

## Market Orientation and its effect on inclusive growth of a Business - A case study of MOVE



### MANAGEMENT

**KEYWORDS :** Market Orientation, MOVE, Business, PMA, Budding Entrepreneurs and Growth of Business.

**Dr. Vijayakumar A. N**

Assistant Professor, Annapoorna Institute of Management Research, Sankeshwar

**Dr. M S Subhas**

Professor, Kousali Institute of Management Studies, Karnatak University, Dharwad

### ABSTRACT

*A huge fortune lying at the bottom of the pyramid stresses the importance of MSMEs/ small businesses to grow in India. But, there is a strong caution of sustainability and profitability to these MSMEs in Indian especially widespread rural markets. In this regard we would like to suggest a well tested market orientation strategy for those who would like to be ensured of an inclusive growth of any given business enterprise. A case study of MOVE conducted in this regard in the peri-urban villages of Hubli-Dharwad (Karnataka), is used for testing of influence of market orientation on the business performance.*

### Introduction:

Scope of Indian market is very well recognised by the entire world by its huge potential and a strong discussion on FDI to India does explain this aspect in detail. In spite of this, domestic business is mainly dominated by MSMEs in India, this fosters the thought for promoting of MSMEs and in particularly small businesses to make use of large extent of small savings and human resource left out being unused as unemployed. This domestic business forms of a great importance because of its huge population and/or market size. This has been rightly discussed and explained by many intellectuals in the area.

But, in a globalized marketplace and that too with a pressure and strokes from global crisis, it is almost impossible for the small entrepreneurs especially in case of rural producers to match the prices and economies of scale that huge multi-national producers can offer. In this context a unique method known as Market Oriented Value Enhancement and comprehensively termed as *MOVE* was evolved. This method was an outcome as a result of a natural resources systems programme (NRSP) to commission research into understanding semi-urban interface and how best to manage it, in the areas of poverty alleviation and natural resource management. This NRSP was set by the UK department for international development (DFID) in an effort of finding way out for the above issues and for improving livelihoods of the asset-poor under the DFID Project Number R8084.

### **MOVE - Market Oriented Value Enhancement:**

*MOVE* (Market Oriented Value Enhancement) was created because it was found that about 90 to 95 percent of the small entrepreneurs fail because they do not understand the markets. It is important that all entrepreneurship development programs have to be market oriented. The Indian market has changed with the opening of the markets. The small producers cannot compete with the larger companies. Therefore they have to be market oriented to have more flexibility and to be able to move laterally. If the entrepreneurs are oriented to the markets then the success rates of the entrepreneurs will be very high. Thus, the strength of *MOVE* is that the trainees are market savvy by the end of the training. The trainees have the tools to understand the markets and therefore as the markets shift, they too can shift or tailor their products or services.

*Market Orientation and Value Enhancement* is a practical, sustainable, replicable, adaptable, profitable tool that has proven to be a viable alternative to improve livelihoods of the poor. This tool helps in setting up viable businesses or income generating activities based on market needs, thus drastically reducing the failure rate. Hence, *MOVE* is basically a customer-centric approach to business! The main concept in *MOVE* is that a business has to be customer oriented for it to succeed. The cus-

tomers has to be at the center or the main target. Trainees have to first understand their customer thoroughly, their needs, and their wants, before they can move forward. Once the customer's requirements are understood, the trainee should then see if it makes business sense to make and sell these products or services. The customer may want a lot, which may not make business sense, in which case the trainee should not start that business. It is only after these have been identified does the trainee look at other aspects of the business such as finance, human resources and production.

### **A case study of MOVE:**

The present case study is primarily an experimental (Empirical) and descriptive in nature. It mainly concentrates on studying superiority of *MOVERS* (trainees of *MOVE*) over *Non-MOVERS* (untrained or independent) entrepreneurs. This study mainly concentrates on the data so collected from small and relatively fresh entrepreneurs; who are from rural and peri-urban areas of India. Thus this study becomes more useful for those marketing strategists and academicians to know more about rural and peri-urban India's view and interest towards being marketing orientation. This will give a proper guidance in the process of business development by making proper use of marketing orientation strategies.

Here this case focuses on the trainees of *MOVE* and their superior inclusive growth of a business here below being used as business performance, is compared with the other businessmen in the same area/localities. Two objectives of this are as below:

To analyze whether there exists the influence of market orientation on business performance.

In this regard a hypothesis was made as below:

**H<sub>0</sub><sup>1</sup>:** There is no difference between the business performance of more Market Oriented Enterprises and Less Market Oriented Enterprises.

**H<sub>1</sub><sup>1</sup>:** There is a difference between the business performance of more Market Oriented Enterprises and Less Market Oriented Enterprises.

Primary Data was collected by canvassing structured interview schedules from beneficiaries of *MOVERS* (ME) and *non-MOVERS* (NME). This was useful in comparing the market orientation level and business performance both in financial and non-financial terms, among trainees of *MOVE* those have started and running some enterprise/businesses as budding entrepreneurs i.e. MEs, and untrained/independent entrepreneurs i.e. NMEs those are relatively comparable with those of MEs and are located in

the same area/market(s)/Village(s).

A 32 item measure of market orientation developed by Kohli, Jaworski and Kumar, (1993) referred to as MARKOR, a one-dimensional construct with three behavioral components, (intelligence generation, intelligence dissemination, and responsiveness), is used to measure the market orientation level of the entrepreneurs under study i.e. between ME and NME. The scores on overall MO (Market Orientation) of both ME and NME clearly say that the score of MOVERS i.e. 98% is more than the score of Non-MOVERS i.e. 79%. This clearly indicated that MEs are more market oriented than NMEs and hence MEs can be referred as

More Market Oriented and NMEs as Less Market Oriented.

Further, financial performance was measured in terms of Return on Investment (ROI), Net Profit and Sales growth (Average per month basis). Similarly non-financial performance was measured in terms of Employees' organisational commitment, Employees' esprit de corps and Competitiveness of MOVER Entrepreneurs (ME). On measuring their business performances both in financial as well as non-financial terms, the following results were found out.

**Table-I: Business performances**

Type of Respondent	Financial performances			Non - financial performance			
	ROI (%)	Net Profit (%)	Sales growth (%)	Employees' organisational commitment	Employees' esprit de corps	Competitiveness	Overall
More Market Oriented (ME)	<b>108.38 %</b>	<b>55.71 %</b>	<b>186.12 %</b>	<b>91.43 %</b>	<b>91.43 %</b>	<b>56.67 %</b>	<b>81 %</b>
Less Market Oriented (NME)	<b>39.26 %</b>	<b>45.76%</b>	<b>93.52 %</b>	<b>90 %</b>	<b>76 %</b>	<b>11 %</b>	<b>61.7 %</b>

Source: Field Data

From the above table it shows that ROI (Return on Investment) of ME (**108.38%**) is greater than that of NME (**39.26 %**), Net profit of ME (**55.71 %**) is greater than that of NME (**45.76%**) and Sales growth of ME (**186.12 %**) is greater than that of NME (**93.52 %**). Similarly, the table shows that, EOC (Employees' organizational commitment) of ME (**91.43 %**) is greater than that of NME (**90 %**), EDC (Employees' esprit de corps) of ME (**91.43 %**) is greater than that of NME (**76 %**), Competitiveness of ME (**56.67 %**) is greater than that of NME (**11 %**) and the overall non-financial performance of ME (**81 %**) is greater than that of NME (**61.7 %**).

On going through the scores of measures for business performance both in terms of financial and non-financial performance of ME and NME it shows that there is a difference between business performance of business started by MOVERS and Non-MOVERS indicating that the **null hypothesis is rejected and alternative hypothesis is accepted**. This confirms the statement that the **market orientation has a positive influence on the business performance** and they i.e. market orientation and business performance are positively related to each other.

**Conclusion:**

The observations from the case study being dealt here show that market orientation and business performance are positively related to each other. The investigated and suggested point on the influence of market orientation for the inclusive growth of any given business has to be used as a success mantra in entrepreneurship developmental activities in India. Thus market orientation plays a vital role in the inclusive growth of any given business.

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