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ATINER's Conference Paper Series

BUS2012-0340

**The Effect of Market-Orientation
Culture on Business Economic
Performance in Insurance Industry
(Public Sector)**

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URL Conference Papers Series: www.atiner.gr/papers.htm

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ISSN 2241-2891

21/11/2012

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This paper should be cited as follows:

Alipour, H., ordokhani, m. and Ghavidel, S. (2012) “The Effect of Market-Orientation Culture on Business Economic Performance in Insurance Industry (Public Sector)” Athens: ATINER'S Conference Paper Series, No: BUS2012-0340.

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Abstract

Mostly, Orientation market predicted financial performance. This article provides a minor and necessary model to modality of its works with intermediate variables of degree of innovation, innovative performance and customer faithfulness. Purpose of the study is the insurance company of Iran in Tehran province. In the other hand, orientation market defined as organizational culture that customer approval is in center of operations. This function has further value for customers and improved performance for organizations. Today, Development of economic sectors and enterprise of various sectors are impossible without protection of insurance companies. Today, according to rapid developments in technology, transportation and communications, economic activities are difficult without insurance. Results indicate that central market has the positive and significant effect on market. Central market has significant effect on profit by degree of innovation, innovation performance and customer loyalty. According to research findings, improved market orientation culture in organization could increase benefit of insurance company branches.

Key words: Orientation market, economic performance, degree of innovation, Innovation performance; Customer loyalty.

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1-Introduction

Previous research shows that orientation market will predicted economic performance. Economic performance assessment is a critical part of process management in the organization. The evidence shows that Orientation market and innovation achieves at competitive environment. According to rapid change of customer preferences than process technology and growing competitive advantage, companies will develop their mechanism within the organization for collect and analyze market information.

According to the needs of this sector (insurance), due to increased competition among competitors, it is important to choose competitive tactics. (Maydeu- Olivares, lado, 2003, 284). Recognition of components of the central market and affect of each as a mediating variable on the economic performance of insurance companies will help them for focus on the need. These companies must use customer and market information for offer better services to Customer. Increase of customer loyalty and success of new product improved economic performance (Gee, 2008, 362).

Orientation market is business culture that influences on organizational performance via Create superior value for customers. On the other hand, Central market is a culture That Customer Satisfaction Located In operations center. Central market is theory central structure that developed for explain companies performance. (Kohly and javorsky, 1990, 1993: Naror and Eslyter, 1990; Deshpand and Farly, 1998).

For the first time in America, central market was studied. In research publications, analysis of central market has focused on two approaches with wide range: behavioral approach and philosophical approach. A concept of Orientation market and innovation with increas competitive environment was considered customers.

Because of the diverse activities of companies economic performance has various dimensions. Addition performance, technical progress and fairness in distribution, economic performance has different aspects including competition that it is strong motivation for excellent performance.

Ladu et al (1998) described Orientation market as spirited tactics that includes all levels of functional and market forces. The market forces are: final customers; intermediate customers (distributors); environmental factors. For creation and hold competitive advantage, companies must make good relationship among functions that they analyze market forces.

This research model was presented Ladu et al (2003) that offered the intermediate model for review of relationship between central market and economic performance business.

In this study, Orientation market conceptualizations by nine levels that include: Analysis of final customers; Analysis intermediate customers (Distributors); Analysis competitor analysis; Analysis of market environment; Tactical actions on final customers; Tactical actions on intermediate customers (distributors); Tactical actions on competitors and coordinate task. (Maydeu-Olivares, lado, 2003, 286-287).

About degree of innovation variable, Cooper (1994) believes that Relationship with Significant quality for customer provides valuable information for development of new products at service sector (Maydeu-Olivares, Lado, 2003).

About relationship between Orientation market and novel performance can said that new products have been due to organization between marketing and other business units, such as research and development. Also, monitoring of competitors and closed relationship with intermediaries are basic keys for create new concept for new product development. Success new products are guaranteed by using full capacity of innovation. (Maydeu-Olivares, Lado ,2000,286).

Relationship between customer loyalty and central market shows that purchase back or encouraged to re-purchase of a product or service was preferred that retry purchase of same brand. High degree of market-oriented leads customer loyalty, and effects in the long term on better economic performance. Customer demands for pay a cash reward, customer orientation to extension positive oral communication and lack rotation among providers services are scales of customer loyalty (Maydeu-Olivares, Lado ,2000,285).

2-Materials and Methods

This research based on purpose is application. In this study, descriptive statistics and inferential statistical methods use for data analysis. First variable described as tables and statistical indicators using SPSS software. Then, LISREL software use for data analysis and test assumptions and generalize to the results from sample statistical society with structural equation modeling approach. The study populations in this research are all managers and experts branch of the Iranian insurance companies in Tehran that their number calculated With Morgan Table for 21 Branch. Data of market orientation variables and degree of innovation, performance and innovation , customer loyalty variables collected with the two questionnaires and has been analyzed using path analysis.

In this study, a particular sampling doesn't used. Therefore, samples are includes all branches of Iranian insurance companies in Tehran Province. Respondents to the questionnaire were administration and bachelor managers in these branches. Their number obtained via Morgan table. The numbers of samples in this study are 199.

Questionnaire used for data collection and information. Latin magazines used for collecting of required information of theoretical division. Databases of the central insurance organization in Tehran and weekly and Monthly Reports of Insurance used for collecting of other required data and information.

According to the research comments, variables selected in three categories of independent, dependent and intermediate as follows: In this study, economic performance is measured by three indicators of market share, premium growth and rate of return on investment (ROI) that defined as follows. Economic performance include: collected works and results that arise from economic activity. Economic performance has various dimensions due to various corporate activities.

In addition performance, technical progress and equity in distribution, economic performance has different aspects that include competition, security against risk, performance in price, efficiency, technical progress, profit rate, yields and employment. Economic performance has a complex structure with multiple indicators. In this study, economic performance measured by using three indicators: the market share insurance premium growth (equal to sales growth) profitability (Similar return on investment (ROI). (Maydeu- Olivares, lado 2003, 293). These three indicators expressed as percentage that belongs for 1388.

Market-driven variable selected as independent variable research that is follows: central market is defined by Narur and Slater (1990) as competitive strategy that creates superior values for customers with new behavior and promise long-term and better results. Best value is mediated relationship between central market and performance. Central market conceptualized by 9th level that expressed at theoretical framework (Soren sen, 2008, 336).

In this study, central market influence on economic performance by three intermediate variables of degree of innovation, innovative performance and customer loyalty. In applied model of this study, degree of innovation is defined with product introduction / new services by participating, the amount of product lines sold and changes in production lines that lead products / new services to market, their development and appropriate response to the needs and customer demands. Innovative performance defined associated with product success rate / new services at sales targets, market share, profitability and full use of the innovation capacity that leads will successful product / new services.

Finally, customer loyalty defined with select insurance company among various types of insurance services, level of customer loyalty and client recovery policy that leads to increase frequent purchases of company and having long-term relationship with the company. Consequently, customer chooses desired companies among other companies (Maydeu- Olivares, lado, 2003, 287-289).

Research hypotheses expressed as follows:

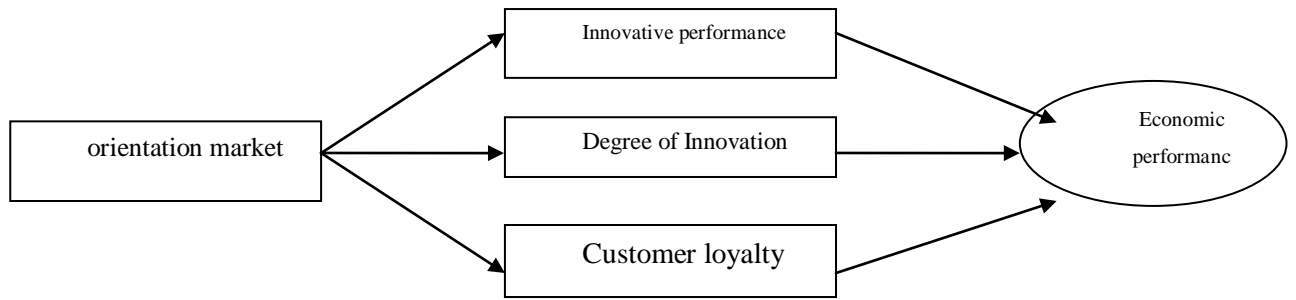
3-Main research hypothesis

Orientation market has significant effect on economic performance of business.

Subsidiary hypothesis

Orientation market has significant effect on business economic performance by degree of innovation. Orientation market has significant effect on business economic performance by innovative performance. Orientation market has significant effect on business economic performance by customer loyalty.

Applied model in this study is as follow: (Maydeu- Olivares, lado, 2003, 291)



Qu in 2007 examined role of orientation market in business performance affiliated units of multinational companies. Instances were includes 252 unit of foreign subsidiary in the UK. Results show that central market is a key to business performance for subordinate units. They have concluded that its effect depends on the performance of covered unit (Qv, 2007).

Doayi and Bakhtiari (1386) examined relationship between Orientation market and business performance of Car parts makers in Mashhad. Relationship between central market and performance more cause closes up performance of the market. Because positive relationship of central market and organizationa performance can be concluded that if the research community more attention to the Orientation l market, improving business performance of will obtained in these companies (Doayi and Bakhtiari, 1386).

Maydeu-Olivares, Lado (2003) examined relationship between central market and business economic performance insurance industry in Europe Union. Results indicate that adding variables of innovation degree, innovation performance and customer loyalty, will better 52% predictions concerning with economic performance. This study showed that Effects of market-oriented on economic performance is complete medium by these variables. (Maydeu-Olivares, Lado, 2003).

4-Analysis of Research

Research findings in main hypothesis of this research expressed that market-oriented has significant effect on business economic performance. As mentioned, economic performance in this study is composed from three indicators that include market share growth in insurance premium and profitability ROI. According to the analysis and the positive relationship can be concluded that the company pay more attention to their core market will lead to improved market share.

According to the first sub-hypothesis, the central market has a significant impact on market share, premium growth and ROI by degree of innovation. According to the statistical analysis ROI is 65.29. So, accuracy of the claim is confirmed on the orientation market ROI on investment by innovative degree.

According to the second sub-hypothesis, the Orientation market has a significant impact on market share, premium growth and ROI by innovative performance. According to the statistical analysis ROI is 10.94. So, accuracy of the claim is confirmed on the central market ROI on investment by innovative performance. According to the second sub-hypothesis, the central market has a significant impact on market share, premium growth and ROI by customer loyalty. According to the statistical analysis ROI is 4.84. So, accuracy of the claim is confirmed on the Orientation market ROI on investment by customer loyalty.

5-Conclusions and suggestions

The present study examines relation between the central market and economic performance in Iran insurance company of Tehran province. For this purpose, literature and attitudes of Orientation market and economic performance were studied. Results show that the orientation market has positive impact and significant on market share that it is one of the indicators economic performances. The orientation market has significant effect on profitability (rate of return on investment) by degree of innovation, innovation performance and customer loyalty. Based on current research findings, market-oriented culture in the organization can improve the increased profitability insurance company.

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