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**Published paper**

[http://dx.doi.org/10.1108/01435121011046380](http://dx.doi.org/10.1108/01435121011046380)
Theory, research and practice in library management: market orientation.

Abstract

Purpose – The purpose of this paper is to explore the relevance of market orientation as a strategic orientation in the management of libraries.

Design/methodology/approach – The literature is examined to identify aspects of market orientation, and evidence of adoption of market orientation in libraries. Lessons that can be learned from other sectors regarding market orientation are presented, and their relevance for libraries is examined.

Findings – This paper finds that market orientation is relevant for libraries as one of many strategic orientations. It found that there is a lack of systematic application of MO in library management, with the focus on selected aspects of MO e.g. customer orientation.

Originality/value – This paper provides an overview of how library managers can adopt a market orientated approach to the strategic management of their library services.

Keywords – Market orientation, Strategy, Library management, Marketing.

Paper type Viewpoint/Literature review

Introduction

Market orientation (MO), as a strategic orientation, is theorised to be the central construct behind successful marketing management and strategy (Wood et al., 2000). Strategic orientations are the guiding principles that influence an organisation’s strategy making plans and activities (Noble et al., 2002). Organisational success is often linked to the concept of strategic orientation (Wood and Robertson, 1997). Market orientation is one of a range of possible strategic orientations. In business, Production orientation is based on lean processes, production efficiencies, cost minimisation and mass distribution to meet customer needs, and a selling orientation is based on aggressive sales techniques and advertising methods (Noble, Sinha and Kumar, 2002). Liao et al. (2000) argue that a societal orientation is more appropriate than a market orientation for the nonprofit sector as it considers the ‘needs of a wider society’. Market orientation, in its widest form also considers the wider needs of the organisation’s operating environment i.e. market, society and business context. In this view of MO, Liao et al’s (2000) argument has no basis. Other academic research strongly supports MO as being relevant in the nonprofit sector (Wood et al, 2000; Vazquez, et al, 2002). Grinstein (2008) considers the relationships between MO and other strategic orientations through a meta-analysis of seventy previous studies. Grinstein’s (2008) suggests that organisational success can be strengthened when MO is combined with other strategic orientations to give a strategic approach using multiple orientations that is suitable for the current complexity of many organisational environments.

The concept of MO has developed over time from theoretical considerations of the meaning of MO in the 1950s and 1960s to the analytical measurement of the concept in the 1990s (Van Egeren and O’Connor, 1998). MO is concerned with achieving value through a clear understanding of the customers, the organisation and the wider business environment. It offers a holistic approach encompassing corporate culture and engaging all departmental functions in customer-focused operations and strategy. The concept of MO has been researched widely in the fields of management and marketing, having been found to have a positive relationship with organisational performance and thereby having value for the organisation (Han et al, 1998; Slater and Narver, 2000). In nonprofit organisations, ‘the objective analogous to profitability is survival …’ (Narver and Slater, 1990), something that libraries have as an overarching concern in this current climate (Jamieson, 2009).
MO is distinct from a *marketing orientation* which places ‘the marketing function at the top of an organizational hierarchy’, possibly leading to a ‘preoccupation’ with traditional marketing rather than MO; MO being an organisational culture that has creating value as a top priority (Slater and Narver, 1992:12).

The definitions of MO are numerous (Dalgic, 2000), and have changed over time (Gainer and Padanyi, 2001). There is a history of misunderstanding and confusion surrounding the concept with the terms *marketing orientation* and *market orientation* often being used interchangeably (Shapiro, 1988).

Two pioneering studies of MO are widely used and referred to, those of Kohli and Jaworski (1990) and Narver and Slater (1990). Kohli and Jaworski (1990) define MO as being composed of three sets of activities: (1) organisation wide generation of intelligence, (2) dissemination of the intelligence, (3) organisation wide responsiveness to it. Narver and Slater (1990) define MO as being composed of three components, customer orientation, competitor orientation and inter-functional co-ordination. The theories have parallels, both being concerned with customers, organisational management and intelligence (Mavondo and Farrell, 2000). Kohli and Jaworski (1990) are often discussed as having an activity focus (Mavondo and Farrell, 2000) and therefore being operational in outlook, while the Narver and Slater (1990) definition is considered to be more strategic and cultural (Pulendran et al., 2000).

The two pioneering conceptual theories (Kohli and Jaworski, 1990; Narver and Slater, 1990) have been used, developed and refined subsequently in a large number of studies in both the private and public sectors (Shoham et. al 2005). The wide adoption of these key theories confirms the validity and reliability of the concepts and methods used to measure MO, justifying their continued use. Sen (2006) reviewed the two MO theories in a library context and found them to be applicable and have value in this domain.

**Current practice in market orientation in libraries.**

Research in MO is not so prevalent in the public sector and non-profit organisation as in the private sector. There has been an increase of interest in MO and public sector organisations such as police services, hospitals, and universities in the last decade (Caruana, 1998; Drummond and Ensor, 2000; Wood, 2000). Traditionally MO has been measured using quantitative scales which have been subject to criticism for public sector organisations (Liao et al, 2000). Measuring performance in public sector or non-profit organisations is not finance driven and requires other performance measures such as customer satisfaction, loyalty and reputation, reflecting more appropriately the complex stakeholder relations existing in non-profit organisations (Andreasen, 1994). Some mixed method studies exist offering access to a wider range of methods and data sources (Singh, 2005; O’Cass, 2001). However, research in MO and libraries is extremely limited.

The library literature shows a development from general discussion based mainly on the functional aspects of marketing, to research including case studies and broader surveys. Librarians have generally focused their writing on components of MO, for example competitor orientation (Broady-Preston and Barnes, 2001), or customer
orientation (Lozano, 2000). There has been a single case study of a public library in Australia: Harrison and Shaw (2004) took a marketing perspective, and found conflicting views as to the value of marketing across the staff within the organisation and a lack of competitor awareness. Ewers (2006), also offered a single case study from a marketing perspective, this time in the academic sector. Kara (2004) carried out a study of 148 non-profit service providers in the United States, one of which was a library service, and found market-orientation to be relevant for non-profit organisations.

More recently, Singh (2005) published a study from a marketing perspective of 33 academic and special libraries in Finland. As part of his study of marketing culture, attitude, knowledge and behaviour, Singh examined MO in research libraries. Singh (2005) identifies three cultural profiles within the libraries: high fliers (strong MO); brisk runners (medium MO), and slow walkers (weak MO). Singh (2005) used Lozano’s model and adapted and modified it as a measure. The Finnish study suggests that it pays for libraries to be market orientated, resulting in higher customer satisfaction. Singh (2005) however, states that there is a need to develop a more comprehensive measure of MO for libraries. The findings only suggest a link between MO and performance, but have not proved to be significant; an area for further in-depth research. He also offers a challenge to understand how MO can be developed and maintained in libraries. More recently, Sen (2006) used focus groups and interviews across sectors to consider the relevance of MO for libraries, part of continued research project. Findings suggested that MO is relevant for libraries and their continued survival.

Management theories and market orientation

**MO perspectives**

Numerous theorists have developed the work of the two seminal papers (Narver and Slater, 1990; Kohli and Jaworski, 1990) giving their own perspectives of MO. Lafferty (2001) reviews the studies that have taken place across two decades and categorises them, identifying five perspectives on MO: (1) the decision making perspective, (2) the marketing intelligence perspective, (3) the culturally based behavioural perspective, (4) the strategic perspective and (5) the customer orientation perspective. Lafferty (2001) presents an integrated perspective, a synthesis of the previous conceptualisations of MO. The synthesised MO framework focuses on the areas of general agreement within the five perspectives identified to include four key dimensions: an emphasis on the customer, the importance of information, inter-functional coordination and responsiveness through actions. The MO perspective is important as it influences the choice of measurement tool for MO, some measurement scales (Narver and Slater’s scale: 1990) being seen as having a strategic or cultural focus, others (the Kohli and Jaworski 1990 scale) having more of an activity or operational focus i.e. relating to the marketing function rather than organisational strategy. The differing perspectives of MO, partly explains the lack of consensus for defining MO (Ottesen and Gronhaug, 2002).

Consequences of market orientation
A market orientation is frequently posited to have a positive impact on business performance (Caruana 1999; Gray and Hooley 2002; Slater and Narver, 1994). Those organisations that monitor customer needs, and respond to those needs, are more likely to satisfy customers and perform better (Narver and Slater, 1990; Cravens and Goulding, 2000; Pulendran et al., 2000). Other positive outcomes reported are higher levels of customer satisfaction, and improvement in service quality (Castro et al., 2005). Cervera et al., (2001: 1269) identify five main categories of consequences of MO: (1) performance; (2) employees’ response or esprit de corps; (3) consumers’ response; (4) channel relationships and (5) competitive strategy.

It has also been argued that a market orientation has a positive impact on staff within an organisation, bringing psychological and social benefits to employees (Kohli and Jaworksi, 1990). MO is argued to instil pride in the work, a sense of belonging, a positive attitude to sharing information, an understanding of common goals, and commitment to the organisation. This is commonly identified in the literature as an ‘esprit de corps’; and is argued to have a positive effect on performance (Jaworski and Kohli, 1993; Shoham et al, 2005).

**Antecedents for market orientation**

For MO to thrive and be effective there needs to be a supportive infrastructure. Jaworksi and Kohli (1993) identified three key requirements to supporting effective MO. First, leadership, having top management reinforcing the importance of MO and encouraging staff in gathering information, sharing intelligence, and responding to market needs. Secondly, the dynamics within an organisation and how its various departments interact is seen as having an impact on MO. Conflicts between staff or departments will inhibit communication, the dissemination of intelligence, inter-functional co-ordination and MO. Thirdly, the organisation must have in place organisational structures to support MO.

Cervera et al. (2001) review the literature on antecedents of MO dividing them into five main categories: (1) senior management characteristics; (2) organisational features; (3) organisational structure; (4) inter-departmental dynamics and (5) external factors.

**Barriers and moderators to market orientation**

Harris (2000) discusses the diversity of barriers to MO, proposing two main categories of obstacles: organisational attributes and behavioural factors. Organisational attributes encompass the structural, strategic and systematic characteristics that may impact on MO e.g. the size of the organisation. From a behavioural point of view, resistance to MO within organisations can be on an individual basis, or related groups and sub-cultures within the organisation (Harris, 2002). Sub-cultures can form within departments and cause inter-departmental conflict hindering MO activity (Pulendran et al., 2000).

Economic factors can inhibit the development of MO. Where finances are limited the cost of achieving an effective level of MO can be cost inhibitive (Harrison and Shaw, 2002; Slater and Narver, 1994). Other barriers may be external to the organisation, e.g. where a market economy is not in operation, this is not a relevant issue in the UK,
though some resistance is reported in public sector and nonprofit sectors where some believe that such services should not operate under business models (Liao et al., 2000).

Market turbulence is said to moderate MO (Pulendran et al. 2000). MO being stronger in more turbulent, and competitive business environments (Jaworski, and Kohli, 1993). From an internal perspective, organisational climate (e.g. organisational size, structural flux, teamwork, and employee flexibility) has also been found to moderate MO (Nwankwo et al., 2004).

**Forms and levels of market orientation**

Given the unique nature of organizations and the diversity of working environments, it is inevitable that MO will take different forms. Some organisations may place higher emphasis on different aspects of MO than others e.g. libraries may place greater emphasis on customer orientation than competitor orientation (Harrison and Shaw 2004; Sen, 2006). Some organisations may be more sophisticated in their understanding and application of the concept, approaching all the components of MO in a systematic way.

Various studies have been carried out that consider and attempt to categorise the different forms of MO. Greenley (1995) considers there to be five patterns of MO: undeveloped MO, fragmented MO, customer focus orientation, competitor focus orientation and comprehensive MO. Kumar (1997) has a similar view, proposing four forms of MO: competitor focused, undeveloped, customer focused and comprehensive. Harris and Piercy (1999) identify three forms of MO from a marketing perspective: myopic marketers, market focused marketers and obsessed marketers. Singh’s study of libraries (2005: 214) offers three levels of MO, or ‘cultural profiles’ in libraries: high fliers; brisk runners; and slow walkers. Narver, Slater and MacLauchlan (2000) argue for two forms of MO: ‘reactive’ and ‘proactive’. A reactive MO is an attempt to satisfy customers’ expressed needs, whereas a proactive MO is the attempt to satisfy customers’ latent needs (Narver et al., 2000: 8). Their USA study identified that businesses must engage in both forms of MO for maximum market effectiveness and efficiency, and innovation, thus striving for ‘total market orientation’.

The forms and levels of MO show a differing degree of development and sophistication of MO within different organisations, sectors, industries and domains, these variances can represent different levels of MO maturity within organisations.

**Measuring market orientation**

The measurement of MO is dominated by a quantitative approach and the use of scales. The most widely used measurement scales are those developed by Kohli and Jaworksi (1990), the MARKOR scale, and Narver and Slater (1990) the MKTOR scale. Attempts have been made subsequently to refine and develop these scales; for example Deshpande and Farley, the MOTRN scale (1999). Narver et al. (2000), present a variation of their own earlier scale by presenting MOPRO, a scale to measure a different form of MO, ‘proactive’ MO. The various scales have mainly been used within the private sector, though more recently there has been increased
interest in the application of the scales in non-profit and public sectors (Caruana, 1998; Gainer and Padanyi, 2001; Singh, 2005). Other scales are in existence, but have not been adopted so widely, for example Ruekert, 1992; Deng and Dart, 1994; Despande and Farley, 1999. There have been a number of works that have reviewed the validity of the various scales for measuring MO, and compared and contrasted features of the scales (Langerak, 2002; Shoham et al, 2005; Cravens and Guilding, 2000; Gonzales-Benito and Gonzalez-Benito 2005). In the non-profit sector there has been some criticism of the measurement of MO and the quantitative emphasis (Liao et al, 2000) with questions being raised as to this being the best method in non profit organisations. Gray and Hooley (2002) suggest that qualitative research may provide richer information on market oriented behaviour. Narver and Slater (1991) acknowledge that quantitative theory testing provides a useful beginning point for researching MO, but suggest that detailed case studies could provide additional valuable insights into the concept.

Relevance of market orientation for libraries

Government policy in the UK, particularly with regard to public libraries has focused to date on strategy, performance, and marketing. The policies and guidelines are a direct response to the need for change in public libraries due to increasing competition, new technology and changing demands on the service (Laser Foundation, 2005). These trends have focused on the future of public libraries and their survival, the need for libraries to adopt a clear strategy, and to focus on the needs of their customers or users. These issues are all relevant to MO.

Sen’s (2006) study showed the relevance of MO for libraries through a mixed methods approach, giving clear examples of how library practitioners at all levels engaged with the different components of MO. The literature suggests that library professionals have a developing understanding of MO, which is being applied in the management of many library services (Besant and Sharp, 2000, Harrison and Shaw, 2004). Some aspects of the concept have yet to be formalised within library services such as competitor orientation (Broady-Preston and Barnes, 2001). This shows a maturing of the understanding of the MO concept in libraries and the subsequent management of services.

Efforts in libraries focus mainly on the activity based marketing approach with a clear customer focus (Ewers, 2004; Harrison and Shaw 2004; Singh, 2005; Sen, 2006)

There are two components of MO that library professions particularly need to develop if they claim to manage market-orientated services e.g. the focus on the competitive environment. The library professionals interviewed in Sen’s (2006) study and in Harrison and Shaw’s (2004) also study showed an intelligence generation process that is not fully mature. Library service managers need also to pay attention to the capturing the knowledge within their organisations and sharing it effectively to improve and support inter-functional co-ordination. Moving from an ad hoc approach to information sharing, to a formal information and knowledge management strategy with improved communications.

MO is a concept that library professionals see as being valuable (Sen, 2006). Though there is need for further research into the extent to which library services are market orientated, as some components of MO seem better developed than others in the UK library domain. MO is an important concept for libraries and possibly their survival. There is much research opportunity in this management topic, which has practical
implications for libraries and their service development in all MO components, customer orientation, competitor orientation, inter-functional co-ordination, responsiveness, intelligence gathering, and intelligence dissemination.

Conclusion

The key points emerging from the literature are as follows:

There is extensive research on MO within the field of marketing and management, but limited research in the library domain.

There exists misunderstanding of the concept of MO with numerous definitions of MO existing, and the term often being used interchangeably (mistakenly) with marketing orientation. There have been different perspectives of MO identified in the literature e.g. strategic, decision making, marketing. Consequences of MO have been identified in the literature e.g. increased performance, esprit de corps. Antecedents for MO have been identified in the literature e.g. strong leadership, appropriate organisational structure. Barriers and moderators to MO have been identified in the literature e.g. staff resistance, poor economics. Moderators of MO exist, e.g. market turbulence and organisational climate.

Different forms and levels of MO exist where organisations give greater emphasis to some components of MO than others, and organizations may have greater levels of MO maturity than others. Different measures of MO have been developed predominantly quantitative measurement scales using complex statistical techniques. There is room for further research particularly in the library domain, using qualitative and, or mixed methods approaches which may provide library practitioners with evidence to support the wider and more systematic integration of MO into the strategic management of their library services to maximise service benefits.

References


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