RELATIONSHIP BETWEEN MARKET ORIENTATION & SERVICE QUALITY IN COMMERCIAL BANKS

Siddharth Sharma
Research Scholar, Mittal School of Business
Lovely Professional University, Jalandhar, India
&
Dr. Rajesh Verma
Professor and Head, Mittal School of Business
Lovely Professional University, Jalandhar, India

ABSTRACT

This study aims to explore the relationship between market orientation and service quality in Commercial Banks. Additionally, the study also investigates the market orientation factor which has dominant impact on service quality of selected banks.The study took place in 200 branches of 12 selected commercial banks operating in the 29 districts in Punjab (India). Out of these 12 banks, six were private-sector and six were public sector banks.The study reveals that there is a significant relationship between market orientation and service quality. The findings indicate that implementation of market organization can improve the service quality of an organization to the great extent. In addition, it has also been determined that among all the three factors of market orientation, responsiveness has a dominant impact on service quality.Results suggest that market orientation is important for improving the service quality of banks. Top management needs to follow the proper procedure of market orientation which works as the internal strategy to enhance the level of service quality. It further creates superior value for customers.This paper provides a strategic perspective of an organization on implementing market orientation. It also shows the importance of market orientation in commercial banks. It also provides some

theoretical implications of implementing market orientation in relation to service quality of banks.

Keywords-Market orientation, Service quality, MARKOR, SERVQUAL,Banking Industry.

1. Introduction

With the remarkable growth of the service organizations in a highly competitive market, the demands of quality service are increasing day by day (Yavas et al., 1997). But these service firms were unable to provide required services to their customers as service quality required continuous improvement. Many researchers worked on different factors to improve the level of service quality in organization, but researchers and practitioners need to discover those considerable practices which can tackle the changing trends of market with the same speed.Over a period of time, it had been found that market orientation and service quality has a positive correlation with each other, but there was always a question in mind of managers that whether the service grievance will be dealt with the implementation of market orientation or not. After the work of Kohli & Jawaroski (1990) and Narver & Slater (1993), market orientation seeks the attention of other researchers to find the relationship between market orientation and service quality.

The relationship between these two components (service quality and market orientation) was found to be quite significant for organizations as it gives insight to understand the internal as well as external environment of the organization. Now, service firms are becoming noticeably market oriented to create superior value for its customers (Chiun et.al, 2015). Market orientation approach enables these organizations to retain the existing customers by providing them quality service through creative ideas and continuous innovation.

The empirical work of Deshpande et al. (1993) also investigated that there is a need of market oriented approach for businesses because it is supposed to be an essential perspective in service firms (Krepapa, 2003). Moreover, market orientation also works as a strategic tool for organization because it equips the organization with better strategies to compete. Although the concept of market orientation and service quality seeks the attention of researchers and practitioners, but empirical research regarding the relationship of these two constructs is an under-researched area. The contribution of market orientation to different service is ambiguous

but its component-wise analysis with respect to service quality components can give clear picture. Moreover, it has also been investigated that the relationship between market orientation and service quality will helpin developing comprehensive model to gain maximum profit for service organization.

2. Literature Review
Market Orientation

The origin of market orientation can be seen long back when authors like Felton (1959), Piercy & Morgan (1990) noticed the focus of few companies on customers exclusively due to intensive competition in market. These organizations strived to generate valuable information about the customers through number of ways. This is how the new concept of market orientation has been originated which provided some better ways to gather market intelligence to companies along with some other advantages.

With the passage of time, the concept of market orientation has gained popularity and it was deeply investigated by various researchers (Slater &Narver, 1994a; Deshpande & Farely, 1998). It helped organizations to enhance its performance (Taleghani et.al, 2015; Hussain, Shah& Akhtar, 2016; Alsughayir, 2016), provide customer satisfaction and long term profits. Subsequently, number of scales of market orientation had been introduced to understand the concept thoroughly. Kohli & Jaworski (1990) conceptualized market orientation as an organizational behavior within their inquiry program which investigated three important activities such as intelligence generation, intelligence dissemination and responsiveness to market intelligence.

In contrast, according to Narver& Slater (1990) the two main elements of organizational culture are customer orientation and competitor orientation which studies about the needs of customers and actions of competitors. But slowly and gradually it has been evidenced that customer orientation and competitor orientation do not justify market orientation completely and then Slater & Narver(1995) deduced another scale which includes inter-functional coordination as a third dimension.

It is clear that objective of any business is creation of wealth or profitability through delivering superior value to their customers (Narver & Slater, 1990). This can be done by implementation and assessment of market orientation in organization (Day, 1994); therefore, these scales have been widely used in different industries to understand the customer's needs and preferences.

Service Quality

Service quality differentiates the services of different organizations which helps in keeping the customer's attention, thus, it needs to be managed systematically and strategically for gaining competitive edge over the others. It also helps in obtaining efficacy in practices, process and procedures of handling the business (Babakus & Boller, 1992). Every service provider wants to offer superior service quality as compared to its competitor. But it is difficult to measure the service quality due to its three unique features viz. intangibility, heterogeneity and inseparability. Hence, the quality of services can be evaluated by comparing the managers' perception and actual experience of customers.

Quality has been defined time and again by number of authors and some well-known definitions include 'conformance to requirements', 'fitness for use' or 'one that satisfies the customers etc. But an important landmark for research in this field was given in the mid-eighties by Parasuraman, Zeithaml& Berry (1985). They explained service quality as a difference between managers' perception and customers' actual experience. Based on this conception, they posited most widely used multi-item service quality measurement scale called 'SERVQUAL'. This scale consists of five components namely tangibility, reliability, responsiveness, assurance and empathy. The scale comprises an important milestone in the service quality literature and in different service settings to measure actual quality.

Market Orientation and Service Quality

Major marketing and management literature revealed that market orientation is all about gathering, disseminating and responding to market. These three components of market orientation help in coordinating activities of firms to satisfy customers unmet needs. In addition, the philosophy of market orientation shows an organizational culture that put the customer first in business planning. Consequently, the focus of researchers seeks the relationship of service quality and market orientation to maintain the cordial relationship between service provider and

customer. The relationship between these two components (service quality and market orientation) is quite significant for organization (Howard &Sheth, 1969) as it gives insight to organization to understand the expressed and hidden needs of customers.

It has also been investigated that quality of service varies from customer to customer and business to business (O'Brien & Deans, 1996) because every customer and business have its own demands. Therefore, it becomes important for service providers to know about the exact needs of all the customers rather than its few customers to provide them required services. Furthermore, studies propounded organization should frame the strategies from customer's viewpoint as customers are of great importance for every business. Implementation of market orientation is imperative because it leads to improved service quality (Chakrabarty, Whitten & Green, 2007) for service organizations. It enables the organization to provide quality services in order to satisfy the identified and latent needs of their customers.

3. Hypothesis

H1 : The market orientation is positively related to service quality.

H1a : The intelligence generation is positively related to service quality.

H1b : The intelligence disseminationis positively related to service quality.

H1c : The responsivenessis positively related to service quality.

H2 : To investigate the market orientation factors that has dominant impact on service quality.

4. Descriptive statistics of the sample

Descriptive statistics is a method of describing, showing and summarizing large quantities of data in a meaningful way through simple tables and graphs that highlights the important facts. These tables, diagrams and figures provide better structure of data presentation by making it clearer. Descriptive statistics has been used to describe data set through measures of central tendency and measures of variability or dispersion. It is considered as an important technique to represent the data. Descriptive statistics of sample used in present research is summed up in table 1.

Table 1: Descriptive Statistics of Sample

Banks	Frequency	Percentage
		N = 200 Bank Branches
Public Banks		
Punjab National Bank	29	14.5
Allahabad Bank	11	5.5
Canara Bank	17	8.5
Indian Bank	10	5.0
Bank of India	18	9.0
Bank of Baroda	15	7.5
Private Banks		
HDFC	28	14.0
ICICI	25	12.5
Kotak Mahindra	13	6.5
Yes Bank	10	5.0
Axis Bank	16	8.0
Indusind Bank	08	4.0

Age of Managers

Age	Frequency	Percentage
25 – 35	13	6.50
36 – 45	136	68.00
46 – 60	51	25.50
Mean age = 43 years		

Gender of Managers

Gender	Frequency	Percentage
Male	195	97.50
Female	5	2.50

Designation of Managers

Designation	Frequency	Percentage
Branch Manager	180	90.00
Zonal Manager	4	2.00
Senior Manager	16	8.00

© Associated Asia Research Foundation (AARF)

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.

Page | 336

As shown in table 1, of the 200 managers who participated in the study, 90% (n=180) were branch managers, 2% (n=4) were zonal managers and 8% (n=16) were senior managers of private and public sector banks. Descriptive statistics of sample also depicts 195 (97.5%) were males and 5 (2.5%) were females. Table 1 also depicts that only 6.5% (n=13) managers were between the age of 25 and 35, more than 50% (n=136) managers were between the age group of 36 and 45, and 25.5 % (n=51) were between the age of 46 and 60. The mean age of managers is 43 years which means that most of the banks are working with middle age employees. The branches of commercial banks are categorized as private and public to understand the extent of market orientation in these banks appropriately.

Scale reliability

In present research, Cronbach's alpha is used for estimating the internal consistency, homogeneity of a scale. Generally, coefficient alpha between 0.80 and 0.95 are taken to have good reliability but coefficient between 0.70 and 0.80 are considered moderately good. The results of final scale reliabilities (alpha coefficient) and item to total correlations are reported in table 2.

Table 2: Scale Reliability

Market Orientation Scale Items	Alpha Value		Item to Total Correlations
	N=100	N=100	
Intelligence Generation			
In our bank, we meet with customers at least once a year to find out what products and services they would require in future.			0.544
Studies are made in our bank to know as to why people invest in our bank.			0.775
We conduct customer survey at least once in a year to assess their overall valuation of our bank.	0.870	0.929	0.782
We often talk with our customers in order to learn how to serve them better.			0.766
We systematically collect information on our competitors' strategies.			
We periodically review the likely effect of changes in our business environment.			0.747
			0.809
Intelligence Dissemination			
Persons in different departments of our bank spend time discussing customers' future needs.			0.735
When something important happens to our major customers or markets, the entire organization comes to know about it in a short period of time.	0.839	0.862	0.671
Data on customer satisfaction is communicated to all levels in the bank on a regular basis through circulars, newsletters etc.			0.695

We conduct inter-departmental meetings at least once every three months to discuss market trends and developments.			0.673
Responsiveness			
Marketing planning is done in our bank only after all the information about customers has been collected, tabulated, and accordingly analyzed by the planners.			0.662
The management of our bank makes a periodic review of all the services and products offered to our valuable customers.			0.502
Several departments of our bank get together periodically to plan suitable response to any change in the business environment.			0.699
The activities of various departments in the bank are well coordinated.			0.834
Whenever a customer is dissatisfied, the complaint is solved within 24 hours.	0.898	0.914	0.721
Irrespective of their nature of job, all employees in our bank are highly sensitive to customer satisfaction.			0.558
In the present setup, the staff in our bank gets more concerned with adhering to rules and regulations than serving customers			0.774
Our bank follows market segmentation to develop and promote different types of products and services to serve different customer groups.			0.630
If a major competitor launches a campaign targeted at our customers, we implement the optimal response immediately.			0.781
Tangibility			
Our bank has up-to-date equipment.			0.394
Our bank's physical facilities are visually appealing.			0.451
Our bank's employees are well dressed and appear neat.	0.843	0.923	0.437
The appearance of the physical facilities of our bank is in keeping with the type of services provided.			0.595
Reliability			
When our bank promises to do something by a certain time, it does it.			0.540
When customers have problems, our bank is sympathetic and reassuring.			0.440
Our bank is dependable.			
Our bank provides its services at the time it promises to do so.	0.817	0.777	0.575
Our bank keeps its records accurately.			0.532
			0.585
Responsiveness (Service Quality)			
Our bank tells its customers exactly when services will be performed.			0.441
Customers do not receive prompt service from our banks employees.			0.567
Employees of our bank are not always willing to help customers.			0.679
Employees of our bank are too busy to respond to customers' request promptly.	0.812	0.823	0.589

Assurance			
We can trust the employees of our bank.			0.491
We can feel safe in customer's transactions with our banks employees.			0.399
Employees of our bank are polite.	0.827	0.877	
Employees get adequate support from the bank to do their jobs well.			0.402
			0.434
Empathy			
Our bank does not give individual attention to customer.			0.570
Employees of our bank do not give personal attention to customer.			0.445
Employees of our bank do not know what needs of customers are.	0.781	0.840	0.691
Our bank does not have customer's best interests at heart.			0.664
Our bank does not have operating hours convenient to all its customers.			0.524

For present research, the data was randomly divided into two samples before assessing reliability. The reliability analysis was conducted on first sample, replicated these analyses on the second sample. With regards to reliability, each indicator of each measurement instrument was first examined in terms of its corrected item-to-total correlation. Reliabilities of subscale and item total correlation were more than 0.7 and 0.3 respectively for representing a modest degree of homogeneity and internal consistency as suggested by Nunnally& Bernstein (1994). This means that the scale items have shown the acceptable level of reliability and internal consistency due to which the data can be used for drawing other outcomes.

Verification of construct validity

Construct validity is defined as a measure of scale items or quality that accounts for variance in a test instrument. To test the validity of model, two most widely used forms were assessed: Convergent validity and Discriminant validity as guided by Hair et al., (2010). Convergent validity was examined by measuring the extent to which one particular measure of a construct correlates to other measures of the same underlying construct. Discriminant validity is demonstrated by evidence that shows the measure of interest is appropriately related to measure of a completely distinct constructs. In addition, discriminant validity enables the researchers to examine the extent to which systematic error variance contributes to the observed measures. It also widens the scope of the different constructs by explaining their uniqueness. Few measures that are essential for ensuring validity and reliability are Composite Reliability (CR), Average

Variance Extracted (AVE), Maximum Shared Squared Variance (MSV), Average Shared Squared Variance (ASV), and significance of loadings which has been shown in table 3.

Table 3: Convergent and Discriminant Validity Measures for Market Orientation and Service Quality Scales

Construct	Index	CR	AVE	MSV	ASV
Market Orientation	Intelligence Generation	0.907	0.622	0.064	0.061
	Intelligence Dissemination	0.838	0.565	0.087	0.073
	Responsiveness	0.893	0.516	0.087	0.075
	Tangibility	0.824	0.552	0.059	0.021
Service Quality	Reliability	0.930	0.728	0.061	0.044
	Responsiveness in Service Quality	0.0846	0.585	0.065	0.046
	Assurance	0.865	0.617	0.065	0.032
	Empathy	0.887	0.614	0.037	0.011

The values of CR and AVE shown in table 3 for each construct are greater than the minimum threshold of 0.7 and 0.5 respectively. Also, CRs of components of market orientation (intelligence generation (CR= 0.907, AVE= 0.622), intelligence dissemination (CR= 0.838, AVE= 0.565) and responsiveness (CR= 0.893, AVE= 0.516) and service quality [tangibility (CR= 0.824, AVE= 0.552), reliability (CR= 0.930, AVE= 0.728), responsiveness (CR= 0.846, AVE= 0.585), assurance (CR= 0.865, AVE= 0.617) and empathy (CR= 0.887, AVE= 0.614)] are more than AVE that means the given scale shows convergent validity which signifies that measures of scale are correlated with each other.

In table 3, the MSV and ASV values for intelligence generation are 0.064 and 0.061, for intelligence dissemination are 0.087 and 0.073, for responsiveness are 0.087 and 0.075, for tangibility are 0.059 and 0.021, for reliability are 0.061 and 0.044, for responsiveness are 0.065 and 0.046, for assurance are 0.065 and 0.032, for empathy are 0.037 and 0.011 respectively. These values of both MSV and ASV were compared with AVEs. The AVEs are greater than the squared correlation which revealed that all the constructs demonstrate discriminant validity. The

present data has shown both convergent and Discriminant validity, thus it can be used for further analysis.

5. Structural model and results

Confirmatory factor analysis (CFA), using AMOS 18, was first used to assess the dimensionality of the measurement items. Based on the results of confirmatory factor analysis, structural equation modeling (SEM) was applied to develop the model which endeavors to estimate the overall effect of market orientation on service quality in commercial banks of Punjab. The overall fit of the measurement models were calculated through fit indices such as chi square (χ^2) statistics, changes in χ^2, the root mean squared error of approximation (RMSEA), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), and Normed Fit Index (NFI).

Table 4: Overall Fit Indices of Model

Absolute Fit Measures	Acceptable level	Model Values
χ^2 (chi- square)	smaller, the better	979.3
Degree of freedom	-	768.0
GFI	>0.8	0.814
RMR	<0.5	0.024
Relative Fit Measures		
TLI	>0.9	0.952
CFI	>0.9	0.955
IFI	>0.9	0.955
RFI	>0.8	0.809
Parsimony Fit Measures		
AGFI	>0.8	0.800
PNFI	>0.7	0.769

GFI = goodness of fit index; RMR = root mean square residual; TLI = Tucker- Lewis index; CFI = comparative fit index; IFI = incremental fit index; RFI = relative fit index; AGFI = adjusted goodness of fit index; PNFI = parsimony normed fit of index

Table 4 represents the maximum likelihood estimation of absolute, relative and parsimony measures. It has been analyzed that fit measures have shown moderately good values which depicted that structural model of market orientation and service quality is admissible. The structural model demonstrated a good fit to the data (RMR = .024, CFI = .955, IFI = .955, TLI =

.952; χ^2 = 979.3, p < .001; χ^2/df= 1.27). The value of chi-square indicated that model was statistically significant at confidence level of p<0.01.

Structural Model and Relationship Test

Model which contained both the measurement model & the structural model and proposed the hypothesized relationships between the variables (market orientation and service quality) was examined using structural equation modeling analysis. Then, the initial model was revised based on the overall fit indices in the results. The overall fit of the structural models were assessed through fit indices such as χ^2 statistics, changes in χ^2, Goodness-of-Fit Index (GFI), the root mean squared error of approximation (RMSEA), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), and Incremental Fit Index (IFI). After examining overall fit indices, Path coefficients for direct effects, indirect effects, and total effects between constructs were assessed and tested.

Path coefficients and their t-values of structural model are shown in figure 1. The results of the structural equation model (β = 0.47, t= 6.736, p < 0.001), indicated that market orientation has significant and positive impact on service quality. This finding is consistent with the work of Wrenn, LaTour & Calder (1994) who discovered that market orientation is positively related and a decisive action for any service firm to give high quality service to their customers.
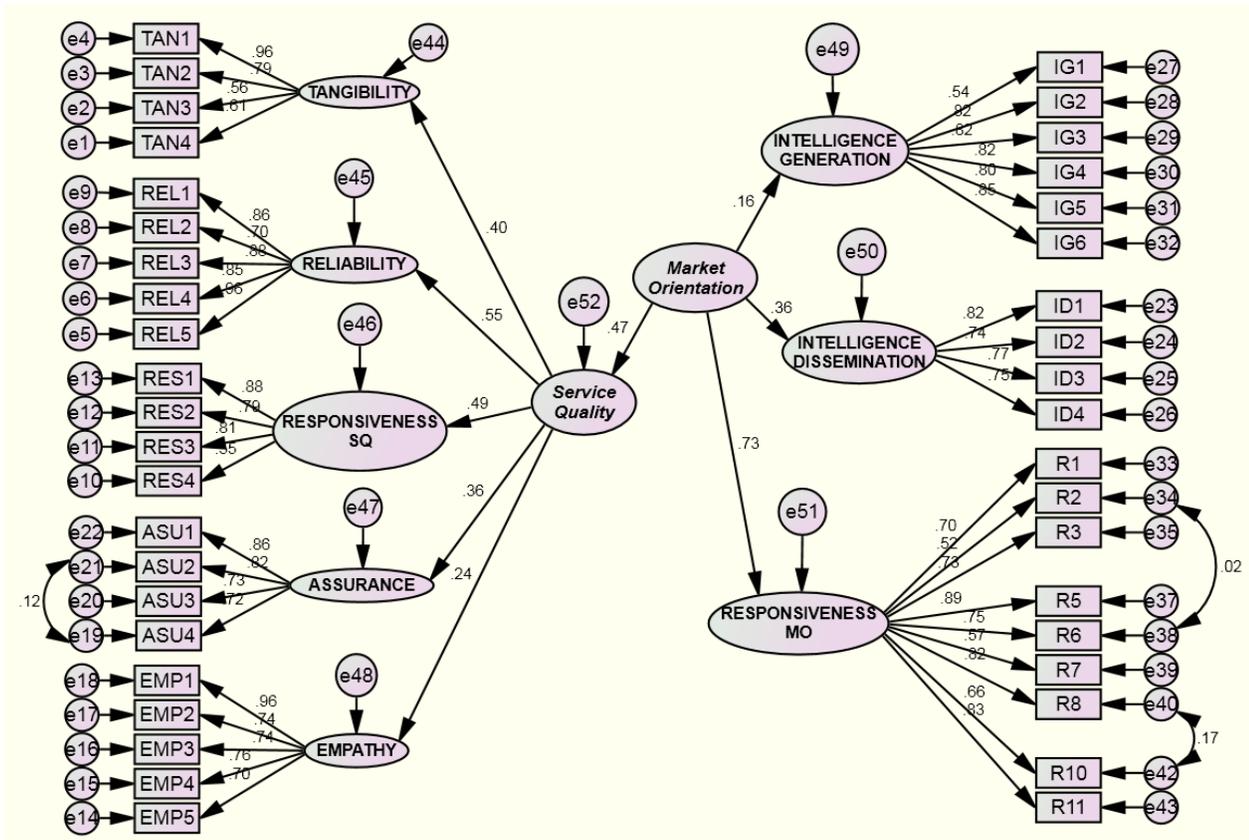
Figure 1: Statistical model of Market Orientation & Service Quality

In figure 1, the path coefficients between market orientation and service quality is 0.47, which supports that there is positive effect of market orientation on service quality. In order to fulfill the demands of customers they collect proper information about the customers and competitors and later this information is disseminated across departments to respond the customers according to their specified needs. Intelligence generation, intelligence dissemination and responsiveness collectively work as three major activities of market orientation. Figure 1 also depicted the beta values of intelligence generation, intelligence dissemination and responsiveness are 0.16, 0.36 & 0.73 respectively. Out of these three dimensions, responsiveness has shown the maximum contribution ($\beta = 0.73$) for banks to be market orientated. This signifies that responsiveness is the most important factor for an organization to be market oriented.

Table 5: Results of Hierarchical Regression Analysis: Direct and Interaction Effects of Components of Market Orientation on Service Quality

	Model 1					Model 2					Model 3				
	B	SE	B	t	Sig	B	SE	B	t	Sig	B	SE	B	T	Sig
Constant	3.21	.16		20.6	.00	1.36	.30		4.46	.00	6.39	1.4		4.56	.00
Bank Name	.13	.01	.57	9.83	.00	.01	.02	.06	.63	.00	.00	.02	.00	.04	.08
Category	-.03	.09	-.02	-.31	.76	-.01	.08	-.01	-.18	.93	.00	.08	.00	-.04	.90
IG						.19	.06	.28	3.43	.00	-.67	.08	.08	1.94	.00
ID						.24	.07	.26	3.62	.00	-.89	.07	.09	.27	.00
RES						.19	.07	.21	2.64	.01	-.49	.03	.05	1.3	.00
IG_ID											.18	.06	.24	2.7	.00
ID_RES											.12	.08	.13	1.4	.01
RES_IG											.05	.07	.14	.77	.00
R^2		0.33					0.46					0.57			
ΔR^2		0.33					.13					.11			
ΔF		48.304					17.351					6.037			

Note: IG = intelligence generation; ID = Intelligence dissemination; RES = responsiveness

$p < 0.5$

Hypothesis Tests

A three step hierarchical multi regression analysis was also conducted to test the effect of components of market orientation on overall service quality of commercial banks of Punjab. Interaction terms were centered beforehand to reduce the impact of multi- collinearity among the variables and to differentiate the direct effects of each independent variable. In the first step of regression analysis, bank name and category of bank (Rural or Urban) were taken as control variables. To study the direct effects of intelligence generation, intelligence dissemination and responsiveness, overall service quality was regressed on all the three components of market orientation in the second step. Furthermore, interaction terms between the two components of market orientation at a time were included in the final step. These interaction terms have shown statistically significant results which signify that interaction terms also have significant impact on overall service quality.

Table 5 summarizes the regression coefficients, standard error of the coefficients, standardized beta coefficients (β), t-values, and p-values of the variables in each step of hierarchical regression analysis. The table shows that out of bank name and category, only bank name (β =

.57, t = 9.83, p < .05) was significant in predicting overall service quality in commercial banks of Punjab. Results of hierarchical regression also show that intelligence generation (β =.28, t = 3.43, p < .01), intelligence dissemination (β =.26, t = 3.62, p < .01) and responsiveness (β =.21, t = 2.64, p < .01) were significant as predictors of overall service quality score, accounting for significant increased change of 13% of the unique variance in overall service quality beyond the control variables. The hierarchical regression analysis further revealed that all the three interaction terms have shown the incremental change of 11% of explained variance in overall service quality score collectively. The results of interaction effect between intelligence generation and intelligence dissemination (β =.24, t = 2.7, p < .01), intelligence dissemination and responsiveness (β =.13, t = 1.4, p < .01), intelligence generation and responsiveness (β =.14, t = 0.77, p < .01) were statistically significant which means these three components of market orientation together plays an important role to improve the service quality in banks.

Dominant factor of market orientation on service quality

Path coefficients and their *t*-values obtained in the test of dominant factor of market orientation on service quality are presented in figure 3. The structural model verified a good fit to the data (RMR = .107; CFI = .901, IFI = .900; RMSEA= 0.57; χ^2 = 1270.81, p < .001; χ^2/df= 1.646). It has been analyzed that fit measures have shown moderately good values which depicted that structural model of dominant factor is admissible. The chi-square also demonstrates that model was statistically significant. Figure 2 also shows the direct effect of intelligence generation, intelligence dissemination and responsiveness on service quality.

Test of Direct Relationships

The values of Path coefficient indicate the significant impact of all the three dimensions of market orientation on service quality as shown in figure 2. It is evident from the results (β = 0.33, p<0.01) that there was significant and positive relation between intelligence generation and service quality in commercial banks of Punjab. Intelligence generation includes internal as well as external research by banks to understand the needs of customers and strategies of competitors. A sound internal activity of an organization plays an essential role to deal with external affairs. Internal environment consists of organizational culture, employee behavior and inter-functional coordination where as external activities include competitive intensity and external environment. Thus, commercial banks in Punjab are generating required information from market for

improving service quality. Furthermore, in figure 2 the indicator variables IG2 & IG3 of intelligence generation (latent construct) have shown high loading estimates of 0.84 & 0.83 respectively. This explains that studies are made by banks to know why people invest in their bank. Banks also conduct customer survey at least once in a year to assess their overall valuation. They also periodically review the likely effect of changes in the business environment to frame the strategies according to prevailing conditions of market. This increases and widens the scope for commercial banks to maximize their profits.
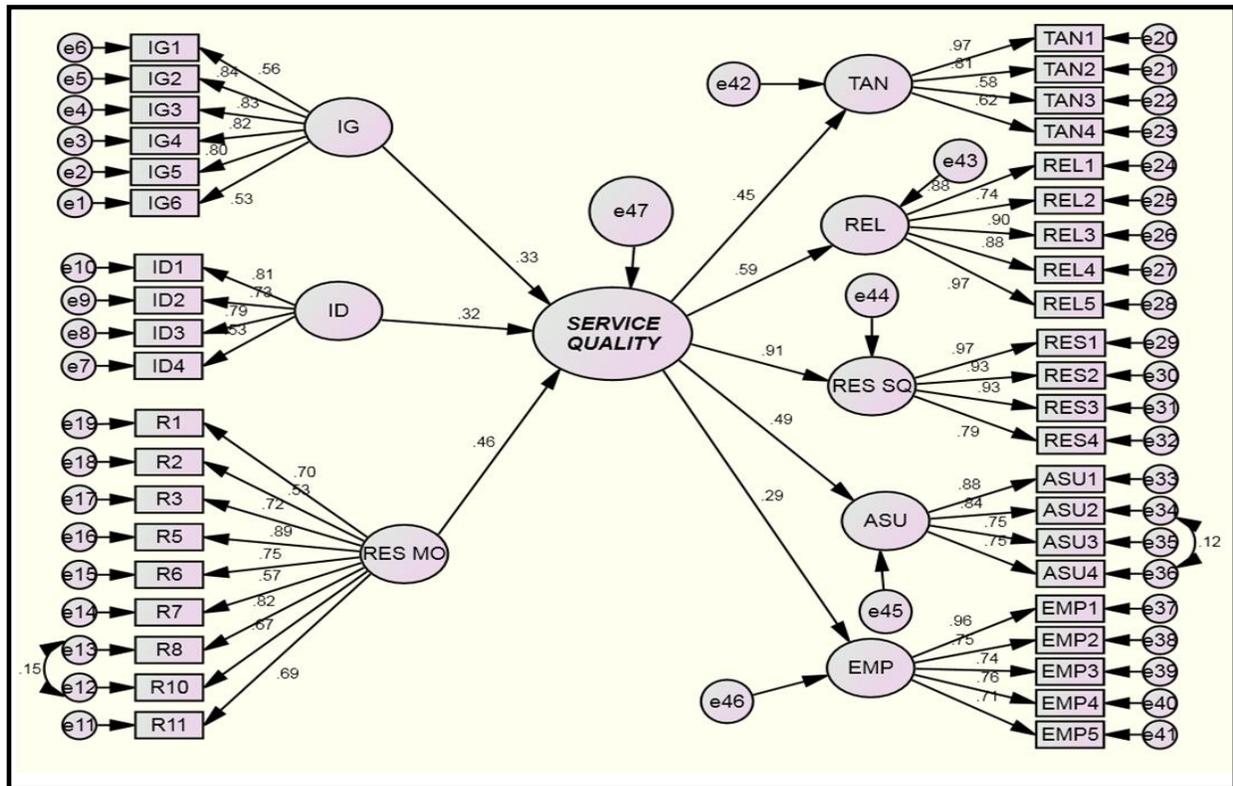

Figure 2: Dominant Factor of Market Orientation on Service Quality

The path coefficient between intelligence dissemination and service quality ($\beta = 0.32$, $p<0.01$), supports the relation between two these two variables. This signifies that commercial banks are sparing time to discuss the current and latent needs of customers. They arrange a regular meeting to discuss something important related to their major customers. These discussions and meetings are also useful to understand the problems confronted by employees while dealing customers.

Further a strong and positive relationship between responsiveness and service quality was found ($\beta = 0.46$, $p<0.01$). The path coefficients of all the components of market orientation in figure 2

depict that responsiveness has the dominant impact on service quality of commercial banks in Punjab. Responsiveness deals with the response level of the bank towards the customers' needs, suggestions, complaints and grievances. Commercial banks follow market segmentation to develop and promote different types of products and services to serve different customer groups. This helps the banks to implement optimal response immediately if a major competitor launches a campaign targeted at their customers. The regression weight of responsiveness is 0.46 which is followed by 0.33 of intelligence generation and 0.32 of intelligence dissemination which indicate the major impact of responsiveness on service quality. However, other constructs are still desirable to increase the service quality because without intelligence generation and intelligence dissemination, responsiveness cannot be effective. All the three factors of market orientation together influence the service quality; hence, banks need to focus on responsiveness along with intelligence generation and intelligence dissemination to provide best services to their customers.

6. Managerial implications

The study has various important managerial implications along with theoretical conclusions. The purpose of this study was to empirically examine the hypothesis regarding the relationship of market orientation and service quality. The outcomes and findings underlined the importance of market orientation in commercial banks of Punjab to enhance the level of its service quality. A market-oriented culture laid a basis for value creating capabilities of organization.

It is recommended that banks should encourage their employees to develop customer focus, access the customer requirements as well as use the information generated about market trends to provide better service quality. Specifically, this entails collecting and coordinating information on customers, competitors, and other significant market influencers (such as regulators and suppliers) to use in building that value. In addition, this work would guide the scholars who are working in this area and prove to be constructive for the policy makers. The study has also demarcated the factors that should be promoted or dampened to enhance the extent of market orientation and service quality in banks. The study also provides evidence that responsiveness has the dominant impact on service quality as compared to other two components (intelligence generation and intelligence dissemination) of market orientation.

It is believed that the managers in commercial banks of Punjab could benefit from the outcomes by following a more systematized view of their market orientation approach and their future

development. Findings of this study can provide managers with an improvedcapability to intend their services more efficiently and effectively. Therefore, in order to be competitive and committed, banks must follow the market oriented approach.

7. Conclusion

Market orientation plays a pivotal role in improving the service quality of an organization. Market orientation helps the service provider to evaluate its strengths, weaknesses, threats and opportunities, hence, banks can opt for the best alternative provided in market to increase its business and profit. It has been found that the market orientation resolve the problems of banks by gathering the information about the market (customers and competitors). Further banks disseminate this valuable information to different departments to aware the employees about the trends and changes in market. These departments also discuss the problems and complaints of customers on regular basis to solve the issues in shortest possible time. After dissemination, banks try to make their response effective and useful for their customers.

This study contributes to market orientation and service quality research which sets beyond prior meta-analyses in several imperative ways. It has been elucidated from the analysis that responsiveness has the dominant impact on the service quality as compared to other two components of market orientation. The results of the study do not exactly comprehend with the outcomes of previous studies undertaken during literature review but some similarities exist with the findings of Kerridge (2001) & Camarero (2007). This verifies that components of market orientation across different industries may have their impact on service quality differently. Managers need to plan their strategies according to the market conditions and trends across different industries.

Results concluded that market orientation works as input whereas service quality acts as output. The more extensive will be the market orientation better will be the service quality. Service quality cannot work internally or externally alone, therefore, it should be worked from both ends to provide maximum benefits to customers. Banks make their internal system strong by educating and giving proper training to their employees and they also keep proper eye on their competitors to plan strategies for retaining their existing as well as potential customers.

REFERENCES

- Alsughayir, A., 2016, Regulatory Role of TQM between the Marketing Orientation, Entrepreneurial Orientation and the Organizational Performance and Competitiveness Business School, *American Journal of Industrial and Business Management*, Vol. 6, pp. 655-664.

- Babakus, E. & Boller, G.W., 1992, "An Empirical Assessment of the SERVQUAL Scale", *Journal of Business Research,* Vol. 24, pp 253-268.

- Chiun, L.M., Mohamad, A.A., Ramayah, T., & Chai, W.Y., 2015, Examining the Effects of Leadership, Market Orientation and Leader Member Exchange (LMX) on Organizational Performance. *Inzinerine Ekonomika-Engineering Economics,* Vol. 26, No. 4, pp. 409-421.

- Camarero, C., 2007, Relationship Orientation or Service Quality?: What is the Trigger of Performance in Financial and Insurance Services? *International Journal of Bank Marketing,* Vol. 25, No. 6, pp. 406-426.

- Chakrabarty, S., Whitten, D., & Green, K., 2007, Understanding service quality and relationship quality in outsourcing: Client orientation & promotion, project management effectiveness and the task-technology- structure fit. *The Journal of Computer Information System,* Vol. 48, No. 2, pp. 1-15.

- Deshpande, R., & Farley, J.U., 1998, Measuring market orientation: generalization and synthesis. *Journal of Market Focused Management,* Vol. 2, pp. 231-32.

- Day, G.S., 1994, The capabilities of market driven organizations. *Journal of Marketing,* Vol. 58, pp. 37-52.

- Deshpande, R., Farley, J.U & Webster, F.E., 1993, Corporate Culture, customer orientation, and innovativeness in Japanese firms: A Quadrad analysis. *Journal of Marketing,* Vol. 57, No. 1, pp. 23-37.

- Felton, A.P., 1959, Making the marketing concept work. *Harvard Business Review,* Vol. 37, pp. 55-65

- Hussain, J., Shah, F. A. & Akhtar, S., 2016, Market Orientation and Organizational Performance in small and medium sized enterprises - A conceptual approach. *City University Research Journal*, Vol. 6, No. 1, pp. 166-180.

- Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E., (ed.) 2010, Multivariate Data Analysis. Prentice Hall, Upper Saddle River, New Jersey.

- Howard, J.A. & Sheth, J.N., 1969, *Theory of Buyer Behavior.* New York: John Wiley & Sons.

- Krepapa, A., Berthon, P., Webb, D. & Pitt, L., 2003, An Analysis of Service Provider versus Customer Perceptions of Market Orientation and the Impact on Satisfaction. *European Journal of Marketing,* Vol. 37, No. 1/2, pp. 197-218.

- Kerridge. J., 2001, Market Orientation and Service Quality of Public Sector Sport and Recreation Providers: A Case Study Approach. *Ph.D thesis.* University of Middlesex.

- Kohli, A.K. & Jaworski, B.J., 1990, Market Orientation: The Construct, Research Propositions and Managerial Implications. *Journal of Marketing,* Vol. 54, No. 2, pp. 1-18.

- Nunnally, J.C., & Bernstein, I.H., (ed.), 1994, Psychometric theory. New York: McGraw-Hill.

- Narver J.C. & Slater, S.F., 1993, Market orientation and customer service: The implications for business performance. *European Advances in Consumer Research,* Vol. 1, pp. 317-321.

- Narver, J. C. & Slater, S. F., 1990, The Effect of a Market Orientation on Business Profitability. *Journal of Marketing,* Vol. 54, No. 4, pp. 20–35.

- O'Brien, E.M. & Deans, K.R., 1996, Educational supply chain: A tool for strategic planning in tertiary education? *Marketing Intelligence & Planning,* Vol. 14, No. 2, pp. 33–40.

- Piercy, N. & Morgan, N., 1990, Internal Marketing: Making Marketing Happen, *Marketing Intelligence and Planning,* Vol. 8, No. 1, pp. 4–6.

- Parasuraman, A., Zeithaml, V.A. & Berry, L.L., 1985, A conceptual model of service quality and its implications for future research. *Journal of Marketing,* Vol. 49, No. 4, pp. 41-50.

- Slater, S.F. & Narver, J.C., 1995, Market orientation and the learning organization. *Journal of Marketing,* Vol. 59, No. 3, pp. 63–74.

- Slater, S.F. & Narver, J.C., 1994a, Does Competitive Environment Moderate the Market Orientation-Performance Relationship? *Journal of Marketing*, Vol. 58, No. 1, pp. 46-55.

- Taleghani, M., Joorshari, M.R.T., Rahehagh, A., & Moghaddamrad, S., 2015 Evaluate the effects of Market Orientation on Market Performance in Insurance Companies (Case Study: Asia Insurance Company, Guilan Province). *Cumhuriyet Science Journal,* Vol. 36, No. 3, pp. 4304-4314.

- Wrenn, B., LaTour, S. & Calder, B., 1994, Difference in Perception of Hospital Marketing Orientation between Administrators and Marketing Officers. *Hospital and Health Services Administration,* Vol. 39, pp. 341-358.

- Yavas, U., Bilgin, Z. & Shemwell, D.J., 1997, Service quality in the banking sector in an emerging economy: a consumer survey. *International Journal of Banking Marketing,* Vol. 15, No. 6, pp. 217-23.

© **Associated Asia Research Foundation (AARF)**

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.

Page | 351