



125531

✍

MARKET ORIENTATION AND FINANCIAL PERFORMANCE

(AN EMPIRICAL STUDY ON TEA EXPORTORS IN TEA EXPORT INDUSTRY IN SRI LANKA)

RAJMNLIB



125531



Name: H.K.Udayanga

Index No:RJT/MBA/2013/22

Course Code: MBA 2149

| | |
|----------|--------------|
| ACC NO. | 125531 |
| CALL NO. | 658.8 UPA |

The Dissertation was submitted to compulsory requirement of the Degree program of Master of Business Administration (MBA),Faculty of Management Studies of Rajarata University of Sri Lanka.

MASTER OF BUSINESS ADMINISTRATION (MBA)

FACULTY OF MANAGEMENT STUDIES

RAJARATA UNIVERSITY OF SRI LANKA.

November: 2016

ABSTRACT

This study aims to examine the impact of market orientation on the financial performance of tea exporters in Sri Lanka. The researcher followed deductive research approach and mix method for data collection. The formal survey was conducted by using a formal questionnaire for 100 executives/managers of 20 tea export companies which are registered in Sri Lanka Tea Board. In-depth interview was conducted by interviewing 5 specialists in the tea export industry. In addition to above, secondary sources such as statistical reports and data from CBSL, Sri Lanka Tea Board, Sri Lanka Export Development Board were used under secondary data. Both descriptive and inferential statistics were used to analyze data. Correlation and multiple regression analysis were performed under inferential statistics.

The study found a weak positive impact of market orientation on financial performance of tea exporters and a moderate positive impact of customer orientation on financial performance of tea exporters. A weak positive impact of competitor orientation, inter functional coordination on financial performance of tea exporters in Sri Lanka was found in the study. It is revealed that the Sri Lankan tea industry has faced many challenges such as heavy market competition, high cost, export barriers, low productivity, legal red tapes, low productivity, product and export standards, demand variations, price competition, promotional competition etc. As per the findings, main strategies should be adopted by Sri Lankan tea exporters are value addition, brand development, new product development, mutual agreements with the customers, packaging, product promotion, product innovation, quality improvement, customer care, cost reduction of tea, assurance of product quality and freshness, new product development, research and development initiatives, product differentiation, Producer-owned ethical tea brand, niche marketing, strategic partnership, fair trade concept of tea exporting etc. It is finally recommended that Sri Lankan tea exporters have to adopt market-oriented approach to sustain the world tea market.

Key words: Market orientation, financial performance, Sri Lankan Tea export industry

Contents

| | |
|--|-----|
| CERTIFICATION OF THE SUPERVISOR | iii |
| DECLARATION..... | iv |
| ABSTRACT..... | v |
| ACKNOWLEDGEMENT | vi |
| CHAPTER 01 | 1 |
| INTRODUCTION | 1 |
| 1.1 Introduction to the chapter | 1 |
| 1.2 Background of the study | 1 |
| 1.2.1 Marketing and Market Orientation | 1 |
| 1.2.2 Evolution of Marketing..... | 1 |
| 1.2.2.1 Decision making perspective of market orientation | 3 |
| 1.2.2.2 Market Intelligence Perspective of market orientation..... | 3 |
| 1.2.2.3 Culturally Based Behavioral Perspective of market orientation..... | 3 |
| 1.2.2.4 Strategic perspective of market orientation | 4 |
| 1.2.3 Business Performance of tea exporting companies | 4 |
| 1.2.4 Profile of Sri Lanka Tea Export Industry | 5 |
| 1.3 Research problem of the study..... | 7 |
| 1.4 Objectives of the Study | 10 |
| 1.4.1 Primary Objective of the study | 10 |
| 1.4.2 Secondary Objectives..... | 10 |
| 1.5 Research Questions of the study | 10 |
| 1.6 Significance of the Study | 11 |
| 1.7 Research Scope | 11 |
| 1.8 Limitations of the Research..... | 12 |
| 1.9 Research Chapter organization of the study..... | 13 |

| | | |
|------------------------|---|----|
| 1.10 | Summary of the chapter..... | 14 |
| CHAPTER 02 | | 15 |
| LETRATURE REVIEW | | 15 |
| 2.3 | Introduction to Market Orientation | 15 |
| 2.3.1 | The Decision-Making Perspective | 16 |
| 2.3.2 | The Market Intelligence Perspective | 17 |
| 2.3.3 | The Culturally Based Behavioral Perspective | 18 |
| 2.3.4 | The Strategic Perspective..... | 20 |
| 2.3.5 | The Customer Orientation Perspective | 21 |
| 2.4 | Market-Orientation or Marketing Orientation..... | 22 |
| 2.5 | Market Orientation - An Asian Perspective | 23 |
| 2.6 | Historical Evolution of Marketing Concept | 24 |
| 2.6.1 | Production philosophy | 24 |
| 2.6.2 | Product philosophy | 24 |
| 2.6.3 | Sales philosophy | 25 |
| 2.6.4 | Marketing philosophy | 25 |
| 2.7 | Antecedents/Barriers/Conditions of Market Orientation | 25 |
| 2.7.1 | Senior Management Characteristics | 26 |
| 2.7.1.1 | Top Management Emphasis..... | 26 |
| 2.7.1.2 | Risk Aversion..... | 27 |
| 2.7.1.3 | Management Training..... | 27 |
| 2.7.1.4 | Formal Marketing Education | 27 |
| 2.7.2 | Organizational Characteristics | 28 |
| 2.7.3 | Interdepartmental Dynamics..... | 29 |
| 2.7.4 | External Factors | 30 |
| 2.8 | Consequences of Market Orientation..... | 31 |

| | |
|--|----|
| 2.8.1. Economic Performance of Business | 32 |
| 2.8.2. Non -Economic Performance of Business | 34 |
| 2.9 The Tea Industry and Sri Lankan Economy..... | 35 |
| 2.10 Tea exporting performance of the Ceylon Tea industry..... | 37 |
| 2.11 Better Strategic Focus on Tea industry..... | 38 |
| 2.12 Application of Value-Added Tea Production as the Viable Strategy..... | 39 |
| 2.13 Value Addition Process in Tea Production Process | 41 |
| 2.14 The Tea Marketing System in Sri Lanka..... | 43 |
| 2.15 Problems and issues in Ceylon tea industry | 44 |
| 2.16 Present marketing strategies and practices in Ceylon tea industry..... | 45 |
| 2.17 Importance of market orientation for Ceylon Tea industry | 46 |
| 2.18 The Relationship between the Market Orientation & Business Performance | 47 |
| 2.19 Summary of the chapter..... | 50 |
| CHAPTER 03 | 51 |
| METHODOLOGY | 51 |
| 3.1 Introduction | 51 |
| 3.2 Conceptual Model of the study | 51 |
| 3.3 Hypotheses Formulation | 52 |
| 3.4 Rationalization of variables..... | 53 |
| 3.5 Conceptualization and Operationalization of variables | 54 |
| 3.6 Research Design..... | 57 |
| 3.6.1 Research Approach of the study | 57 |
| 3.6.2 Research Strategy of the study..... | 58 |
| 3.6.3 Method Choice of the study..... | 58 |
| 3.6.4 Time horizons of the study | 59 |

| | | |
|------------------------------------|--|----|
| 3.6.5 | Sampling process of the study | 59 |
| 3.6.6 | Data Collection method of the study | 59 |
| 3.6.8 | Ethical Concerns of the Study..... | 61 |
| 3.7 | Summary of the chapter | 62 |
| CHAPTER 04 | | 63 |
| RESULTS AND DATA PRESENTATION..... | | 63 |
| 4.1 | Introduction to the Chapter | 63 |
| 4.2 | Data analysis and presentation of profile of the sample..... | 64 |
| 4.2.1 | Gender composition of the sample | 64 |
| 4.2.2 | Age structure of sample Respondents..... | 64 |
| 4.2.3 | Education level of Respondents..... | 65 |
| 4.2.4 | Types of the Organization..... | 65 |
| 4.2.5 | Years of experience of the companies in tea exporting industry | 66 |
| 4.3 | Analysis of Independent Variables | 66 |
| 4.3.1 | Customer Orientation..... | 67 |
| 4.3.2 | Competitor Orientation | 69 |
| 4.3.3 | Interfunctional Coordination..... | 71 |
| 4.4 | Analysis of Dependent Variables..... | 73 |
| 4.5 | Validity and Reliability of the study | 75 |
| 4.6 | Testing hypotheses of the study. | 77 |
| 4.7 | Analysis of the Impact of Independent Variables to Dependent Variable | 80 |
| 4.8 | Summary of findings of In-depth Interview..... | 83 |
| 4.8.1 | Customer Orientation..... | 83 |
| 4.8.2 | Competitor Orientation | 84 |
| 4.8.3 | Interfunctional coordination..... | 85 |
| 4.9 | Discussion of Findings | 86 |

| | | |
|--------------------------------------|--|-----|
| 4.10 | Summary of the chapter..... | 90 |
| CHAPTER 05 | | 91 |
| CONCLUSION AND RECOMMENDATIONS | | 91 |
| 5.1 | Introduction to the chapter | 91 |
| 5.2. | Achievement of the research objectives..... | 91 |
| 5.2.1 | Achievement of general objective of the study..... | 91 |
| 5.2.2 | Achievement of Secondary Objectives..... | 92 |
| 5.3 | Conclusion of the study..... | 93 |
| 5.4 | Recommendations of the study | 94 |
| 5.5 | Suggestions for future researchers | 95 |
| 5.6 | Summary of the chapter | 97 |
| REFERENCES | | 98 |
| BIBLIOGRAPHY..... | | 103 |
| Annexure 2: | Interview Form for In-depth Interview..... | 115 |
| Annexure 3 | : Tea-Growing Regions | 117 |