

INNOVATIONS

Market Orientation Practices and Its Effect on Performance in case of Basic Cooperative Enterprises in South Gondar Zone

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Abstract

Appropriate alignment between firm strategic orientation is crucial because of its impact on performance. For the last some decades, strategic orientations gained substantial attention from scholarly interest and literature. Entrepreneurial orientation and market orientations are strategic orientations, which are believed to significantly affect firm performance. The purpose of this study is to investigate The Effect of market orientation on cooperative enterprises' performance in case of south Gondar zone of Amhara Region, Ethiopia. 174 self-administered questionnaires were filled by the manager and/or employees of cooperative enterprises. In this study, both descriptive and inferential data analysis technique were employed. The result shows manager and/or employees in cooperative enterprises are male-dominated. Furthermore, market orientation dimensions of customer orientation, competitor orientation, and interfunctional coordination have a significant and positive effect on cooperative enterprises' performance. More importantly, the different magnitude of market orientation dimension effect on cooperative enterprise performance indicates firms must be vigilant in investing their scarce resources and involvement in activities that leverage market orientation in a way that contributes to performance. However, level of competition was not found to moderate the effect of market orientation of performance. small and medium enterprises. The findings reveal that the performance of cooperative enterprises is affected by market orientation that justifies the managers/employees of cooperative enterprises needs to be more market oriented to create a well-built market orientation environment that enables them intensively competitive in the fast-changing market environment and to improve their performance. This study could serve as a framework for policymakers and stakeholders to set up a strategy towards cooperative enterprises are more strategically oriented. This study can also provide an opportunity to expand the research on other.

Key words : 1. Market orientation 2. Cooperative enterprise 3. performance

Introduction

A Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The people of Ethiopia have got a very long social history of working together to fulfil their socio-economic needs. Agriculture, Trade and Military Operations were carried out through cooperative efforts. Many social events are still taking place in rural Ethiopia through collective effort. Cooperative enterprises in Ethiopia have been established in all business fields (agriculture, fisheries, milk, meat, grain marketing and fruits and vegetables cooperatives). Cooperative business enterprises are considered contributing to economic development and studying of their performance is essential for understanding the health of the economy. For developing countries like Ethiopia, integration into the global economy through economic liberalization, deregulation, and democratization is seen as the vital way to victory over poverty and inequality. The development of the private sector, in which cooperative enterprises play a central role in this process (Adegbemi, 2013).

The government of Ethiopia is encouraging and supporting the establishment of cooperatives in various spheres of the country's economy. Though the government is supporting them, and their number are increasing they are facing major challenges are related to legal frameworks, inadequate market regulations and policies, free-rider problems, and poorly developed managerial practices (Mojo, Degefa & Fischer, 2017). Because of this, the federal government of Ethiopia is currently working with different stakeholders and government authorities at different levels and supporting those cooperative enterprises to make them more competitive will improve their performance, improve life of households and contribute in the nation's economic development.

For the last some decades, strategic orientation of businesses such as market orientation, customer orientation, learning orientation, technology orientation, and entrepreneurial orientations have gained considerable attention from management, marketing, and entrepreneurship scholars since these strategic orientations are assumed as principles which direct and influence the activities of a firm and generate the behaviours intended to ensure its viability and performance (Hakala, 2011).

According to Kohli, Jaworski & Kumar (1993) implementing market orientation effectively enables organizations to enhance their overall performance and then, competitively advantageous over their rival firms (Kirca, Jayachandran, & Bearden, 2005). Several previous studies such as Vieira (2010); Mokhtar, Yusoff & Arshad (2009); Jyoti & Sharma (2012); Webster, Hammond & Rothwell (2014) claimed that market orientation has significant effect on organisational performance.

According to Sciascia, Naldi & Hunter (2006) Entrepreneurial Orientation (EO) and Market Orientation (MO) are considered key factors in ensuring firm longevity in the new competitive landscape. Entrepreneurial and market orientations considered to have significant contributions to enhance firm performance. Likewise, the adoption of EO improves firm performance, previous literatures on market orientation - performance linkages shows that MO enhance firm performance. For instance, Alizadeh, Alipour and Hasanzadeh (2013) examine the relationship between market orientation and business performance of small business organizations in Ardabil industrial cities, Iran. Their findings show that a positive and significant relationship was found between the market orientation and small business organization performance. Hussain, Rahman and Shah (2016) have found a strong relationship between MO and performance and the finding is

in line with previous studies that have established a positive and significant association between MO and organizational performance (Aziz & Yasin, 2010; Jyoti and Sharma, 2012; Dubihlela and Dhurup, 2015; Mahmoud, 2011; Raju et al., 2011). Moreover, the result of the study concurs a more recent study done by Amin et al. (2016) which highlight the adoption of both MO would lead firms towards achieving enhanced performance and competitive advantage. However, contradicting findings were also reported by Shehu and Mahmood (2014); Au and Tse (1995); Demirbag et al. (2006) and Harris (2001). Olalekan (2011) and Haim and Narentheren (2014) have documented significance variance in the level of significance of each of the market orientation constructs to firm's performance. Jabeen et al. (2013) also suggested that firms are highly recommended to adopt market orientation concept in developing economies to cope with the challenges of changing business environment. Suliyanto and Rahab (2012) suggested a further study on market orientation and performance, because, investigation on market orientation is still insufficient and ignored, and also its implementation suffers from some gaps in the developing economies like Asian and African (Mohd Mokhtar et al., 2009). Moreover, studies on market orientation and its relationship with organizational performance in Ethiopian context are scarce resulting in a limited understanding of the full benefits of market orientation in such context. Thus, considering contextual differences in developed and developing nations as well as contradicting previous results on the effect of MO and firm performance, this study investigated basic cooperative enterprises market orientation practices and its effect on performance in case of South Gondar zone Amhara region, Ethiopia.

Literature Review

The concept of MO has been described from two angles: MO as cultural (Narver and Slater, 1990) and according to Kohli and Jaworski (1990) MO is behavioural defined as an organization wide generation of market intelligence, dissemination of market information across the departments, and organization wide responsiveness to market intelligence called MARKOR.

Narver and Slater (1990), conceptualized that the cardinal objective of market orientation is to offer superior customer value, which is established on the basis of knowledge derived from customer and competitor analyses and how the knowledge gathered is disseminated across the organization. According to Narver and Slater (1990), MO consists of three behavioural components: customer orientation, competitor orientation, and Interfunctional coordination. They named this instrument as MKTOR. Narver and Slater (1990) market orientation scale has strong convergent and discriminant validity than MARKOR scale (Harris, 2001). Hence, in this study the cultural perspective of marketing orientation MKTOR developed by (Narver and Slater, 1990) was adopted.

Market Orientation and Performance Linkage

Polat and Mutlu (2012) cited in Shehu and Mahmood (2014) stated that Market Orientation is seen as a firm's ability that is extremely valuable, rare, and that cannot easily be imitated, with emphasis of placing the customer in the centre of firms' strategy and operations. Market Orientation (MO) adoption is linked to the marketing concept and as such market orientation is the foundation of specifically "Responsiveness" to customers' need and the actions of competitors. (Jaworski & Kohli, 1993).

According to Kirca et al. (2005), market orientation posits in many marketing strategy literatures by past researchers (Day, 1994; Hult and Ketchen, 2001) provides an organization with market sensing and customer-linking capabilities leads to superior organizational performance.

This analysis has supported previous findings where a strong consumer orientation would encourage the firm to consistently identify and cater the needs and expectation for the customers (Prajogo and Sohal, 2003) as a continual adaptation and subsequently improve on the organization performance. However, this study contradicted with a study by Carlos (2008) where he found that consumer orientation is not directly related to organization performance.

Hussain, Ismail & Shah (2015) highlighted owners/managers' entrepreneurial skills are highly substantial resource for the success and survival of small firms. In addition, they argued that both market and entrepreneurial orientations enable firms to absorb the shocks created by the dynamic and complex business environments and to gain the benefits of the new business opportunities. However, Firms who are unable to adopt market and entrepreneurial orientations will soon disappear from the market.

Liao et al. (2011) examined 38 articles MO and performance relationship over a different range of contexts: 22 articles are on the direct impact of MO on performance, 6 are examined moderators of the relationship and the rest 10 are examined on mediating variables. Their summary indicated that out of 38 published articles only two articles found no significant association between MO and firm performance, and two others found a weak relationship between MO and performance. They also stated that adopting MO help firms to create customer value, improve sale force performance, enhance trust.

Raju et al. (2011) examined MO in the context of small and medium sized enterprises (SMEs) using an in-depth review of previous literature to develop a conceptual framework after exploring the major antecedents of MO, the MO–Performance relationship, and the key mediators and environmental moderators of this relationships. Their review result indicated that out of 16 studies 13 studies indicated a significant relationship between MO and organizational performance. Oudan (2012) studied on the role of market orientation on trade and firm performance in United states and Europe. The finding indicates that there is a positive and significant relationship between MO and business performance. He also further suggested that market orientation is a reliable construct and now it is a necessary strategic direction to dramatically improve firm performance and for change in all types of organization and institutions. Miles and Arnold (1991) postulated that firms who are unable to adopt market and entrepreneurial orientations soon out of the market. They also argued that form resource-based view (RBV), market and entrepreneurial orientations are the two unique but complementary strategic orientations.

Market Orientation Dimensions (Constructs) and Performance Linkage

Attia (2013) investigated extent to which Egyptian firms satisfy customers and how sensitive they are to rivals' reactions. In addition, he also investigated the practice of MO components and long-term perspective. The result indicates that MO components (customer, competitor and interfunctional orientation) were significant. On the top of that, interfunctional orientation has the highest Beta, followed by customer orientation and finally competitor orientation. However, Long-term perspectives was not found to be significant. And market orientation's dimensions are not equally related to market-led organisational culture. He postulated that understanding customers, competitors and even employees had been considered the most effective differentiation tools in achieving excellent organisational competitive advantage for survival.

Ladipo et al. (2016) investigated the effect of overall MO and its dimensions (customer orientation, competitor orientation an interfunctional coordination) on small sized hotels within Lagos state metropolis. The result shows that overall MO and customer orientation have significant

and positive influence on performance. However, competitor orientation and interfunctional coordination did not exhibited significant effect on performance. Similar results were reports by Pelham (2000) and Tanvi and Leelaram (2013). However, Olalekan (2011) and Haim&Narentheren (2014) reported that customer and competitor orientation are the core market orientation practices of business organisations and significantly affect organisations performance.

Environmental Factors as a Moderator on the MO and Firm Performance Linkage

Considering the existence of contextual variations in developed and developing nations in which cooperative enterprises are operating and some researchers(such as:Houston, 1986; Gray et al., 1998 and Langerak, 2003) voiced disagreement suggesting that market orientation may have a strong or weak consequence on business performance, contingent on the environmental circumstances such as market instability, competitive level and concentration and technological advancement.In this study, it is hypothesized that level of competition as an environmental factor moderates the linkage between MO and cooperative enterprises performance.Based on the previous literature the following hypothesises were developed.

- H₁: Overall Market orientation orientation has a significant effect on basiccooperative enterprises performance.*
- H₂: Customer orientation has a significant effect on basiccooperative enterprises performance.*
- H₃: Competitor orientation has a significant effect on basiccooperative enterprises performance.*
- H₄: Interfunctional coordination has a significant effect on basiccooperative enterprises performance.*
- H₅: Environmental factors Moderate the linkage between overall Market Orientation and Cooperatives enterprisesPerformance*

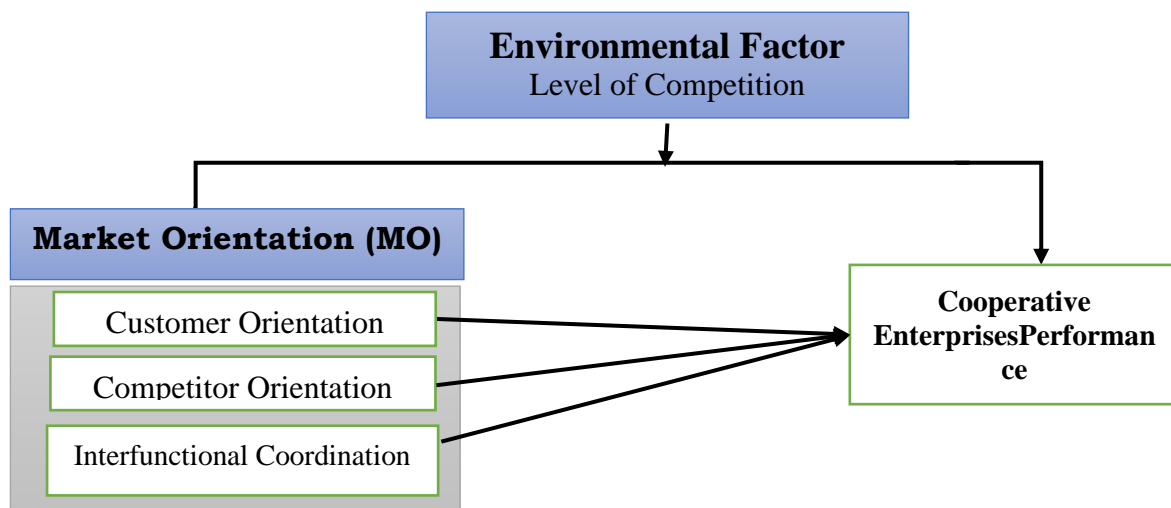


Figure 1: Conceptual Model

Source: Adapted from Narver and Slater (1990)

Methodology

In this study mixed approach particularly sequential (Exploratory and Explanatory) research design were used. Out of 398 basic cooperative enterprises, a total of 200 cooperative enterprises were taken as a sample. The sample size was determined using **Yamane** (1967) sample size determination formula and samples are selected using simple random sampling technique. Data for this study was collected from managers and/or marketing experts of basic cooperative enterprise using structured questionnaire. All the independent, moderator and dependent variables were measured using Likert 5 scales (1= Strongly Disagree to 5 = Strongly Agree, 3 as neutral). Whereas the moderating variable measured as high, moderate and low levels. After the data collected, both descriptive (frequency, percentages and mean) and inferential (correlation and regression) data analysis techniques were employed.

Data Analysis

Descriptive Statistics of Sample Respondents and their Enterprises

In the questionnaire on section one respondents were asked to replay questions which are related to their personal and business background information. Respondents personal information are age, gender, role in the business and the highest educational level. The business-related information collected are age, sector of the business, Access to Support/number of trainings participated and level of competition under which the business enterprise operates, total number of Employees (Permanent and Temporary) employed in the business, and Initial Capital of the business. The characteristics of the sample presented in the following table 1 and 2.

Table 1: Demographic Characteristics of Respondents.

Gender	Frequency	Percentage	Cumulative Percentage
Male	143	82.2	82.2
Female	31	17.7	100
Total	174	100.0	
Age	Frequency	Percentage	Cumulative percentage
21 -30	77	44.3	44.3
31 -40	41	23.6	67.8
More than 40	56	32.2	100
Total	174	100	-
Educational Level	Frequency	Percentage	Cumulative percentage
High school	1	0.6	0.6
Certificate	45	25.9	26.4
College diploma	61	35.1	61.5
Degree and above	67	38.5	100
Total	174	100	-
Role in the Business	Frequency	Percentage	Cumulative percentage
Manager	58	33.3	33.2
Employee	32	18.4	51.7
Member and Employee	84	48.3	100

Total	174	100	-
Number of trainings	Frequency	Percentage	Cumulative percentage
None	10	5.7	5.7
1-2	33	19.0	19
3-4	102	58.6	58.6
5 and above	29	16.7	100
Total	174	100	-

Source: Survey Data (2021)

Respondents were asked about their gender, age, highest attained academic qualification and the role they have in the business. The statistical findings presented in the above table -1 shows that, the majority 143 (82.2%) of respondents are male and the rest 31 (17.2%) are female. Again, 77 (44.3%), 41 (23.6%) and 56 (32.2%) of respondents are aged in the range of 21 - 40 years, followed by 31-40 and 41 – 50 years respectively. In addition, the educational level of respondents also shows that, 1 (0.6%), 45 (25.9%), 61 (35.1%), and 67 (38.5%) are High school, Certificate, College Diploma and First degree and above responsively. Moreover, when we see the respondents' role in their cooperative enterprises, 58 (33.3%) are both managers, 32 (18.4%) are only employed and the rest 84 (48.3%) are member and employees. Generally, based on the above findings, we can say that, most of the respondents are male; having college diploma and above educational level and member and employees in their enterprise and more than 95% of respondents have got at least one training.

Table - 2: Demographic Characteristics of Sample Cooperatives.

Sector of the Business	Frequency	Percentage	Cumulative percentage
Trade	29	16.7	16.7
Agro Processing	53	30.5	47.1
Credit and saving	92	52.9	100.0
Total	174	100.0	-
Level of competition	Frequency	Percentage	Cumulative percentage
Very Low	13	7.5	7.5
Low	26	14.9	22.4
Moderate	52	29.9	52.3
High	41	23.6	75.9
Very High	42	24.1	100.0
Total	174	100.0	

Source: Survey Data (2021)

As can be seen from the above table-2, some characteristics of sample cooperatives were presented. The result shows 29 (16.7%), 53 (30.5%) and 92 (52.9%) of sample cooperative were engaged in trade, Agro-processing and credit and saving sectors of business. And the majority 135(77.6%) of enterprises are operating moderate to very high level of competition. Therefore, form the result we can conclude that most of cooperative enterprises are engaged in credit and saving service in high level of competition.

Table -3: Demographic Characteristics of Sample Cooperatives.

Item	Minimum	Maximum	St. Deviation
Age of Enterprises	8	17	2.72
Initial Capital	142,000.00	1,500,000.00	477,856
Number of Permanent Employee	5	42	10.4
Number of Temporary Employees	0	19	9.2

Source: Survey Data (2021)

The minimum, maximum and standard deviation of cooperatives' age, initial capital, number of permanent and temporary employees are presented in the above table -3. The result shows the minimum values of age, initial capital invested, and the number of permanent and temporary employees are 8, 1420000, 5 and 0 respectively. The maximum values of age, initial capital and number of permanent and temporary employees are 17, 1,500,000.00, 42 and 19 respectively. From the result we can conclude that significant amount of money is invested and employment is generated by cooperative enterprises.

4.1. Market orientation Practices and Performance of Cooperative Enterprises

Table - 4: Mean and Standard Deviation of MO and Performance of Sample Cooperatives.

	Mean	Standard deviation
Customer orientation	3.51	0.84
Competitor Orientation	3.38	0.94
Inter-functional Coordination	3.51	0.97
Performance	3.32	0.78

Source: Survey Data (2021)

The result in the above table -4, the mean values of MO practices and their performance is presented. The result shows that mean value of customer orientation, competitor orientation, inter functional coordination and performance are 3.51, 3.38, 3.51 and 3.32 respectively. From the result we can conclude that cooperative enterprises have moderate level of market orientation practices and performance.

Test of Reliability for MO and Performance Measures

The reliability test of MO dimensions and Performance was conducted using Cronbach alpha coefficient. And the result in the following table -6 shows that each construct has an inter item consistency because Cronbach alpha values for all dimensions/constructs as well as the overall constructs (MO and Performance) are higher than the minimum required values of 0.7 (Cronbach, 1946) and 0.6 Baker, Parasuraman, Grewal and Voss (2002).

Table -6: Reliability Test of Measures

Variables	Dimension	Number of Items	Cronbach Alpha (α) values	Overall α -value
Market Orientation	Customer Orientation	6	0.844	0.920
	Competitor Orientation	4	0.840	
	Inter functional Coordination	5	0.887	
Performance		5	0.780	

Source: Survey Data (2021) All items are measured with five-point Likert scale

4.2. Correlation Analysis (N= 174)

Table -7: Correlation

	CUSTOR	COMOR	IFCOORD	Performance	Level of Competition
CUSTOR	1				
COMOR	.620**	1			
IFCOORD	.648**	.565**	1		
Performance	.613**	.527**	.556**	1	
Level of Competition	.159	.064	.167	.289**	1

Source: Survey Data (2021) CUSTOR= Customer orientation; COMOR= Competitor orientation; IFCOORD = Inter functional coordination and P|ERF = Performance. ** Correlation is significant at the 0.01 level (2-tailed)

As can be seen from the above table -7, the correlation between the market orientation and environmental factor of level of competition with performance construct. The finding indicated that there exists a positive and significant ($r=0.613$, $p<0.000$) correlation between customer orientation and performance. This implies that when the existence of customer orientation improves the performance level of cooperative enterprises positively improved. Similarly, the study result shows that there exists a positive and significant ($r=0.527$, $p<0.000$) correlation between competitor orientation and performance. This implies that when the existence of customer orientation improves the performance level of cooperative enterprises positively improved. In addition, the study indicated that there exists a positive and significant ($r=0.556$, $p<0.000$) correlation between interfunctional coordination and performance. This implies that when the existence of interfunctional coordination improves the performance level of cooperative enterprises also positively improved. Moreover, it was found a positive and significant ($r= - 0.289$, $p<0.000$) association between level of competition and cooperatives performance. From the study it can be concluded that market orientation dimensions positively contribute for performance and level of competition isalso positivelylinked to cooperative performance. Moreover, a strong correlation among the three components of market orientation

indicates that all three are convergent to a specific construct, which also provide evidence of convergent validity of the scale (Narver & Slater, 1990).

Regression Analysis

Once the required assumptions of regression (normality, linearity and multicollinearity) are checked, correlation and multiple regression were employed to test the hypotheses.

Model Summary

In order to ascertain the statistical significance of the predictor variables on the dependent variable (cooperatives' performance) regression model analysis was employed. The model summary is presented in Table -10 below.

Table 1: Regression Model Summary

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	46.603	3	15.534	44.161	.000 ^b
	Residual	59.801	170	.352		
	Total	106.405	173			
a. Dependent Variable: Performance						
b. Predictors: (Constant), IFCOORD, COMOR, CUSTOR						

Source: Survey Data (2021)

Results and Discussions

As indicated in the above table-10, the results for the model indicates that the overall model is significant, that is, the three market orientation dimensions (customer orientation, competitor orientation and interfunctional coordination) are good joint explanatory variables for cooperatives' performance (F = 44.161, p-value=0.000). The result indicate that all the independent variables were statistically significant in explaining changes in cooperatives performance.

In this study coefficient of determination was also applied to evaluate the model fit. The adjusted R² referred to as the coefficient of multiple determinations denotes a percentage of variance in the dependent variable explained differently or together by the independent variables. From the model fit, we got an average adjusted coefficient of determination (R²) of 0.438 suggesting that 43.8% of the variations in cooperatives' performance could be explainable by the independent variables under the study research (customer orientation, competitor orientation and interfunctional coordination). The difference of 56.7.2% is attributable to other factors that are not the subject of this study. The result is presents in the following table -11.

Table -11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.662 ^a	.438	.428	.59310
a. Predictors: (Constant), IFCOORD, COMOR, CUSTOR				
b. Dependent Variable: Performance				

Source: Survey Data (2021)

Table 12: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.928	.206		4.508	.000
	CUSTOR	.332	.077	.357	4.324	.000
	COMOR	.150	.064	.180	2.362	.019
	IFCOORD	.181	.064	.223	2.847	.005

Source: Survey Data (2021)

$$PERF = \beta_0 + \beta_1 CUSTOR + \beta_2 COMOR + \beta_3 IFCOORD + \epsilon$$

$$PERF = \beta_0 + 0.357 CUSTOR + 0.180 COMOR + \beta_3 0.223 + \epsilon$$

Regression results in Table -12 indicated that there exists a positive and significant relationship between dimensions of market orientation: customer orientation, competitors' orientation, and inter-functional coordination-and cooperatives performance which is in line with the results of Yadav and Tripathi (2014). The effect of customer orientation on cooperatives' performance was positive and significant (beta=0.332, p value, 0.001). hence, the hypothesis customer orientation significantly affects cooperatives performance. This implies that better customer orientation behaviour leads to an improved cooperatives' performance. This finding concord with the previous findings of results such as studies such as Hassen & Singh (2020); Sisay et al. (2017); Attia (2013); Brockman et al. (2012); Asikhia, 2010; Khamwon&Speece (2005) and Dawes (2000). Furthermore, it is indicated that competitor orientation has a positive and significant effect (beta=0.150, p value, 0.019). This implies that an enhanced competitor orientation behaviour leads to an improved cooperatives' performance. This finding also coincided with previous research findings of Hussain et al. (2015); Boohene et al. (2012) and Salman& Zain (2011). The study findings also indicated that interfunctional coordination had a positive and significant effect on cooperatives performance (beta=0.181, p value, 0.009). Hence, the hypothesis that interfunctional coordination significantly affect cooperatives' performance was supported. This implies that an increase in the interfunctional coordination leads to an improved cooperatives' performance. similar result also reported by Sisay et al. (2017) and Attia (2013).

4.3. Effect of overall MO on Cooperative Enterprises Performance

According to Jabeen et al. (2013), the performance of a firm is a function of market structure and the firm's behaviour within the competitive and ever-changing business world. Adopting a market-orientated strategy is posited as a way of successfully managing the impact of changes in the SME domain. Previous researchers on MO – Performance linkage such as Jabeen et al. (2013) highlighted that market orientation is an importance organizational resource and SMEs are suggested to adopt MO for insuring a sustainable competitive advantage and enhanced firm performance. Kara, Spillan, and DeShields (2005) suggested that market orientation is considered as an important strategic alternative for firms having difficulties in pursuing other sources of potential business profitability and consequently contribute to firm performance.

The effect of overall MO on cooperatives' performance was also examined as follows.

Table 13: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.656 ^a	.430	.426	.59395
a. Predictors: (Constant), MO				
b. Dependent Variable: Performance				

Source: Survey Data (2021)

Table 14: Regression Result MO effect on Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.973	.204		4.775	.000
	MO	.652	.057	.656	11.385	.000

Source: Survey Data (2021)

It is indicated that from the above table -14, overall market orientation has a positive and significant effect (Beta=0.652, p value, 0.000). Hence, the hypothesis that overall market orientation significantly affect cooperatives performance was supported. This result is in line with the argument that market orientation has a positive impact on firm performance (Kotler, 2012). This implies that market orientation practice leads to an improved cooperatives' performance. Hence, cooperative enterprises are recommended to exhibit market orientation behaviour to realize enhanced performance.

4.4. Moderating Effect of Level of Competition on MO -Performance linkage

Moderation effect means when the effect of one variable on the dependent variables depends on the other variable. It is just like that of the interaction effect in case of ANOVA. In this study it was hypothesized that level of competition as an environmental factor moderates the linkage between MO behavior of cooperative enterprises and their business performance. Once the data was standardized and the product of MO and level of competition was computed. The moderation effect was analyzed and the statistical result is presented below.

Table 12: Model fit for Moderation effect

ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.758	2	22.879	64.509	.000 ^b
	Residual	60.647	171	.355		
	Total	106.405	173			

a. Dependent Variable: Performance b. Predictors: (Constant), Moderator (level of competition) and MO

Source: Survey Data (2021)

Table 13: Moderation Effect (Level of Competition on MO- Performance Linkage)

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.932	.249		3.739	.000
	MO	.662	.066	.665	9.985	.000
	Moderator (level of competition)	.012	.043	.019	.289	.773

a. Dependent Variable: Performance

Source: Survey Data (2021)

As indicated in the above table 4-15, the model is fit to the data. Because the p-value is significant. The moderation effect in the above table 4-17 shows that result in the moderation effect is not found to be significant (Beta = 0.012; p = 0.773). Hence, the hypothesis environmental factor (level of competition) moderates the MO -performance linkage was supported. This indicates cooperative enterprises are exhibit MO behavior even in the absence of competition. This might be due to the fact that enterprises are working to have more customers which leads to realize better performance.

Table 4-18: Summary of Hypothesis

Hypothesis Statement	Estimate	P-value	Hypothesis Result
Market orientation significantly affect cooperatives' performance	652	0.000	Supported
Customer orientation significantly affect cooperatives' performance	.332	0.000	Supported
Competitor orientation significantly affect cooperatives' performance	.150	0.019	Supported
Interfunctional coordination significantly affect cooperatives' performance	.181	0.005	Supported
Market orientation moderates MO and cooperatives' performance Linkages	.012	.0773	Not Supported

Source: Survey Data (2021)

Conclusion and recommendations

The study investigated the practice of market orientation and its effect on cooperative enterprises performance in case of south Gondar zone. The result indicates that the majority of respondents are male. The majority (82.2%) of respondents are male and more than 31 years old having college diploma educational level. Most of respondents are from credit and saving cooperative enterprises operating moderate level of competition. In addition, the mean values of market orientation practice and performance ranged from 3.32 to 3.51. The correlation result shows that market orientation constructs/dimensions are positively correlated with cooperatives' performance with the values ranged from 0.527 to 0.613.

The regression result indicates that the three dimensions of market orientation have significantly and positively influenced the performance of cooperatives enterprises and three of the dimensions jointly explained the variations in cooperative enterprises performance by 48.3% and overall market orientation also positively and significantly affected the performance. However, level of competition as environmental factor was not found to moderate the effect of market orientation on cooperative enterprises. Generally, the study results indicate that cooperative enterprises are highly recommended to exhibit market orientation behaviour to realize improved performance and they are advised to set up customer focused strategies to ensure a long-term business success.

The study results show that that cooperative enterprise not only focus on customer need, but they should also consider their interfunctional coordination/information sharing and competitor orientation so that they can face competition and could survive and enhance performance. However, level of competition was not found to be significantly moderate the MO and cooperative enterprises performance linkage. Hence, the significant and positive effect of market orientation of cooperative enterprise result confirms the theoretical and empirical foundations of the study of market orientation. Practically, more market-oriented cooperatives would have enhanced performance and long-term orientation.

The different beta values of MO dimension (customer orientations the highest) indicate cooperative enterprises are recommended to develop their market orientation profile, update it and determine for which they must give more emphasis. In conclusion, the study has immense implications in terms of adding some insights to the existing body of literature because it tested some hypotheses held in the literature and generated confirmatory results. Thus, further studies are recommended to be conducted on the same topic by taking other variables as a mediating and/ or moderating on the linkage between MO and performance. In practice, this study may help cooperative operators/managers know their level of market orientation and design strategies to make their enterprises more market oriented and balance between short- term and long-term focus in their firms' performance.

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