

Comparative Survey of Relation between Market-Orientation, Innovation and Performance of Male and Female Gyms in Golestan Province

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Abstract:

The aim of this research is surveying and determining the relation between market-orientation, innovation and performance of male and female gyms in Golestan Province. The research method is descriptive-correlative and it is a field study. The statistical population includes managers of gyms in Golestan Province with the number of 170 gyms in 2014 and 119 individuals were chosen by the random sampling as the sample. After distributing the research questionnaires, 113 questionnaires were returned. Individual characteristics questionnaire, market-orientation questionnaire (Ramayah et al., 2011), Carmen and Maria Jose innovation questionnaire (2008), and Cho's (2009) performance questionnaire were used for collecting research data. Research findings showed that there is a positive and significant relation between all components of market-orientation and performance of gyms in Golestan Province. Also, there is a positive and significant relation between all components of market-orientation and innovation. Also, there was a positive and significant relation between

innovation and performance. According to the research results it is suggested to managers of gyms to increase the market-orientation and innovation in order to increase the satisfaction and tendency of athletes to have more participation in gyms.

Key words: Market Orientation, Innovation, Performance, Gyms, Golestan Province.

Introduction

In today's world in which the business environment has become more competitive and unpredictable than before, companies have to use transcendent approaches and they have to develop their competencies and capabilities in confronting uncertainties in order to survive and reach their business aims. Sport as an economic part whether in terms of being practical or being fun to watch, has a fundamental role in producing and consuming products and sport services and economic development of communities and nowadays it is considered as one of the most profitable industries in the 21th century (Brown & Nagel, 2002). Regarding the progress of sports and its industrialization, the managers' approach regarding this important industry in terms of dealing with customers had an overall change. Nowadays all of the efforts of organizations and sport clubs are focused on customer (Di Xie, 2005).

Before the 1950's a traditional view dominated the marketing knowledge and marketing principles were defined with a look from inside the organization to the outside world. The dominant thinking in that time was product and sales thinking. The responsibility of marketing unit for sale was everything produced by the company and business units used to think about the monopoly of information mass production policy and ruling over markets in order to increase sales and company's profitability. Narver and Slater (1990) defined

market-orientation as a competitive strategy which is the most effective behavior for increasing the value for the consumer and as a result making sure about the positive results in long-term. According to these authors, market-orientation is defined based on customer-orientation, competitor-orientation and inter-functional coordination. Many researchers believe that organizations that are successful regarding the market-orientation, always try to use methods such as innovation in their products and services in order to gain competitive advantage and overtake their competitors and gain customers' satisfaction (Carmen & Maria Jose, 2008).

Market-orientation which is an operational approach to marketing perspective in company's operations and activities, has attracted the attention of many researchers and thinkers in the field of marketing and company directors and it's relation with performance, presence or absence of intermediate variables has been surveyed in different researches; but based on a non-academic definition, a market-oriented company is a company that manages its activities, products and services based on the customers' need and requirements; meanwhile, product-oriented companies try to produce exciting and interesting products and they try to stimulate interests and they try to pay attention to the supply and demand cycle for these products and services. Although there is the possibility of success in both orientations, with only being product-oriented the chance of success is a bit lower. Business success in new global economy depends on the ability to create distinguished values in products through quality in design and production and effectively informing customers about these distinctions (Peeler, 1996).

Nowadays detecting and predicting customers' needs for business are very essential for gaining competitive advantage and segmentation of the market. Customer is the key and central factors for improving the organizational agility and the orientation of all goals, strategies and sources is around the

center of attracting and maintaining customers. Maintaining and improving the customers' loyalty for companies that are concerned about keeping and developing their competitive position are considered as a strategic challenge; thus the customers' loyalty is considered as the key to commercial success of the organization; which means that by increasing the customer's loyalty it could be expected to see an improvement in market share and profitability of the business; understanding the market, planning and choosing the appropriate strategies for having loyal customers and increasing their loyalty rate results in long-term profits for the business (Hamidzadeh & Ghamkhari, 2009). Du & Wu (2006) confirmed that market-orientation is not only an evaluating effect of market-orientation, innovation and customer's loyalty on business performance of service companies, but also has an indirect effect because of the mediating role of customer's loyalty. Chen & Quester (2006) found out that the received value from the customers' perspective is as effective as maintaining customers in terms of effective market-orientation of the organization; also, marketers must consider the customer satisfaction and their perceptions regarding the value the customers receive as something important and positive due to the market-orientation of the organization in order to reach customer loyalty.

Two important issues affecting the customer satisfaction and loyalty is paying attention by the company to the marketing and innovation in provided products and services. This shows that a winning formula is having high innovation accompanied by massive marketing. Many researchers have stated market-orientation as the prerequisite of successful operations in a business. These researches have shown that companies could provide a better value for the consumers through paying attention to market-orientation and innovation and due to this, they can improve customer loyalty and this enables the company to reach a competitive advantage

compared to other companies and based on this they can achieve a better performance compared to their competitors. Verhees & Meulenberg (2004) provided a model for surveying the combined effect of market-orientation and innovativeness on product innovation and performance in small firms. Research results showed that producer's innovation affects all variables in the model and it has a positive effect on market-orientation and performance. Information about the market, innovativeness and product innovation could be reported positive or negative depending on the strong or weak product innovation of the producer. The research by Zheng et al (2005) also showed that market-orientation and innovativeness strongly affect the improvement of employees' job attitude such as job satisfaction, organizational commitment and confidence in the future performance of the company. Collaborative organizational culture and also positive senior management's attitude regarding change have positive effects on development of market-orientation and innovativeness. Also, charismatic leadership has a positive effect on job attitude of employees and market-orientation and innovativeness facilitate the employees' job attitudes.

Many researchers have considered market-orientation as one of the aspects of organizational culture in which the employees give the highest amount of value to the profitability of business and maintaining customers through creating the top values. In a research, Subramanian et al (2010) surveyed the relation between market-orientation and business performance in 159 intensive care unit hospitals in the USA. MKTOR criterion was used in this research for surveying the market-orientation and structured business performance criterion was evaluated by the use of revenue growth, return on investment, and profit margin; after testing the hypotheses, the research results showed a positive relation between market-orientation and business performance in these hospitals. Augusto & Coelho (2009) research results showed that

customer-orientation, competitor-orientation and inter-functional coordination are important driving forces in terms of company innovation for new global products and this relation is mediated through the company's innovation, intensity of competition and environmental forces. Results achieved from the exploratory factor analysis of research by Arasti et al (2009) for evaluating the capacity of innovation, effect of market-orientation, innovation and customer loyalty on business performance show its application in Iranian business situation.

Based on what has been mentioned earlier, if managers of gyms have an appropriate understanding of market-orientation and innovation for increasing the performance of their gyms, they can use the positive results of these factors to have satisfied and loyal customers; because meeting the sport customers' demands results in their loyalty. In this regard, market-orientation and innovation could have the most important roles in loyalty of sport teams customers. Regarding the mentioned notes, the current research main aim is comparative survey of relation between market-orientation, innovation and performance of male and female gyms in Golestan Province.

Materials and methods

From the point of aim the current research is an applied research and from the point of data collection it is a survey implemented with field method. The research population includes all managers of gyms in Golestan Province with the number of 170 gyms in 2014. Regarding the population size, the sample size based on Cochran's table was 199 managers of gyms in Golestan Province. The random sampling was used for choosing the research sample. After distributing the research questionnaires ultimately, 113 questionnaires were returned and analyzed. Since the number of male and female gyms was not equal the stratified random sampling was used for choosing

examinees. Market-orientation questionnaire (Ramayah et al., 2011) was used for research data collection; a questionnaire used for evaluating the market-orientation with 10 items and 4 dimensions (distributor-orientation, customer-orientation, competitor-orientation and inter-functional coordination); and Carmen and Maria Jose innovation questionnaire (2008) was used for measuring innovation of gyms in Golestan Province including 8 questions and 2 dimensions (organizational innovation and technological innovation); also Cho's performance questionnaire (2009) was used for measuring performance; this questionnaire includes 11 questions and 3 dimensions (economic performance, comparative performance, and social performance). The views of 5 professors of sport management were used for determining the content validity of research questionnaires; also a preliminary study (filling out questionnaires by 30 individuals) was conducted for determining the reliability of questionnaires and their reliability coefficients were achieved by the use of Cronbach's alpha: market-orientation ($\alpha = 0.83$), innovation ($\alpha = 0.91$), and performance ($\alpha = 0.78$) which indicate the stability of measuring tools. Also in another part of the questionnaire the managers' demographic information such as age, gender and sport activity experience was collected. After determining the validity and reliability of measuring tools, questionnaires were distributed among managers of gyms in Golestan Province and collected. In this research descriptive statistics such as frequencies, means and standard deviation were used for organizing, summarizing, categorizing and describing data. In inferential data analysis, Kolmogorov-Smirnoff test was used for testing the normal data distribution; Pearson correlation coefficient and multivariate regression analysis were used for predicting and comparative survey of relation between market-orientation, innovation and performance of male and female gyms in Golestan Province. All hypotheses were analyzed at significance level $P \leq 0.05$ and by the use of SPSS16 software.

Result

As it is observable in table 1, the examinees' age mean is 34.06 years and gender and mean of activity experience is 9.85 years.

Table 1. Subjects' demographic characteristics

| Variable | No. | Mean | SD | Maximum | Minimum |
|------------|-----|-------|------|---------|---------|
| Age (year) | 113 | 34.06 | 8.01 | 66 | 14 |
| Gender | 113 | - | - | - | - |
| Experience | 113 | 9.85 | 6.35 | 40 | 1 |

Table 2 results show that significance level of Pearson correlation coefficient for relation between market-orientation and performance of gyms in Golestan Province is smaller than the sig. level (0.05) which means $P\text{-value} \leq 0.001001$ and smaller than $\alpha = 0.05$; and with 95% confidence it could be said that there is a relation between these two variables. In other words, H_0 is rejected and H_1 is confirmed; thus there is a significant relation between market-orientation and performance of gyms in Golestan Province.

Table 2. Relation between market-orientation and performance

| Predictor Variable | Criterion Variable | Test Type | Correlation Coefficient | Sig. Level |
|--------------------|--------------------|-----------|-------------------------|------------|
| Market-orientation | Performance | Pearson | R= 0.554 | 0.001 |

Table 3 results show that the significance level of Pearson correlation coefficient for relation between two variables is smaller than the sig. level (0.05) which means that $P\text{-value} \leq 0.001$ and smaller than $\alpha = 0.05$; thus the statistical hypothesis is rejected; thus there is a relation between two variables.

Table 3. Relation between market-orientation and innovation

| Predictor Variable | Criterion Variable | Test Type | Correlation Coefficient | Sig. Level |
|--------------------|--------------------|-----------|-------------------------|------------|
| Market-orientation | Innovation | Pearson | R= 0.652 | 0.001 |

Table 4 results show that the significance level of Pearson correlation coefficient for relation between innovation and performance of gyms in Golestan Province is smaller than sig. level (0.05) which means that $P\text{-value} \leq 0.001$ and smaller than $\alpha = 0.05$; with 95% confidence it could be said that there is a relation between two variables. In other words, H_0 is rejected and H_1 is confirmed; thus there is a significant relation between innovation and performance of gyms in Golestan Province.

Table 4. Relation between innovation and performance

| Predictor Variable | Criterion Variable | Test Type | Correlation Coefficient | Sig. Level |
|--------------------|--------------------|-----------|-------------------------|------------|
| Innovation | Performance | Pearson | R= 0.533 | 0.001 |

Multivariate linear regression test was used for designing the statistical model of predicting the performance of gyms in Golestan Province from the variables of market-orientation and innovation; and its results are shown in tables 5, 6 and 7. Since the Durbin-Watson test statistic is in the distance of 1.5 to 2.5 (1.718) thus the hypothesis of lack of correlation between errors is not rejected and since the data distribution is normal it is possible to use regression. Sig. level of t-statistic shows that among the predictor variables, the sig. level of market-orientation (0.001) and innovation (0.004) is smaller than ($\alpha = 0.05$); thus it could be stated that the estimated coefficients for these two variables at sig. level 0.95 are statistically significant. The joint variance of performance of gyms for these two variables is 0.379 and 0.254, respectively.

Table 5. Adjusted R Squared

| Model | R | R Squared | Adjusted Squared | R SD | F level | Sig. | Durbin-Watson Test |
|-------|-------|-----------|------------------|------|---------|-------|--------------------|
| | 0.599 | 0.358 | 0.347 | | 0.378 | 0.001 | 1.718 |

Predictors: Market-orientation & innovation

Dependent Variable: Performance of gyms.

Table 6. Variance analysis achieved from predictor variables on dependent variable

| Source of Variation | Sum of Squares | Df | Mean Squares | F | Sig. level |
|---------------------|----------------|-----|--------------|--------|------------|
| Regression | 8.769 | 2 | 4.385 | 30.731 | 0.001 |
| Residual | 15.695 | 110 | 0.143 | | |
| Total | 24.646 | | | | |

Predictors: Market-orientation & innovation.
Dependent Variable: Performance of gyms.

Table 7. Joint variance between predictor variables and criterion variable

| Criterion Variable | Predictor Variables | β | Beta Coefficient | t-amount | Sig. level |
|---------------------|---------------------|---------|------------------|----------|------------|
| Performance of gyms | Market-orientation | 0.379 | 0.359 | 3.567 | 0.001 |
| | Innovation | 0.254 | -0.044 | 0.299 | 0.004 |
| | | | | | |

Discussion and Conclusion

Research results showed that there is a significant relation between market-orientation and performance of gyms in Golestan Province; and this finding is consistent with research results of Carmen and Maria Jose (2008), Subramanian et al (2010), and Smirnova et al (2011). Market-orientation philosophy is based on this principle that for reaching the organizational goals it is necessary to pay attention to the market needs and demands; and it is necessary to provide the customer satisfaction in a better way with higher efficiency. Experimental researches have also proved this claim. Slater and Narver (1994) surveyed the market-orientation and proved the mediating effect of type of business strategy and its relation with market-orientation and performance based on their own cultural perspective; thus, based on this philosophy, organizations adjust the type of their products based on the consumers' demands and in this way they meet the consumers' needs and demands and also gain a profit. In other words, companies gain their profit based on the customers' satisfaction.

Research results showed that there is a significant relation between market-orientation and innovation in gyms of Golestan Province; and this finding is consistent with research results of Micheels et al (2008) and Carmen and Maria Jose (2008). Research results show that organizations need innovation for reaching a long-term competitive advantage and for innovation they need appropriate understanding and perception of their environment and to this aim they must constantly observe their customers and competitors and analyze information achieved by that observation. Market-orientation emphasizes on coordination of all activities and sectors of an organization toward detecting and providing the customers' needs in order to create a better value for them. Market-orientation focuses on outside organization and has an outside-inside approach. Thus, through this the organizations find out the customers' needs and make innovations to create a better value. Organizations must create market-orientation, they must be accountable for market info and this is the beginning of innovative activities in an organization; because by expanding the market-orientation, company detects the customers' new needs and use them in new products and procedures; based on this, Manzano and Villa (2006) concluded that market-orientation has an effect on innovation and it is a priority; thus companies show more market-oriented behavior in order to have more innovative characteristics.

Research results showed that there is a significant relation between innovation and performance of gyms in Golestan Province; and this finding is consistent with research results of Carmen and Maria Jose (2008). It is argued that since market-oriented organizations have the advantage of knowledge compared to their competitors, this knowledge helps them to be more efficient in activities of developing new products. Success in developing new products results in positive outcomes for employees, customers and organization, in general. Experimental researches have also confirmed this

claim. Studies by Vasquez et al (2001) showed similar results in terms of lack of direct relation between market-orientation and performance and they reported that this market-orientation only affects the performance through efficiency in developing new products and innovation. The intermediating role of innovation was also confirmed in a meta-analysis research by Kirca et al (2005); they provided experimental evidences for existence of a path from market-orientation to innovation and customer's results (loyalty and perceived quality) to performance. These findings provide clear recommendations and necessities for making efforts related to implementing market-orientation.

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