and emerging market trends and adapt accordingly to develop responsive organizational structures and innovative products and services, outperform those who do not. D'Aveni et al. (2010) call it dynamic adjustment capabilities that enable firms to deal with a hyper-competitive environment. On the basis of the inferences made by extant literature and theoretical assumptions furnished by RBV and DCV it is logical to argue that firms' strong market orientation and learning capability can provide them superior performance advantage over rivals. Market orientation makes firms aware of changes in external environment whereas learning capabilities enable them to take requisite strategic changes and innovation approaches to sustain growth and profitability in competition. However, learning orientation of organizations largely depends upon their market orientation as it is a mechanism that allows firms to scan environmental trends and then challenge established management practices and favored ways to respond to competition (Baker & Sinkula, 1999).

MO and OL shares common values (Grinstein, 2008) however, market based learning is more fruitful as compared to learning that is solely internal (Shinkula, 1994). Furthermore

MO provides the cultural support encouraging market focused thought process, hence engaging every employee in the value chain to be responsive to market information. Therefore, it is logical to expect that market orientation through its three dimensions will positively affect learning orientation's dimensions and consequently both will affect organizational performance. The conceptualized model showing relationship between MO, LO and organizational performance can be seen in Figure 1 along with hypothesized relationships.

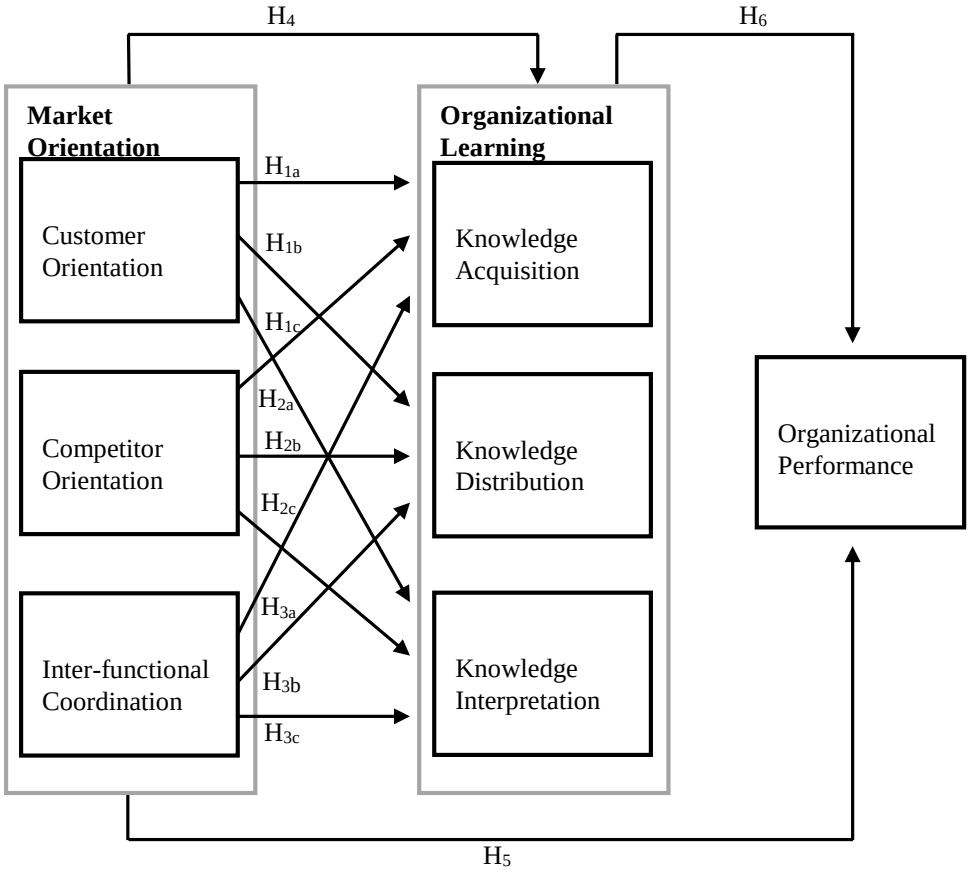


Figure 1: Theoretical Framework

3.1 Customer Orientation and Organizational Learning

High acquaintance with target buyers provides an opportunity to continuously create superior value for them (Narver & Slater, 1990). Since, customer needs are changing rapidly (Singh, et al., 2006) therefore CuO enhances organization's ability to continuously adapt to changing customer preferences. In this way, CuO fulfills one of the OL goals of knowledge acquisition (Huber, 1991; Liao et al., 2007). Customer knowledge is also

needed by managers other than marketing like, production and engineering (Soren, 2009) linking CuO with knowledge distribution. CuO is also significant because it provides knowledge about current, latent and future customer needs (Blocker et al., 2011) thus leading to new business opportunity. It is therefore evident that customer knowledge is relevant to all value creating activities. Furthermore, quality of customer information influences customer services (Chuang & Lin, 2013) therefore indicating quality of customer knowledge is influential in organizational learning. When an organization embraces CuO, it results in customer knowledge competence, (Ozkaya et al., 2015) and consequently customer knowledge is assimilated in OL. Therefore, it is hypothesized that;

- **H_{1a}:** Customer Orientation has positive effect on Knowledge Acquisition
- **H_{1b}:** Customer Orientation has positive effect on Knowledge Distribution
- **H_{1c}:** Customer Orientation has positive effect on Knowledge Interpretation

3.2 Competitor Orientation and Organizational Learning

Since competitors are serving same set of customers; it's natural for companies to have CoO resulting from competitive rivalry. Market oriented firms acquire competitor knowledge to differentiate their products from rivals (Gristine, 2008). Similarly, through continuous monitoring of competitors, a firm gains knowledge advantage (Langerak et al., 2004) which can be utilized to build competitive position. Organizations leverage competitor knowledge by copying unique practices or technologies, or by finding substitutes (McEvily et al., 2000). Consequently competitor knowledge is embedded in knowledge acquisition and processing behaviors. CoO involves competitor knowledge acquisition (Soren, 2009) and competitor knowledge diffusion hence connecting with organizational learning (Huber, 1991). It is further noted by Quinn (1999) that organizations decode (interpret) competitor knowledge to build competitive advantage over rival firms. When an organization embraces CoO, it results in Competitor Knowledge Competence, (Ozkaya et al., 2015) and consequently competitor knowledge is assimilated in OL. Therefore, it is hypothesized that;

- **H_{2a}:** Competitor Orientation has positive impact on Knowledge Acquisition
- **H_{2b}:** Competitor Orientation has positive impact on Knowledge Distribution
- **H_{2c}:** Competitor Orientation has positive impact on Knowledge Interpretation

3.3 Inter-functional Coordination and Organizational Learning

Drucker (1954) states that marketing is not specialized function, rather it is diffused to all people and all departments, therefore requiring cross-functional interaction. In this line Zhau et al. (2004) found that employees in market oriented organizations are more inclined to share information, participate in decision making and cooperate coworkers, therefore facilitating organizational learning. Similarly Van Raaij & Stoelhorst (2008) found that top management communicates about their commitment of MO to subordinates through IFC, shaping organizational behavior towards acquiring, distributing and interpreting market knowledge. Departmental dependencies require that employees share important information with other departments. IFC reduces functional isolation (Narver & Slater, 1990) hence market based knowledge and inter-organizational knowledge can openly be

communicated. The notion of collaborative work culture is also found to stimulate knowledge collection and knowledge donation (Ahmed et al., 2016a) which are salient elements of organizational learning. In order to foster adaptive learning organizations must create coordination among different departments and units to cross fertilize knowledge and learning. Therefore, it is expected that;

- **H_{3a}:** Inter-functional Coordination has positive impact on Knowledge Acquisition
- **H_{3b}:** Inter-functional Coordination has positive impact on Knowledge Distribution
- **H_{3c}:** Inter-functional Coordination has positive impact on Knowledge Interpretation

3.4 Market Orientation and Organizational Learning

Market forces, like customer and competitors can be a good source of learning for firms. Therefore MO engenders useful learning opportunity for firms. In this regard, Baker & Sinkula (1999) found MO a source of OL, not in isolation though, and consider a strong learning orientation on part of organization to successfully leverage from MO capability. Santos-Vijande et al., (2005) indicate that a firm's desire to develop knowledge (learning orientation) for superior performance is realized through its capability of being market oriented. Since knowledge acquisition and processing is central to organizational learning (Huber, 1991) and MO is a source of acquiring customer and competitor knowledge (Soren, 2009; Tseng, 2009), therefore MO culminates into OL. Therefore, it is hypothesized that;

- **H_4:** Market Orientation has positive impact on Organizational Learning

3.5 Market Orientation and Organizational Performance

Empirical evidence is rife for the effect of MO on firm performance, evident through the use of objective and subjective performance measures (Shoham et al., 2005). For example in their seminal work Narver & Slater (1990) found that MO has positive impact on OP (return on asset). Market oriented firms continuously examines value creation possibilities (Narver & Slater, 1990) by understanding customer needs (Kumar et al., 2011), consequently provide improved service quality (Castro, Armario, & del Río, 2005) and innovation (Jiménez-Jiménez & Sanz-Valle, 2010) securing a superior performance. A meta-analysis revealed that MO positively influences customer loyalty, innovation, quality and hence firm performance. More recently Ozkaya et al. (2015) found that MO has positive influence on OP, via customer and competitor knowledge competences. Therefore, it is hypothesized that;

- **H_5:** Market Orientation has positive impact on Organizational Performance

3.6 Organizational Learning and Organizational Performance

There is abundance of research that has established positive impact of OL on OP. Tippins & Sohi (2003) found that OL has positive influence on OP through IT capabilities. Similarly it is found that OL positively influences profitability, sales growth and profit margins (López, Peón, & Ordás, 2004). In another paper it is found that OL, acting as a mediator, positively influences OP (García-Morales et al., 2012). Research has also found OL significantly influencing organizational innovation performance (Alegre & Chiva,

2013). In light of these research findings and theoretical inferences it is therefore hypothesized that;

- **H_6:** Organizational Learning has positive impact on Organizational Performance

4. Research Design

4.1 Sample and Data Collection

The population represents manufacturing firms having membership of Lahore Chamber of Commerce and Industry (LCCI), Pakistan. Managers are key informants as they receive information from multiple sources and are involved in key business decisions. A paper based survey questionnaire along with a cover letter was given to respondents. Title page provided details for nature of study and declared that it is an academic effort and that results will be disclosed on a holistic basis.

Table 1: Organization and Respondent Profile

Industry Related Information			**Manager Related Information**		
Industry	**No of firms**	**%**	**Gender**	**No of respondents**	**%**
Textile	28	21.7	Male	124	96
Automobile	19	14.8	Female	5	04
Engineering	19	14.8	**Education**		
Food	16	12.5	Bachelors	30	16.3
Chemicals	11	8.50	Masters	86	66.7
Electric appliances	10	7.70	M.Phil.	4	03.1
Plastics	8	6.20	Missing	9	06.9
Others	18	13.9	**Experience**		
Firm Age			10 years	105	81.4
Below 20 years	56	43.4	10 to 20 years	22	17.1
21 to 40 years	41	31.8	Above 20 years	2	01.5
41 to 61 years	18	14.0	**Designation**		
Above 60 years	9	07.0	Marketing manager	60	46.5
Missing	5	03.9	Finance manager	10	07.7
Ownership			Operations manager	34	26.4
Private	93	72.1	Human resource	8	06.2
Public	36	27.9	C.E.Os	17	13.2
Size (No. of Employees)					
Less than 100	52	40.3			
101-500	48	37.5			
501-1000	11	08.5			
Missing	18	13.9			

4.2 Measures

MO is measured by using scale developed by Narver and Slater (1990). The scale comprises of CuO (6 items), CoO (4 items) and IFC (4 items). OL is measured by using questionnaire developed by López, et al., (2004), the scale comprised of Knowledge

Acquisition (7 items), Knowledge Distribution (5 items), Knowledge Interpretation (5 items). OL questionnaire is based on Huber's (1991) model of organizational learning. Responses were measured by using 5-point-likert scale, where 1 represented "completely disagree" and 5 represented "completely agree". OP was measured by using scale of Morgan & Strong (2003), where performance is measured in comparison with key competitor over a period of last three years.

4.3 Results and Analysis

Table 1 reports respondent profile for both the participant firms and managers. In total, data from 150 companies is collected, 21 responses were not useful so these are excluded, bringing the total responses to 129. The respondents represent diverse industries with highest number coming from the textile sector. Male respondents outnumber females by significant margin (male 124, females 5). Majority of managers are from marketing area (46.5%).

4.4 Validity and Reliability

In order to ensure validity of measures, Confirmatory Factor Analysis (CFA) is applied. Factor loadings (Table 3,4,5) for all items exceed the benchmark value of 0.40 (Nunnally & Bernstein, 1994) and hence good for analysis. Graphical output of CFA representing respective factor loadings can be seen in Appendix -2.

There is lack of consensus among researchers about adequate number of fitness indices and their cut off point (Hooper, Coughlan, & Mullen, 2008), which results in multiple acceptance levels of model fitness ratios. In this research, six fitness ratios for CFA are reported in Table 2. The "relative chi-square" (CMIN/df) ratio is 1.58, which is below the cut off level of 5, where Wheaton et al., (1977) proposed that a number below 5 is considered adequate for "relative chi-square". In other words relying more on a value of 1.58 (relative chi-square) is considered appropriate for undertaking further test.

Goodness of fit index (GFI) is also calculated, which is 0.75 below the recommended level of 0.9 (Bagozzi & Yi, 1988). However, taken together, the model seems to be adequate. The value of Root Mean Square Error of Approximation (RMSEA) is 0.061, which is below cutoff point of 0.1 (Browne & Cudeck, 1993) hence representing an adequate model fitness. Normed-fit-index (NFI) and Comparative Fit Index (CFI) are two incremental fit indices. Cut off point for NFI and CFI is 0.9; however calculations of current model suggest a value of 0.620 for NFI and 0.83 for CFI. Overall, therefore, for this research CFA model fitness is considered adequate as absolute-fit-indices are reporting a better fit than incremental-fit-indices as described above.

In order to access internal consistency, Cronbach α was computed. Appendix-I reports that Cronbach α for all constructs exceeded the recommended cut off point of 0.60 (Nunnally & Bernstein, 1994) indicating that the constructs are reliable.

4.5 Hypothesis Testing

Table 6 reports results of regression models. H4 represents the impact of MO on OL. The adjusted-R^2 is found to be 0.335 indicating that 33.5% variation in OL is explained by MO. Furthermore, regression coefficient shows that market orientation has significant positive impact on OL ($\beta = 0.767$, $p = 0.000$).

Table 6: Regression Model

No	Dependent Variable	Independent Variable	ANOVA			Coefficient	
			F value	p value	Durbin Watson	Adjusted R^2	B
1	Organizational Learning	Market Orientation	65.34	0.000	2.064	0.335	0.767
2	Organizational Performance	Market Orientation	12.89	0.000	1.799	0.085	0.516
3	Organizational Performance	Organizational Learning	35.18	0.000	1.667	0.211	0.602

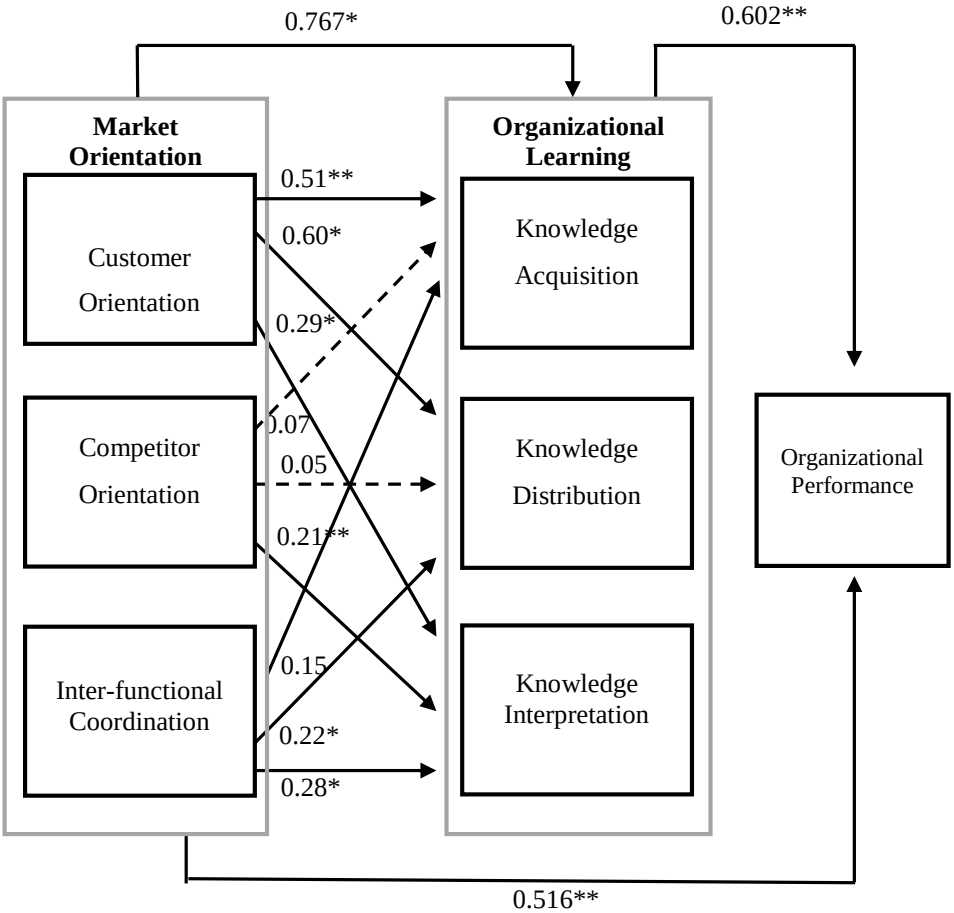
H_5 investigates the impact of MO on OP. The adjusted-R^2 is 0.085 indicating that 8.5% variation in OP is explained by MO. Furthermore, regression coefficient shows that MO has significant positive impact on OP ($\beta = 0.516$, $p = 0.000$). H6 explores the impact of OL on OP; the adjusted-R2 is 0.211 indicating that 21.1% variation in OP is explained by OL. Additionally, regression coefficient shows that OL has significant positive impact on performance ($\beta = 0.602$, $p = 0.000$).

4.6 Structural Equation Model (SEM)

SEM is deployed to examine Hypothesis H1, H2 and H3. Model fitness ratios for SEM are reported in Table 7. Model A, in Table 7, reports values for fitness ratios, indicating good model fitness (Relative Chi-square = 3.622, GFI = 0.952, RMSEA = 0.143, NFI = 0.882, CFI = 0.904). Although fitness ratios meet the criteria, there are two insignificant relationships in the structural model i.e. CoO is not significantly effecting Knowledge Acquisition as well as Knowledge Distribution. After removing insignificant paths from the model (dotted lines Figure 3) the model was run again. Model SEM-B, (Table 7) indicates adequate model fitness ratios.

Table 7: SEM Model Fitness Ratios

Model	Incremental Fit Indices		Absolute Fit Indices			
	NFI	CFI	CMIN	CMIN/df	GFI	RMSEA
SEM-A	0.882	0.904	21.734	3.622	0.952	0.143
SEM-B	0.877	0.910	22.724	2.841	0.950	0.120



(*** significant at 0.01) (** significant at 0.05) (* significant at 0.10)

Figure 3: Structural Model

5. Discussion

Since MO and OL share common values (Grinstein, 2008) therefore a culture of MO adds knowledge in entire value chain providing an information advantage (Woodruff, 1997) over rival firms. In this context, current research explores the nexus between MO and OL and their impact on OP. The literature posits that behavioral values of MO overlap with knowledge processing behavior of an organization. However, previous research has not examined how components of MO (CuO, CoO and IFC) influence OL process.

This study finds that that CuO is part of market oriented organizational culture and is significantly related to all dimensions of OL, indicating that customer knowledge is instrumental in OL process. Customer knowledge is representative of their preferences and buying behavior. Consequently it provides unique opportunities to create better products

and services through learning from customers and larger environment. This finding is consistent with what contemporary extant literature has identified i.e. see (Calisir et al. (2016). Through MO, firms acquire knowledge about buying behavior of customers, transmit this knowledge across diverse functional areas, therefore getting closer to its target customers (Avlonitis & Gounaris, 1999) in all stages of value creation. Results also reveal that CoO is significantly related to only knowledge interpretation. However, the research didn't find CoO significantly related with knowledge acquisition and knowledge distribution. Although these findings seem to be aberrant, it is important to consider that all dimensions of MO are not equally important (Tsiotsou, 2010). Moreover, competitors are not equally important in every business context. Competitive intensity effects the impact of MO on OP in short-run as well as long-run (Kumar et al., 2011). However, when large market-size is being served by fewer firms, then competitor orientation relatively becomes less important. Furthermore, IFC is significantly related to all components of OL. IFC allows diverse business functions to exchange knowledge that can contribute towards superior customer value. Organizations where different departments work closely, employee knowledge sharing is common practice (Lin, 2007a) leading to better way of creating customer value. The knowledge sharing practices lead to new ideas, novel solution and innovation hence increasing firm performance.

Secondly, current findings support impact of MO on OL (β=0.767; p=0.000). Customer and competitor knowledge is at the heart of MO, therefore knowledge acquisition, distribution and interpretation is influenced through customers and competitors knowledge (Soren, 2009). Besides, MO offers a dual focus i.e. customers and competitors (Hunt & Lambe, 2000) providing critical knowledge base for new learning. Organizations that learn continuously from customers, competitors, suppliers and changing trends can create superior value for customers and thus yield greater performance competitiveness (Pedler & Burgoyne, 2017). Therefore, MO serves as capability to learn with changing customer needs and counter competitor moves.

Thirdly, current research validated the significant impact of MO on OP (β=0.516; p=0.000) as identified by previous studies (Castro et al., 2005; Kohli & Jaworski, 1990; Narver & Slater, 1990; Santos-Vijande et al., 2005). MO leads to superior customer value and hence OP increases. Market oriented culture shapes employee behavior to cater for customer needs, therefore resulting in high quality services (Castro et al., 2005) innovation, customer satisfaction and loyalty (Flint, Blocker, & Boutin Jr, 2011). Since MO firms continuously create superior customer value, therefore customer satisfaction and market share increases.

Last but not least, consistent with extant empirical findings (López et al., 2004; Santos-Vijande et al., 2005) this research found positive impact of OL on OP (β=0.602; p=0.000). While understanding the role of OL in organization performance in conjunction with MO, it can be interpreted that learning requires close connection with customers and external trends to respond quickly to consistently changing market which eventually determines organization performance. When organizations acquire new knowledge through MO, then learning capabilities help in processing and integration of newly acquired knowledge to serve markets in a competitive way. Organizations in order to take advantage over rivals in term of serving customers and markets require mental transformation among managers

to undertake innovation (Lee & Wong, 2015). Managers need appropriate structural and cultural arrangements to quickly access external information and make necessary internal changes to capitalize on the identified opportunities. OL establishes a learning mechanism by providing appropriate structural arrangements for maximum cross functional and hierarchical interaction among individuals and groups (Ahmed et al., 2016b). This interaction helps managers identify creative and innovative ways of value creation for customers by producing feasible and innovative products and services.

6. Conclusion

This research successfully endorses that market oriented culture adds to the knowledge of a firm about customers and competitors. Since MO holds strong implications for performance and learning, therefore organizations should establish settings to leverage maximum benefit. Companies can be connected with customers through surveys designed to access buying behavior. Similarly, competitor behavior can be scrutinized by deploying market information system. Managers can also visit tradeshows and expos to learn about competitor products and technologies. All these initiatives help an organization in better understanding of competitive environment and successfully positioning it for creating superior customer value. Since, this study is conducted in one country and entirely through cross-sectional survey so the implications of findings should be drawn with cautions. Longitudinal study may bring better insights by looking into the possible varying impact and outcome of MO and OL on organizational performance over time.

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Appendix

Factor Loadings (Market Orientation)

Variable Name	Item	Factor Loading	Cronbach Alpha
Customer Orientation	Your firm's objectives are driven by customer satisfaction.	0.92	0.70
	Your firm has a strong commitment to serving customer needs.	0.91	
	Your firm's competitive strategy is based on a thorough understanding of your customer needs.	1.16	
	Your firms' business strategies are driven by increasing value for customers.	0.77	
	Customer satisfaction is assessed at least once every three months.	0.96	
	Close attention is given to after-sales service in your firm.	1.00	
Competitor Orientation	Sales-people within your organization share information on competitors.	0.49	0.67
	Your firm responds rapidly to competitors' actions.	0.58	
	Top managers discuss competitors' strengths and weaknesses at least once every three months.	1.30	
	Customers are targeted when you have opportunity for competitive advantage.	1.00	
Inter-functional Coordination	Top managers visit customers at least once a year.	0.51	0.67
	Information on customers is freely communicated thorough out the firm.	0.62	
	All your departments (not just marketing and sales) are responsive to, an integrated and serving customer.	0.89	
	All your managers understand how employees can contribute to creating value for customers	1.00	

Factor Loadings (Organizational Learning)

Variable Name	Item	Factor Loading	Cronbach Alpha
Knowledge Acquisition	Co-operation agreements with other companies, universities, technical colleges, etc. are fomented.	0.42	0.80
	The company is in touch with professional and expert technicians.	0.41	
	The organization encourages its employees to join formal or informal nets made up by people from outside the organization.	0.67	
	The employees attend fairs and exhibitions regularly.	0.89	
	There is a consolidated and resourceful R&D policy.	0.99	
	New ideas and approaches on work performance are experimented continuously.	0.74	
	Organizational systems and procedures support innovation.	1.00	
Knowledge Distribution	All members are informed about the aims of the company.	0.59	0.80
	Meetings are periodically held to inform all the employees about the latest innovations in the company.	0.90	
	The company has formal mechanisms to guarantee the sharing of the best practices among different fields of activities.	0.96	
	There are within the organization individuals who take part in several teams or divisions and who also act as links between them.	0.78	
	There are individuals responsible for collecting, assembling and distributing internally employees' suggestions.	1.00	
Knowledge Interpretation	All the members of the organization share the same aim to which they feel committed.	0.90	0.72
	Employees share knowledge and experience by talking to each other.	0.89	
	Team work is a very common practice in the company.	0.83	

	The company develops internal rotation programs so as to facilitate a shift of the employees from one department or function to another.	0.92	
	The company offers other opportunities to learn (visits to other parts of organization, internal training programs, etc.) so as to make individuals adware of other people or departments' duties.	1.00	

Factor Loadings (Organizational Performance)

Variable Name	Item	Factor Loading	Cronbach Alpha
Organizational Performance	Your firm's market share in comparison to your major competitor.	0.75	0.88
	Your firm's customer satisfaction in comparison to your major competitor	0.86	
	Your firm's competitive position in comparison to your major competitor	1.01	
	Your firm's customer retention in comparison to your major competitor	1.11	
	Your firm's sales growth in comparison to your major competitor	0.92	
	Your firm's return on investment in comparison to your major competitor	0.91	
	Your firm's overall performance in comparison to your major competitor	1.00	