

“The level of market orientation in Tatarstan high technology companies (Russia)”

AUTHORS	Ekaterina Protcko Utz Dornberger Venera Vagizova
ARTICLE INFO	Ekaterina Protcko, Utz Dornberger and Venera Vagizova (2014). The level of market orientation in Tatarstan high technology companies (Russia). <i>Problems and Perspectives in Management</i> , 12(4-2)
RELEASED ON	Tuesday, 16 December 2014
JOURNAL	"Problems and Perspectives in Management"
FOUNDER	LLC "Consulting Publishing Company "Business Perspectives"



NUMBER OF REFERENCES

0



NUMBER OF FIGURES

0



NUMBER OF TABLES

0

© The author(s) 2026. This publication is an open access article.

Ekaterina Protcko (Russia), Utz Dornberger (Germany), Venera Vagizova (Russia)

The level of market orientation in Tatarstan high technology companies (Russia)

Abstract

This article aims to give high technology companies in Tatarstan (Russia) a better understanding about the concept of market orientation and their level of market orientation in total and also depending on the number of employees, years in business and the type of ownership. It shows the importance of implementation of the market orientation concept regarding better company's performance. This study validated Kohli and Jaworski's market orientation scale in high technology companies, particularly in small and medium high-tech companies in Tatarstan. The findings show that the level of market orientation in high-tech industries in Tatarstan is low. The article provides the recommendations for the managers of high-tech companies to improve the level of market orientation. Implementation of the market orientated strategies, putting emphasis in conducting effective market research and be strong in customer and competitor orientation, is important for hi-tech companies to improve their performance.

Keywords: market orientation, knowledge-intensive companies, high-tech companies, business performance, Tatarstan.

JEL Classification: M30.

Introduction

A great deal of attention has recently been focused on the concept of market orientation in the management literature. It represents the foundation of high-quality marketing practice and the prevailing wisdom is that a market-oriented culture is crucial for superior performance and long-term success in the highly competitive environment of modern day businesses [7,11]. Although the importance of the market orientation concept has fostered a steady stream of research in the pertinent literature, what is noteworthy about the evidence so far is that the majority of empirical studies on the subject have been conducted in industrialized economies. Relatively little effort has focused on developing nations as well as countries realizing economic system transitions from centralized economies to a greater free-market orientation [1]. The good example of such a country could be Russia which embarked on the course of transforming from planned to market economy quite not so long time ago.

1. Objective of the study

The Russian economy as it existed in the days of planned economy was dominated by production orientations, but not a market orientation. The assumption that industrial and private consumers in the USSR were especially interested in product availability was not entirely mistaken, as demand typically outstripped supply for many goods, and consumers tended to be ready to buy almost any version of the product they could find [6]. After economic restructuring in Russia, since 1990s the high technology companies work under market condition, which were completely new phenomena after planned economy. They did not have any experience and knowledge how to work with

customers and compete on the market with others. And after two decades it would be useful to analyze, how are they handling this situation. How do they work in market? Are they market-oriented? To get the answers for those questions, the study is based on theoretical concepts of market orientation. The main objective of the study is to find out the level of market orientation in high technology companies in Tatarstan based on empirical research. To answer these questions, empirical research was carried out. A number of research objectives have been set as follow: to identify the components of market orientation; to access the level of market orientation; to find the influence of number of employees, company's years in business and type of ownership on the level of the market orientation; to compare the results with the previous studies.

2. Literature review

2.1. Definition of market orientation. The concept of market orientation has received great attention in the recent years from the side of scientists and practitioners in many countries.

Narver and Slater, who put emphasis on the content of the construct, considered market orientation as "the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, superior performance for the business" [11]. These authors divided market orientation into three principal components, those are: (1) Customer orientation, that means the understanding of a firm about their target market to create products/services fit to their customers' need or desire; (2) Competitor orientation, means to understand about their current and potential competitors' capabilities and strategies; and (3) Inter-functional coordination, that is coordinating all the company's resources of every

individual function to create products/services for target customers as their need or desire.

Consistent with Narver and Slater's view of market orientation, Day argued that: market orientation represents superior skills in understanding and satisfying customers as well as understanding competitors. Day and Nedungadi found that a firm operates according to market driven, balancing these two orientations, will achieve better performance than emphasis on only one orientation [3].

Another concept was initiated by Kohli and Jaworski. They developed a process-driven model that emphasizes the stages of generating, disseminating and responding to market intelligence as the essence of market orientation [7]. They defined market orientation concept through three basic components (processes) dealing with marketing information, those are Generation of marketing intelligence all over the company pertaining to customer needs, the Dissemination of intelligence across functions in the company, and the organizational responsiveness to this market.

Although Narver and Slater and Kohli and Jaworski used distinct theoretical bases to explain the market orientation concept, both sides groups agreed that the market orientation is conceded to create great customer satisfaction and organizational commitment of employees [8].

After Kohli and Jaworski and Narver and Slater, many other marketing scholars all over the world adopt their conceptual basic to develop the theory of market orientation, such as Greenley (1995), Pelham (1997), Chan and Ellis (1998), Baker and Sinkula (1999), Farrell (2000), Shoham and Rose (2001), Hult et al. (2003), Ellis (2005) and many others.

In this study the definition of market orientation that was given by Kohli and Jaworski is applied.

2.2. Measuring of market orientation. Since market orientation has been one of the most important concepts of marketing theory, many empirical researches have been carried out to measure it. Table 1 [14] summarizes some studies over the last ten years that measure market orientation.

Table 1. Scales measuring market(ing) orientation

Author	Construct	Measure scale
Narver and Slater (1990)	Market orientation	7 pt. Likert-type
Naidu and Narayanna (1991)	Marketing orientation	Categorical and Thurstone- type based on Kotler (1977)
Ruekert (1992)	Market orientation	Likert-type
Jaworski, Kohli & Kumar (1993)	Market orientation	Likert-type
Qureshi (1993)	Marketing orientation	Thurstone-type
Slater and Narver (1994)	Market orientation	Likert-type
Wrenn, LaTour & Calder (1994)	Marketing orientation	Thurstone-type
Day and Nedungali (1994)	Market orientation	Categorical-type
Greenley (1995)	Market orientation	7 pt. Likert-type
Pelham and Wilson (1996)	Market orientation	7 pt. Likert-type
Wrenn (1996)	Marketing orientation	Thurstone-type

Among many studies, the two most famous examples of using Likert scale are MKTOR and MARKOR.

The first scale, MKTOR, with 21-item measure of market orientation, was given by Narver and Slater [11]. According to their literature review of market orientation, Narver and Slater operationalized market orientation as the comprising of three behavioral dimensions (customer orientation, competitor orientation and interfunctional coordination) and two decision-making criteria (long-term and short-term focus). However, the measures of the two decision criteria exhibited very low levels of Cronbach's Alpha, so Narver and Slater deleted these sub-constructs.

Based on earlier studies by Kohli and Jaworski and Jaworski and Kohli, Kohli, Jaworski and Kumar developed the MARKOR scale (market orientation) with the purpose of creating as an instrument to measure the degree of market orientation of

companies [8]. They defined the MARKOR scale and the process of measuring as: The market orientation scale (MARKOR) assesses the degree to which a firm (1) engages in multi-department market intelligence generation activities, (2) disseminates this intelligence vertically and horizontally through both formal and informal channels, and (3) develops and implements marketing programs on the basis of the intelligence generated. Key attributes of the measure include (1) a focus on customers of the strategic business unit (SBU) and the forces that drive their needs and preferences, (2) activity-based items, not business philosophy, and (3) a demarcation of a general market orientation factor and associated component factors [8].

It has been argued that Narver and Slater' conceptualization is too broad, with measures that do not tap specific behaviors that represent a market orientation. Furthermore, Kohli, Jaworski and Kumar

argued that Narver and Slater's scale gives great emphasis on the role of customers and competition, skipping to care about additional factors that drive customer needs and expectations. Narver and Slater's scale also does not tap the speed with which market intelligence is generated and disseminated within an organization, and it includes a number of items that do not tap specific activities and behaviors that represent a market orientation [11].

While the approaches of Narver and Slater, and Kohli and Jaworski have several aspects in common with respect to customers, functional integration, and market opportunities, Kohli and Jaworski's framework is used because it is more rigorously developed and is better suited to the data collection. For those reasons, this study applies MARKOR scale to measure the level of market orientation in the high technology companies in Kazan.

2.3. Market orientation in high technology companies. There are quite small amount of researches about the market orientation in high technology companies. One of the earliest studies about market orientation in high-tech companies is the study of Drucker. Marketing managers in technology-based companies face many complications that make their jobs more complex and challenging than in more traditional companies. Too often, high-tech companies either lack the needed marketing talent and expertise, or fail to provide adequate support and resources the marketing personnel need to be effective [5]. Over the decades Drucker articulated the philosophical underpinnings of what later came to be regarded as "market orientation". He mentioned that despite the emphasis on marketing and the marketing approach, marketing is still rhetoric rather than reality in far too many businesses [4]. This is particularly true for high-tech firms, where the engineering brilliance that created the new innovation in the first place takes on a higher status in the organization relative to the needed marketing skills [9].

Leonard-Barton further notes that either implicitly or explicitly, the preference for engineering-related knowledge and skills becomes a type of core rigidity – a barrier to the cultivation of marketing talents and expertise [9].

Market-orientation is crucial for high-tech companies. Superior technology alone is insufficient for achieving marketplace success for high-tech firms. Conversely, a strong market orientation without commensurate development of a strong innovation/technological capability can have a negative effect on new product

and market performance [2]. Combination of effective marketing and superior technology is needed for the highest levels of marketplace success in high-tech industries [2, 4].

A good example of an empirical study in this field is the research of Renko and Carsrud which was done in the biotechnology sector. The purpose of the empirical study was to investigate the ways in which market intelligence is generated and disseminated in small- and medium sized medical biotechnology firms and also how these firms respond to the market intelligence [12]. The results of this study show a number of issues that have emerged and need to be taken into account when striving to understand and measure the concept of market orientation of a small, knowledge intensive high technology. These issues include understanding of the development stage of a company and contacts to opinion leaders in the field. The most important issues are the informal contacts of the entrepreneur(s), links to universities, industry associations, and both vertical and horizontal links to partner firms which are sources of market intelligence for small biotechnology firms. In terms of intelligence dissemination, the rapid growth of these small firms as well as their heavy internal reliance on scientific personnel presents challenges. Studying intelligence dissemination in small firm context should not be limited to dissemination within the boundaries of one firm but within a network of actors. Finally responsiveness to market intelligence in this context is often an interfirm phenomenon as well [12].

3. Research methodology

3.1. Development of instruments and measurement methods. The variables are adapted from MARKOR scale of Kohli, Jaworski and Kumar. They are intelligence generation, intelligence dissemination and responsiveness. Totally 20 items are identified, including 6 items for intelligence generation, 5 items for intelligence dissemination and 9 items for responsiveness. All these items use 5-point Likert scale to measure the level of market orientation. The respondents have indicated the degree of how much they agree with the statement about market orientation's performance in their companies. The scale varies from number 1, which means "strongly disagree", to number 5 with the meaning of "strongly agree".

The indicators for intelligence generation, intelligence dissemination, responsiveness and business performance are represented in Table 2.

Table 2. Indicators for intelligence generation, intelligence dissemination, responsiveness

Dimensions	Indicators
Intelligence generation	1. Frequency of doing customers' need analysis. 2. Ability of interaction between service department and customers. 3. Ability to adapt customers' preference changes. 4. Frequency of doing product's quality analysis. 5. Ability to adapt environment's changes. 6. Frequency of reviewing the effect of changes in business environment.
Intelligence dissemination	1. Frequency of exchanging market information in firm. 2. Sharing information level of marketer with other units in firm. 3. Quick-witted ability of the whole firm with major importance about customer or market. 4. Ability of sharing data on customer satisfaction in all levels of firm. 5. Ability of sharing data on competitors.
Responsiveness	1. Ability of attention to competitors' actions. 2. Ability of attention to customers' needs. 3. Frequency of reviewing product in comparison with customers' needs. 4. Ability of coordination between departments in firms to plan a response to changes of business environment. 5. Ability to implement a response to competitors immediately. 6. Ability of coordination between difference units in firm. 7. Ability of attention to customers' complaints. 8. Ability to implement a marking plan on time. 9. The concert of departments to modify a product/service for customers.

3.2. Data sampling. This study chooses the high-tech companies located in Kazan as the target group for this research. The authors could reach 62 feedbacks in a survey which was contact from October to December in 2010. The companies are working in different sectors like chemical, biotechnology, engineering and oil industries.

3.3. Data assessment. Collected data were transferred into SPSS statistics program. Before coming to the data analysis the data were tested for normality applying Kolmogorov-Smirnov test. To find out the level of market orientation in high technology companies in Kazan, the mean analysis was used.

4. Results of the study

This study chooses the high-tech companies located in Kazan as a sample for this research. The author could reach 62 feedbacks in a survey which was contact from October to December in 2010. The companies are working in different sectors like chemical, biotechnology, engineering and oil industries.

4.1. Reliability analysis. The reliability of the grouped items was tested to provide the validity of questions measuring variables in the research. For this purpose the Cronbach's Alpha test was used. In this study it is assumed that the constructs of questions show reliability if Cronbach's Alpha more than 0.7. The results are represented in Table 3.

Table 3. Reliability results on the basis of Cronbach's Alpha

№	Variable	Cronbach's Alpha
1	Intelligence generation	0.713
2	Intelligence dissemination	0.722
3	Responsiveness	0.774

According to the Table 3 Cronbach's Alpha varies from 0.713 to 0.774, that is higher than 0.7. Thus the questions used to measure variables in this research show the high reliability and meet the standards recommended for research purposes.

4.2. Intelligence generation. Intelligence generation is comprises 6 questions. The results of the data analysis are represented in the Table 3.

Table 3. Intelligence generation

Item	Number of respondents and percent rate among total					Mean	Mode	Std. deviation
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree			
Meet with customers at least once a year	7 11.3%	11 17.7%	8 12.9%	15 24.2%	21 33.9%	3.52	Strongly agree	1.41
Do a lot of in-house market research	7 11.3%	9 14.5%	13 21%	14 22.6%	19 30.6%	3.47	Strongly agree	1.36
We are fast to detect changes in our customers' product preferences	4 6.5%	10 16.1%	28 45.2%	15 24.2%	5 8.1%	3.11	Neutral	0.99
Poll end users at least once a year to assess the quality of our products and services	7 11.3%	8 12.9%	11 17.7%	19 30.6%	17 27.4%	3.50	Agree	1.32
Fast to detect fundamental shifts in our industry	7 11.3%	14 22.6%	26 41.9%	14 22.6%	1 1.6%	2.80	Neutral	0.97
We periodically review the likely effects of changes in our business environment (for example, regulation) on customers	3 4.8%	5 8.1%	24 38.7%	19 30.6%	11 17.7%	3.48	Neutral	1.04

According to the data in Table 3, around 50% of the companies are active in meeting with customers doing market research, analyzing customer feedback on product quality as well as reviewing the business environment. Interestingly only one third of the companies is relatively fast in detecting changes in customer demand as well as industry shifts. Totally, considering all indicators, the intelligence generation

of the respondents is from medium to low level. The mean value for the construct intelligence generation is 3.32 (standard deviation is 1.18), which shows the average answer was between “neutral” and “agree”.

4.3. Intelligence dissemination. Intelligence dissemination was measured based on 5 questions. The results of the data analysis are represented in Table 4.

Table 4. Intelligence dissemination

Item	Number of respondents and percent rate among total					Mean	Mode	Std. deviation
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree			
Have interdepartmental meetings at least once a quarter	5 8.1%	2 3.2%	22 35.5%	21 33.9%	12 19.4%	3.53	Neutral	1.10
Marketing personnel spend time discussing customers' future needs	8 12.9%	8 12.9%	21 33.9%	21 33.9%	4 6.5%	3.08	Neutral	1.12
The whole business unit knows within a short period if something happens with major customer	3 4.8%	4 6.5%	19 30.6%	21 33.9%	15 24.2%	3.66	Agree	1.08
Data on customer satisfaction are disseminated at all levels in the business unit	2 3.2%	7 11.3%	18 29.0%	19 30.6%	16 25.8%	3.64	Agree	1.09
When one department finds out something important about competitors, it is quickly to alert other departments	2 3.2%	3 4.8%	9 14.9%	25 40.3%	23 37.8%	4.03	Agree	1.01

It is important to mention that the most innovative SMEs (small and medium companies) in the survey are quite small and do not have departments, but they have different people who are responsible for different spheres of activities.

According to the data in Table 4 high-tech companies in Kazan show a little bit higher level of intelligence dissemination in comparison of intelligence generation. Especially the quick transfer of important

signals from the market is well established in 60 to 80% of the interviewed businesses.

The mean of intelligence dissemination is 3.59 (standard deviation is 1.08), which shows the average answer of respondents was between “neutral” and “agree” (closer to agree). Thus, the level of intelligence dissemination is at medium level.

4.4. Responsiveness. Responsiveness is represented by 9 questions which are shown in Table 5.

Table 5. Responsiveness

Item	Number of respondents and percent rate among total					Mean	Mode	Std. deviation
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree			
It takes us short time to decide how to respond to our competitor's price changes	8 12.9%	14 22.6%	21 33.9%	14 22.6%	5 8.1%	3.90	Neutral	1.14
For one reason or another, we never ignore changes in our customers' product or service needs	1 1.6%	13 21.0%	22 35.5%	16 25.7%	10 16.1%	3.34	Neutral	1.04
Periodically review product development efforts	3 4.8%	6 9.7%	21 33.9%	19 30.6%	13 21.0%	3.53	Neutral	1.08
Several departments get together periodically to plan a response to changes taking place in business environment	3 4.8%	4 6.5%	16 25.7%	26 41.9%	13 21.0%	3.68	Agree	1.04
If a major competitor was to launch an intensive campaign targeted at our customers, we would implement a response immediately	4 6.5%	14 22.6%	19 30.6%	13 21.0%	12 19.4%	3.24	Neutral	1.20
The activities of the different departments in this business unit are well coordinated	4 6.5%	1 1.6%	15 24.2%	25 40.3%	17 27.4%	3.81	Agree	1.07
Customer complaints are taken into account in this business unit	0 0%	4 6.5%	22 35.5%	15 24.2%	21 33.9%	3.85	Agree	0.97
If we came up with a good marketing plan, we would be able to implement it in a timely fashion	5 8.1%	12 19.4%	22 35.5%	15 24.2%	8 12.9%	3.14	Neutral	1.13
When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so	1 1.6%	8 12.9%	17 27.4%	22 35.5%	14 22.6%	3.64	Agree	1.02

The companies in this survey show weaknesses regarding the fast implementation of response strategies responding the changes in the market. On

the other side the cooperation and coordination between the different players in the company regarding the development of response strategies is

at a good level indicating that two thirds of the companies are satisfied with their behavior in this field.

The mean of the level of responsiveness is 3.57 (standard deviation is 1.08), which means the average answer was from “neutral” to “agree”. Thus there is quite good level of responsiveness, but still it can be improved.

Totally, the mean value for intelligence generation is 3.32 (standard deviation is 1.18), for intelligence dissemination is 3.59 (standard deviation is 1.08)

and for responsiveness is 3.57 (standard deviation is 1.08). The mean-value for market orientation is 3.50 with the standard deviation of 1.11. Thus the level of market orientation in knowledge-intensive SMEs in Kazan is at medium level.

4.5. Market orientation and number of employees.

To find out which companies, small or big in the contest of number of employees, have better market orientation, the following analysis was done. The data for analysis of market orientation and number of employees is represented in Table 6.

Table 6. Market orientation, business performance and number of employees

Number of employees	№ of cases	Market orientation	
		Mean	Std. dev.
Less than 20 employees	27	3.41	0.70
20-50 employees	19	3.36	0.59
50-100 employees	4	3.51	0.56
100-200 employees	2	4.19	0.25
More than 200 employees	10	3.73	0.49
Total	62	3.48	0.63

Source: Own survey, 2010.

As it can be seen from Table 6, the high-tech companies with 100-200 employees show the highest market performance within the group. The second group of companies that show good level of market orientation are companies with more than 200 employees. This can be explained with the fact, that these companies have enough marketing personnel to collect market data and implement effective strategies. But there are quite significant differences between means of market orientation between companies with 100-200 employees and companies with more than 200 employees: 4.19 vs. 3.48. That could bring to the conclusion that the most appropriate size for high-tech companies to successfully implement market orientation strategies is 100-200 employees. But there are only 2 companies in this group. Thus to confirm these results future studies should be made with more respondent companies with 100-200 employees.

The biggest group of respondents are companies with less than 20 employees. These companies show the lowest level of market orientation after the group of companies with 20-50 employees. This situation can be explained with the fact that these companies work in the high-tech field and are mostly innovative. Thus, they have more engineers in their structure and mostly have only few (or even don't have at all) marketing personnel. The whole company is concentrated on their product development rather than on the market and marketing.

4.6. Market orientation and company's years in business. To find out the influence of the years in business on market orientation, the following analysis was done. The data about market orientation and years in business are represented in Table 7.

Table 7. Market orientation and years in business

Years in business	№ of cases	Market orientation	
		Mean	Std. dev.
Less than 1 year	2	3.73	0.48
1-3 years	20	3.34	0.81
3-5 years	20	3.35	0.53
5-10 years	12	3.59	0.45
More than 10 years	8	3.87	0.47
Total	62	3.47	0.63

Source: Own survey, 2010.

According to Table 6, the highest level of market orientation belongs to the companies that are more than 10 years on the market and on the second

place are companies that are in the market for 5-10 years. This can be explained with the fact that those companies have already successfully

developed their product and now have sales and work with customers mostly. In comparison, the lowest level of market orientation belongs to companies who work on the market from 1 to 5 years. This is the time for innovative (high-tech) product development and modifying dependent on the industries. During the time of product development most of the efforts are concentrated on

product rather than on market orientation. Thus, young high-tech companies have lower level of market orientation.

4.7. Market orientation and type of ownership.

The data that analyze which companies are more market oriented regarding the type of ownership are represented in Table 8.

Table 8. Market orientation and type of ownership

Type of ownership	№ of cases	Market orientation	
		Mean	Std. dev.
Joint stock company	13	3.65	0.5
Limited liability company	42	3.38	0.66
Closed joint stock company	7	3.73	0.59
Total	62	3.48	0.63

Source: Own survey, 2010.

According to the Table 8 the highest level of market orientation have closed joint stock companies (mean for MO is 3.73). The quite high level of market orientation belongs to the Joint stock companies (JSC). This can be explained with the fact that most of JSCs are big companies with many employees and have enough people to work on market orientation strategies and also improve their business performance. The step to become JSC is the main goal of most small high-tech companies.

The biggest share of respondents is limited liability companies (LLC). They have the lowest level of market orientation. This can be explained with the fact that LLC is the easiest and cheapest way to open company and most of the start-ups are opened as LLC. That means most of the LLCs are young companies that have lower level of market orientation as was shown above.

Totally, the picture of high-tech companies which have the highest level of market orientation is the following: closed joint stock company with more than 100 employees which works on the market more than 5 years.

Table 9 represents the integrated results of all constructs used in this study.

Table 9. Integrated results from the analysis of market orientation

	Mean	S.D.	No. of items	Cronbach's Alpha
IG	3.32	0.768	6	0.713
ID	3.59	0.742	5	0.722
RE	3.57	0.643	9	0.774
MO	3.48	0.63	20	0.973

The findings suggest that Kohli and Jaworski's scale is a reliable and valid scale for Russian business environment. Although the scale was originally developed in the US at the strategic business unit

(SBU) level (Sin, Tse, Heungb and Yim, 2005), our findings suggest that the scale appears to capture well the construct of MO in Russian cultural context.

Conclusion

The concept of market-orientation is crucial for high-tech SMEs. There are few more studies which propose some implementations for companies in the field of market orientation in Russia.

The results of Smirnova et al. study could also be appropriate for high-technology companies in Kazan. The first area of managerial concern focuses on developing a competitor orientation. Their results show this to be important in directly affecting business performance. But, like customer orientation, there has not been a high need for competency in this area due to the former central planning, thus, there is some leeway to developing such skills and resources [13].

Smirnova assumes that within 3 constructs of market orientation, customer orientation needs to be managers' main area of focus. Their data show that customer orientation is statistically more significant than interfunctional coordination. Customer orientation is a skill that a highly planned economy did not require [13]. Thus, Russian managers can use this as a lever to enhance their firms' ability to interact within business networks by building relational capabilities. Developing such relational skills represents the third implication: as we have argued above, in a planned economy personal relationships played an important role. With a freer hand in deciding with whom to do business, managers within Russian companies need to develop their own abilities to interact with economic counterparts – not just learning to interact “better” but also learning to choose better – i.e. identifying

those potential partners that can enhance business performance the most [13].

Future researches in Russia need to concentrate on the conceptualization and measurement of market orientation and relational capabilities aimed at interactions with multiple stakeholders, not just customers (Greenley, Hooley, Broderick & Rudd, 2004; Greenley, Hooley & Rudd, 2004). Such a research direction could provide a more comprehensive picture of organizational interactions in both developed and transition economies [13].

Russian executives should adopt a proactive response strategy to the consumer and market. It is likely that the use of any Western management and marketing techniques will be based on adaptations of these tools to suit the country's culture if they are to be effective. Indeed, important activities in transition economies, such as effective market research, sound product development efforts and a strong customer and competitor orientation, will yield dividends if a long-term perspective is adopted [1].

As it was mentioned in the beginning of this study, marketing is just gaining its importance in Russia. Especially young companies are the most market oriented in Russia, or the companies with foreign investments.

Marketing principles as employed in the United States, Britain, Germany, Japan and so on are basically the same, but the emphasis given to particular marketing variables in constructing a marketing mix and developing a marketing strategy differ from country to country and business to business in order to suit any special conditions. In Russia, apparently as a result of the legacy of the Communist system and the inexperience of managers in using western-style marketing, the

tendency is to overlook the importance of the marketing mix and focus primarily on product or perhaps product and price. The Russian concept of marketing thus tends to result in a product orientation, or perhaps in a selling orientation, but certainly not in a market orientation [6].

This is not to say that all businesses in Russia are product- or selling-orientated. Especially in the larger cities, it is possible to find businesses, often recently founded, that have targeted a market and have endeavoured to satisfy the customer's market needs. Admittedly, a good proportion of these businesses sell western or imported goods to the more affluent sectors of society, but it is still probably the case that the application of western-style marketing principles has enabled many of them to survive the economic problems of the past year. Even among those business people who do not sell western goods and who have not studied marketing academically, there is abundant evidence of an intuitive understanding and adoption of western-style marketing principles [6].

It is important to put lots of emphasis on organization of more trainings regarding market orientation strategy development and on increasing financial literacy for CEOs of small and medium companies. As usually SMEs do not have extra money to spend on such kind of trainings, the government should take an active role there.

Besides the applicability of the model in the monitoring process, the three components of the market orientation model may serve training needs by helping human resource managers to develop appropriate training programs that can improve the staff's understanding of the activities involved in developing market orientation.

References

1. Appiah-Adu, K. (1998). Market orientation and performance: Empirical tests in a transition economy, *Journal of Strategic Marketing*, 6, pp. 25-45.
2. Baker, W.E. & Sinkula, J.M. (2005). Market orientation and the New Product Paradox, *Journal of Product Innovation Management*, 22 (6), pp. 483-502.
3. Day, G.S. & Nedungadi, P. (1994). Managerial Representations of Competitive Advantage, *Journal of Marketing*, 58 (April), pp. 31-44.
4. Wrenn, B. (1997). The Market Orientation Construct: Measurement and Scaling Issues, *Journal of Marketing Theory & Practice*, 5 (3), pp. 31-54.
5. Drucker, P. (1986). *Management: Tasks, Responsibilities, Practices*, New York, Harper & Row Publishers, 197 p.
6. Dutta, S., Narasimhan, O. & Rajiv, S. (1999). Success in hightechnology markets: Is marketing capability critical? *Marketing Science*, 18 (4), pp. 547-568.
7. Jacobs, E.M. (2001). The Influence of Western Concepts on Russian Marketing Theory, *British Journal of Management*, 12, pp. 149-157.
8. Kohli, A.K. & Jaworski, B.J. (1990). Market Orientation: The Construct, Research Propositions, and Managerial Implications, *Journal of Marketing*, 54 (April), pp. 1-18.
9. Kohli, A.K., Jaworski, B.J. & Kumar, A. (1993). MARKOR: A Measure of Market Orientation, *Journal of Marketing Research*, 30 (November), pp. 467-477.
10. Leonard-Barton, D. (1992). Core capabilities and core rigidities: A paradox in managing new product development, *Strategic Management Journal*, 13 (2), pp. 111-126.

11. Mohr, J. & Sarin, S. (2009). Drucker's insights on market orientation and innovation: implications for emerging areas in high-technology marketing, *Journal of the Academic Marketing Science*, 37, pp. 85-96.
12. Narver, J. & Slater, S. (1991). Becoming more market oriented: An exploratory study of the programmatic and market-back approaches, *Marketing Science Institute*, Report no. 91-128. October 1-30.
13. Renko, M. & Carsrud, A. (2003). Market orientation in the context of knowledge intensive high technology SMEs – operationalizing the concept in biotechnology. Accessed at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.126.3260&rep=rep1&type=pdf>.
14. Smirnova, M. et al. (2011). The impact of market orientation on the development of relational capabilities and performance outcomes: The case of Russian industrial firms, *Industrial Marketing Management*, 40, pp. 44-53.
15. Wrenn, B. (1997). The Market Orientation Construct: Measurement and Scaling Issues, *Journal of Marketing Theory & Practice*, 5 (3), pp. 31-54.