

THE EFFECT OF MARKET ORIENTATION ON BUSINESS PERFORMANCE OF SERBIAN ORGANIC PRODUCERS

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Summary

In the current conditions, market orientation plays a vital role in the generation of superior performances and the achievement of a competitive advantage. Even though the concept of market orientation was evaluated in various studies, there are very few such studies in the context of the Serbian economy, and in the organic food industry there are almost none. Thus the basic aim of this paper is to examine the degree of practicing market orientation in the businesses of Serbian organic food producers, and to identify a connection between their market orientation and business performance. In the paper we applied a cultural perspective in the measuring of market orientation by using the MKTOR scale as a basis. On a sample of 42 surveyed producers, it was confirmed that the elements of market orientation directly and positively affect sales growth, market share and profitability, as well as overall business performance.

Key words: market orientation, business performance, producers, organic food, Serbia.

JEL: M31, Q13, L66

Introduction

At a time marked by constant changes in consumer preferences, rapid technical-technological development and increasing rivalry among competitors, it is becoming essential for companies to develop an effective mechanism for reacting to market changes which in market literature is known as market orientation (MO). *Goldman and Grinstein* (2010) indicate that MO is becoming a crucial strategy for realizing and maintaining a competitive advantage in an unstable business environment. According to most authors MO represents an implementation of marketing concepts (Kohli & Jaworski, 1990; Deng & Dart 1994; Gray, Matear, Boshoff, & Matheson, 1998;

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Appiah-Adu, 1998a; Appiah-Adu & Singh, 1998; Lafferty & Hult, 2001; Guo, 2002; Caruana, Pitt, & Ewing, 2003; Agarwal, Krishna Erramilli, & Dev, 2003). However, laying the foundations for MO is not easy or simple. Namely, different authors writing from various stand point are studying the aforementioned phenomenon, which as a result leads to various definitions of the same concept. Two dominant approaches to the conceptual determination and measuring of MO stem from the work of *Narver and Slater* (1990), and *Kohli and Jaworski* (1990). According to *Narver and Slater* (1990), MO consists of three behavioral components: consumer orientation, competitor orientation and interfunctional coordination, and two decision criteria: long-term focus and profitability. Consumer orientation includes knowing the current and future needs of consumers in the target market so that the organization is able to continually deliver superior value to them. Competitor orientation refers to the monitoring and understanding of short-term strengths and weaknesses of the competition as well as their long-term abilities and strategies. Interfunctional coordination represents the coordinated use of all available resources of the organization in the creation of superior value for target consumers (Narver & Slater, 1990). According to the second approach, advocated by *Kohli and Jaworski* (1990) MO has three very important aspects: (1) generating market intelligence which includes the collection of information on the market; (2) spreading market intelligence horizontally and vertically in the organization; and (3) a response in the form of concrete activities taken by organizations in accordance with the market conditions. The definition of *Kohli and Jaworski* is based on the behavioral dimension of interpretation of MO, while *Narver and Slater* base their definition on the cultural dimension of an organization. Despite a distinctive difference, these two interpretations of MO share certain similarities. In both cases scientists point out that an important aspect of MO is the gathering of information from consumers and competitors and emphasize the importance of collective effort in the creation of value for consumers (Julian, Mohamad, Ahmed, & Sefnedi, 2014). However, *Narver and Slater* (1990) are better at comprehending the essence of the marketing concept, including in the concept of MO all the bearers of marketing concepts and emphasizing the long-term perspective of acquiring profit. From that point of view, the approach of *Narver and Slater* could be considered a more encompassing one. This approach is taken as the starting point in studying the effect of MO on business performances in this paper.

Irrespective of the different viewpoints on MO, it is certain that MO is necessary in business management and administration for the increase in business performance (Levitt, 2004). Companies use MO with the aim of achieving a competitive advantage and superior business performance (Li, Zhou, Mo, Yang, & An, 2009). Authors who have studied the consequences of MO agree that it has a positive influence on the business performance of the organization (Ruekert, 1992; Jaworski & Kohli, 1993; Deshpande, Farley, & Webster, 1993; Raju, Lonial, & Gupta, 1995; Rodriguez Cano, Carrillat, & Jaramillo, 2004; Kirca, Jayachandran, & Bearden, 2005; Ellis, 2006; Panigyrakis & Theodoridis, 2007; Olavarrieta & Friedmann, 2008; Morgan, Vorhies, & Mason, 2009; Liao, Chang, Wu, & Katrichis, 2011; Ngo & O’Cass, 2012; Gruber-Muecke &

Hofer, 2015), and especially on financial performance (Narver & Slater, 1990; Dawes, 2000; Shoham, Rose, & Kropp, 2005; Haugland, Myrteveit, & Nygaard, 2007; Chao & Spillan, 2010; Rapp, Beitelspacher, Schillewaert, & Baker, 2012). *Pelham* and *Wilson* (1996, 1997a, 1997b, 1999) in several successive studies indicate the existence of a positive connection between MO and business performance at the level of small and medium sized enterprises, while *Salavou* (2002) does the same in his research, which includes small and medium sized enterprises, but within the food and beverage industry. Most of these studies on the effects of MO were carried out in developed countries. However, the positive influence of MO on business performance has been found in transition economies as well (Hooley et al., 2000; Protcko & Dornberger, 2014). In Serbia, empirical studies in this field are still too few considering that a very small number of authors dealt with MO and its effect on business performance (Milisavljević, 2005; Stanković, Đukić, & Popović, 2013). This was the first important motive for carrying out this research. The second motive was based on the huge market potential of organically produced food.

The global organic food market has undergone rapid growth over the past two decades. This market, in the period between 1999-2015 increased four times, achieving a value of 81.6 billion dollars in 2015. The demand for organic food is most prominent in North America and Europe, which together generate 90% of the overall global sales of these products. The greatest per-capita consumption was noted in Switzerland (262€), Denmark (191€) and Sweden (177€). And while developed countries appear to dominate the demand for organic food, undeveloped countries and developing countries have the opportunity to become significant producers and exporters of organic products. Most of the producers of organic food are to be found in countries such as India (585'200), Ethiopia (203'602) and Mexico (200'039) (Willer & Lernoud, 2017). In Serbia, which can in terms of organic food be considered an emerging market, there is a significantly smaller number of producers. Namely, during 2015 there were 300 registered organic food producers and processors. The methods of organic production are implemented on approximately 15'298 ha, which makes up only 0.4% of the overall agricultural land. This production capacity is in agreement with the current level of organic food consumption on the national market. The overall turnover in the organic food sector in Serbia was estimated at US\$ 40 million, while the average annual expenditures was 5 dollars per capita (Willer & Lernoud, 2014, 2017). A deeper understanding of MO and understanding of its role in the business success of the organization can lead to the increase in the number of market oriented organic food producers and thus provide quicker development of the national market. In addition, the development and application of MO in the businesses of organic producers creates the conditions for the expand of this concept in sustainable MO (Mitchell, Wooliscroft, & Higham, 2010).

Research methodology

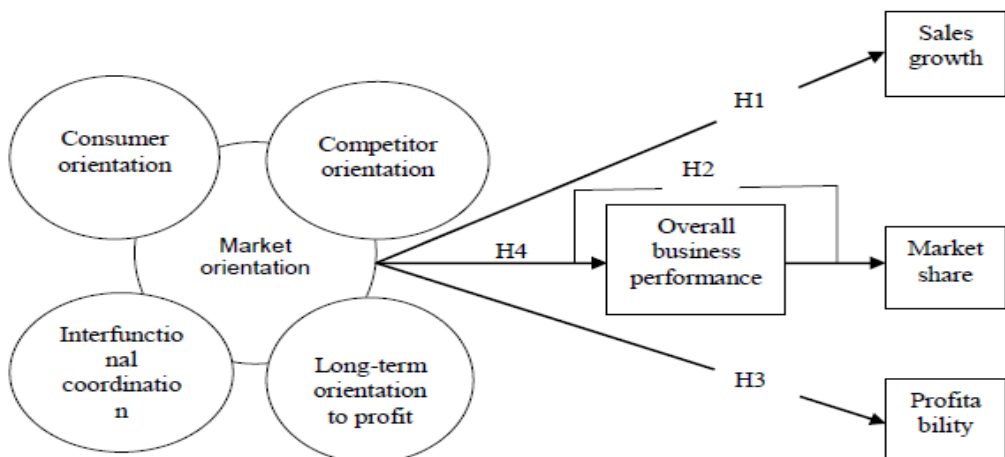
Hypotheses and conceptual framework

Bearing in mind the fact that the implementation of MO in business contributes to a better understanding of the market, the aim that was set in the research was to study and evaluate the degree of MO in the businesses of Serbian organic food producers, and to identify the connection between their MO and business performances. During the realization of this type of goal, we formed the following hypotheses:

- H1: A higher level of MO in business has a positive influence on the growth in sales;
- H2: A higher level of MO in business has a positive influence on the market share;
- H3: A higher level of MO in business has a positive influence on profitability;
- H4: A higher level of MO in business has a positive effect on the overall business performance.

In accordance with the defined hypotheses, we developed a conceptual framework which consists of an independent and dependent variable. MO represents the independent variable, while the dependent variable is manifested through the indicators of business performance (Fig. 1). The relations among the variables which are hypothesized in this research differ from those which have been indicated in the literature to date. Namely, most of the previous studies focused on the indirect relationship between MO and business performance, including different mediating variables and/or environmental moderators which can influence the strength of this connection (Kohli & Jaworski, 1990; Jaworski & Kohli, 1993; Slater & Narver, 1994; Appiah-Adu1998b; Maydeu-Olivares & Lado, 2003; Kirca et al., 2005; Olavarrieta & Friedmann, 2008; Johnson, Dibrell, & Hansen, 2009; Raju, Lonial, & Crum, 2011; Takata, 2016). Contrary to that, this research deals with the direct effect of MO on business performance.

Figure 1. The conceptual framework of the connection between MO and business performance



Questionnaire development and measures

The research presented in this paper is based on the findings obtained through quantitative analyses, through the means of a survey questionnaire. The measuring instrument used was the structured questionnaire which included 28 questions grouped into three segments. The first group of questions was aimed at studying the intensity of the application of MO in the businesses of domestic organic food producers (14 questions). The second group of questions is focused on measuring the business performance of producers (4 questions), while the third group of questions is formulated with the intention of discovering the basic data and characteristics of Serbian organic food producers (10 questions). All of the questions are represented in the form of closed-end questions with multiple-choice answers and a five-point scale.

Based on the two main approaches in the evaluation of the MO, two different scales for the evaluation of MO emerge: MKTOR (Narver & Slater, 1990) and MARKOR (Kohli, Jaworski, & Kumar, 1993). MO in this study is measured by a scale which is adjusted to suit the MKTOR scale. The reason for opting for the MKTOR scale lies in its suitability for measuring MO on different and heterogeneous markets (Hooley et al., 2000), which makes it an appropriate scale for measuring MO of transition countries, including Serbia. The scale included 14 items, 5 of which were used to measure consumer orientation, 3 to measure competitor orientation, 4 to measure interfunctional coordination and 2 items to measure the long-term orientation towards profit (table 1). The intensity of the items of MO was measured on a five-point Likert scale. The respondents through their answers indicated the extent to which they agreed with the statements on the practices of MO in their businesses. The scale ranges from 1 which means “*I completely disagree*“ to 5 which means “*I completely agree*“.

Table 1. The scale used to measure MO

No.	Items
1	Information on competitors is regularly gathered.
2	Our strategic goals and policies are directly aimed at client satisfaction.
3	The level of client satisfaction is regularly evaluated.
4	Our organization differentiates our market offer in relation to the differences in the needs and requirements of various clients.
5	Our organization is focused on building close and strong relationships with our most important clients.
6	Information on competitors is regularly gathered.
7	The comparison of our offer and the offer of our most important competitors is regularly performed.
8	Our organization rapidly responds to any activities of our competitors.
9	Long-term orientation to profit is a characteristic of our organization.
10	Improvement in market performance is equally important as the improvement of internal effectiveness.
11	Information on clients is transferred to all the departments and all the functions of the organization.
12	All the departments in the organization work on satisfying client needs.

No.	Items
13	The structure of our organization is flexible and enables better client services.
14	Rewarding employees is connected with market performance and client satisfaction.

Source: adapted from: Narver and Slater (1990)

Measuring business performance requires the differentiation between two basic principles. The first is the objective approach is based on absolute measures, while the other is a subjective approach which primarily takes into consideration performance in relation to competitors or expectations. In this research we relied on a subjective approach where the respondents were asked to rate their business performance over the last three years in relation to their expectations, on a scale from 1 to 5 (1– very poor, 5 – excellent). A subjective approach was selected due to the difficulties in gathering objective data. The measuring included four indicators:

- the market share (Narver & Slater, 1990; Ruekert, 1992; Jaworski & Kohli, 1993; Greenley & Foxall, 1997, 1998);
- sales growth (Narver & Slater, 1990; Ruekert, 1992; Slater & Narver 1994; Greenley & Foxall, 1997, 1998);
- profitability (Greenley and Foxall, 1997, 1998); and
- overall business performance (Kohli & Jaworski, 1990).

The market share was selected since it is a measure based on consumers and is an important indicator in evaluating the performance of the food industry, while increase in growth and profitability are included due to their importance in evaluating organizational effectiveness and efficiency (Gladson Nwokah, 2008, p. 282).

Sampling and data collection

The target population in the research were registered organic food producers on the territory of the Republic of Serbia. The size of the population was determined by the number of producers which were included in the publically available records of the Ministry of Agriculture and Environmental Protection on producers included in organic food production with a permit to produce issued by verified control organizations for 2012, and the list included 1061 producers. Due to financial and logistic obstacles³ this study could not focus on all the subjects of the target population. Thus the research was carried out on a simple random sample which included 41 producers. The sample predominantly consists of a small sized of producers (56.1%) organized primarily in the form of limited liability organizations (48.8%) and family farms (41.5%) with a majority local capital (95.1%). The largest number of production units (56.1%) can be found on the territory of Vojvodina which might be considered the main zone of production (table 2).

³ The main obstacle is that most producers have the status of cooperatives and are contractually bound to a particular company – which then buys their entire stock.

Table 2. The structure of the sample based on geographic location, the type of organization, origin of capital and size of the organization

Category	Absolute frequency (%)	Relative frequency (%)
<i>Number of employees</i>		
2-9 employees	12	29.3
10-49 employees	23	56.1
50-249 employees	5	12.2
Over 250 employees	1	2.4
<i>Origin of capital</i>		
Mostly local capital	39	95.1
Mostly foreign capital	2	4.9
<i>Type of organization</i>		
Family farm	17	41.5
Limited liability organization	20	48.8
Stock company	1	2.4
Agricultural cooperative	0	0
Entrepreneur	2	4.9
Educational and research facility which deals with agricultural production	1	2.4
<i>Geographic location of the organization</i>		
Vojvodina	23	56.1
Belgrade	8	19.5
Šumadija and West Serbia	5	12.2
South and South-East Serbia	5	12.2
Kosovo and Metohija	0	0
<i>Overall</i>	41	100%

Source: The data which the author obtained in his own field work

A further analysis of the national organic producers reveals other important characteristics of their business. Namely, most of the sample consists of producers whose production has organic status (58.5%), while only 28% are undergoing the process of conversion. The greatest number of respondents have been involved in this type of production for 3-5 years (34.1%), and only a few of them have been involved in organic production for longer than one decade (12.2%). This only confirms the fact that in Serbia, organic production is still in its initial phase of development. The surveyed producers mainly decide to practice both organic and conventional production at the same time (61%). The food processing industry in the national organic food sector indicates a slight improvement which is supported by the significant percentage of surveyed producers who are also involved in the production and processing of organic products (63.4%). In the case of the structure of production, 68.3% of the respondents produce plant products and only 12.2% produce animal products. With such a structure of production, the greatest number of producers is oriented towards the regional market (48.8%) and national market (31.7%).

For the realization of the goals of the research we combined an online interview and a personal interview. The questionnaire was first prepared in electronic form and distributed to approximately 120 randomly selected addresses of producers. One part of the email addresses was obtained through the National Association for Development of Organic Production “Serbia Organica”, while the other addresses were collected by browsing the internet presentations of producers as well as through telephone contacts. Considering that the response rate was low and made up only 10%, the email survey was extended to include a personal interview carried out at the 81st International Agricultural Fair held in Novi Sad⁴. The fair participants, who were also included in the sample, were chosen randomly, so that the personal interview included 29 producers. The overall survey lasted from May 8 until June 3, 2014, at which point the survey procedure ended.

Data analysis

The obtained data were processed using SPSS 21 (Statistical Program for Social Science) computer software. The used data processing methods included descriptive and analytical statistical methods. The applied descriptive measures included relative numbers, central tendency measures (means) and dispersion measures (standard deviation). The reliability of the measuring scales was determined using *Cronbach's alpha* coefficient. In order to study the statistical significance between the categories of variables, we carried out a correlation analysis. The level of probability was considered statistically significant at the level < 0.05 .

Research findings and discussion

Results of reliability analysis

When carrying out the research care must be taken that the scales of measurement are reliable, that is, that there is internal scale consistency. The internal consistency of the items was measured using *Cronbach's alpha* coefficient. The value of this coefficient ranges from 0-1, where the acceptable values are all the values above 0.70 (Pallant, 2011). The value of *Cronbach's alpha* coefficient for MO is 0.908, and for business performance is 0.879. The obtained values by far exceed the borderline values, which indicates adequate reliability and internal consistency of the manifested variables.

The descriptive statistics

Once the internal consistency of the scale was evaluated, an analysis of the descriptive statistics of the scales which make up the conceptual framework was carried out. The means and standard deviation were used in the analysis. The analysis of the items within the MO scale indicates that the item “*Our organization is focused on building close and strong relationships with our most important clients*” is most pronounced, that is, that most of the participants agree with it (AS = 4.61). Contrary to that, the item “*The level of client*

4 The 81st International Agricultural Fair was held from May 20-26, 2014

satisfaction is regularly evaluated' is one that the participants agreed with the least (AS = 3.34). The means for the items which make up the MO scale lead us to the conclusion that in the case of producers, generally there is a moderate to high level of MO.

Within the *Business performance* scale, the participants singled out sales growth as the indicator of performance which the most satisfied their expectations in the last three years (AS = 3.51). On the other hand, profitability is the weakest ranked indicator of business performance (AS = 3.37) (table 5). However, the difference between the means of sales growth and the means of profitability is negligibly small, which indicates that the producers are generally satisfied with the achieved growth in sales, but also the other indicators of performance (market share, profitability and overall performance) over the past three years.

The results of the normality of distribution test

The normality of distribution was studied using the *Kolmogorov-Smirnov* and *Shapiro-Wilk* tests. Considering that the sample is <50 the results of the *Shapiro-Wilk* test were included in the analysis. The results indicate that the *Shapiro-Wilk* tests are statistically significant (table 3), so the null hypothesis that the distribution is not normal is accepted. Thus, we can conclude that the given variables do not have normal distribution.

Table 3. Testing the normality of distribution

Variables	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	p	Statistic	df	p
MO	.163	41	.008	.889	41	.001
Sales growth	.238	41	.000	.889	41	.001
Market share	.258	41	.000	.882	41	.000
Profitability	.282	41	.000	.808	41	.000
Overall business performance	.288	41	.000	.813	41	.000

Source: Authors' calculations

Results of the correlation analysis

The correlation analysis was carried out to determine whether there is a connection between MO and business performance as the basic variables of the initial model, as well as to determine its strength and direction. Considering that the basic assumption of *Pearson's* correlation was not satisfied, the one which refers to the normality of distribution, in this case the connection was studied using *Spearman's rank correlation coefficient (ro)*. According to *Petz* (2004), a rough approximations of the extent of the connection, that is, *Spearman correlation coefficient (ro)* is: a) from ± 0.00 to ± 0.20 a weak or slight correlation; b) from ± 0.20 to ± 0.40 a middle correlation; c) from ± 0.40 to ± 0.70 a significant correlation; and d) ± 0.70 to ± 1 high or very high correlation.

There is a statistically significant positive correlation between MO of the organization and the increase in the volume of its sales, $ro=0.388$, $n=41$, $p<0.012$ (middle correlation). A more

detailed analysis indicates that there is a statistically significant correlation between the sales growth of the organization on the one hand and the following statements: *Long-term orientation to profit is a characteristic of our organization* (a significant correlation), *Our organization is focused on building of close and strong relationships with our most important clients* (a significant correlation), *Information on clients is transferred to all the departments and to all the functions of the organization* (a significant correlation), *Information on competitors is regularly gathered* (a middle correlation), *All of the departments in the organization work on satisfying client needs* (a middle correlation), *Our organization differentiates our market offer in relation to differences in the needs and requirements of various clients* (middle correlation) and *Rewarding employees is connected with market performance and client satisfaction* (middle correlation) (table 4, column 3). All of the statistically significant correlations are positive, which means that with an increase in the value of one, there is an increase in the value of the other variable. The order of the statements is determined based on the intensity of the correlation. Therefore, hypothesis H1 has been confirmed.

There is a statistically significant positive correlation between the MO of a business and its market share, $r_o=0.319$, $n=41$, $p<0.042$ (middle correlation). A more detailed analysis indicates that there is a statistically significant correlation between the market share of an organization on the one hand and the following statements: *Improvement in market performance is equally important as the improvement of internal effectiveness* (a middle correlation), *Information on competitors is regularly gathered* (middle correlation) and *All the departments in the organization work on satisfying client needs* (middle correlation). All of the statistically significant correlations are positive (table 4, column 4). Thus, the hypothesis that a higher level of MO of the organization has a positive influence on its market share.

There is a statistically significant positive correlation between MO of the organization and its profitability, $r_o=0.456$, $n=41$, $p<0.003$ (a significant correlation). A more detailed analysis indicates that there is a statistically significant correlation between profitability of the organization on the one hand and the following statements: *Information on clients is transferred to all the departments and to all the functions of the organization* (a significant correlation), *Long-term orientation to profit is a characteristic of our organization* (a significant correlation), *Information on competitors is regularly gathered* (a middle correlation), *Our strategic goals and policies are directly focused on the building client satisfaction* (a middle correlation), *Information on client needs and requirements is regularly gathered* (a middle correlation), *Our organization is focused on the building of close and strong relationships with our most important clients* (a middle correlation), *All of the departments in the organization work on satisfying client needs* (a middle correlation) and *Our organization rapidly responds to any activities of our competitors* (a middle correlation). All of the statistically significant correlations are positive (table 4, column 5). Based on that, we have confirmed the hypothesis that a higher level of MO has a positive influence on its profitability.

There is a statistically significant positive correlation between MO and the overall business performance, $r_o=0.379$, $n=41$, $p<0.015$ (a middle correlation). A more detailed analysis indicates that there is a statistically significant correlation between business

performance on the one hand and the following statements: *Information on competitors is regularly gathered* (a significant correlation), *Our organization differentiates our market offer in relation to the differences in the needs and requirements of various clients* (a middle correlation), *The level of client satisfaction is regularly evaluated* (a middle correlation), *The comparison of our offer and the offer of our most important competitors is regularly performed* (a middle correlation) and *Improvement in market performance is equally important as the improvement of internal effectiveness* (a middle correlation). All of the statistically significant correlations are positive (table 4, column 6). Once again we proved the hypothesis that the higher level of MO has a positive effect on overall business performance.

Table 4. The correlation between MO and indicators of business performance

		Sales growth	Market share	Profitability	Overall performance
MO	ro	.388*	.319*	.456**	.379*
	p	.012	.042	.003	.015
<i>Items of MO</i>					
Information on client needs and requirements is regularly gathered.	ro	.118	.197	.361*	.287
	p	.463	.217	.021	.069
Our strategic goals and policies are directly aimed at client satisfaction.	ro	.252	.304	.368*	.302
	p	.112	.053	.018	.055
The level of client satisfaction is regularly evaluated.	ro	.211	.159	.090	.351*
	p	.185	.321	.575	.024
Our organization differentiates our market offer in relation to the differences in the needs and requirements of various clients.	ro	.360*	.184	.263	.373*
	p	.021	.249	.096	.016
Our organization is focused on building close and strong relationships with our most important clients.	ro	.461*	.308	.358*	.204
	p	.002	.050	.022	.202
Information on competitors is regularly gathered.	ro	.378*	.352*	.377*	.434**
	p	.015	.024	.015	.005
The comparison of our offer and the offer of our most important competitors is regularly performed.	ro	.088	.151	.255	.343*
	p	.583	.347	.108	.028
Our organization rapidly responds to any activities of our competitors.	ro	.058	.056	.339*	.269
	p	.718	.726	.030	.090

		Sales growth	Market share	Profitability	Overall performance
Long-term orientation to profit is a characteristic of our organization.	ro	.444**	.234	.427**	.203
	p	.004	.141	.005	.204
Improvement in market performance is equally important as the improvement of internal effectiveness.	ro	.145	.383*	.142	.319*
	p	.366	.014	.377	.042
Information on clients is transferred to all the departments and all the functions of the organization.	ro	.425**	.231	.439**	.192
	p	.006	.146	.004	.229
All of the departments in the organization work on satisfying client needs.	ro	.366*	.325*	.357*	.247
	p	.019	.038	.022	.119
The structure of our organization is flexible and enables better client services.	ro	.160	.229	.274	.217
	p	.316	.150	.083	.172
Rewarding employees is connected with market performance and client satisfaction.	ro	.352*	.258	.172	.257
	p	.024	.103	.283	.104
* rho – the Spearman correlation coefficient; p – statistical significance; *Statistical significance at the level 0.05; **Statistical significance at the level 0.01					

Source: Authors' calculations

Conclusion - implication, limitations and future research directions

This study provides empirical evidence that MO of organic food producers has a positive effect on their business performance. The positive effect of MO on selected indicators of performance has been confirmed for all the indicators of performance (sales growth, profitability and the market share) as well as the overall business performance. At the same time, the strongest positive influence of MO is realized on profitability, and the weakest influence on sales growth. Of the individual items of MO, the most significant ones for the improvement of business performance are the following: *Information on the competitors is regularly gathered, Our organization is focused on building close and strong relationships with our most important clients, Information on clients is transferred to all the departments and all the functions of the organization* and *Long-term orientation to profit is a characteristic of our organization*. This indicates that customer orientation, competitor orientation and interfunctional coordination are equally important dimensions of MO, while long-term profitability is the ultimate goal of market orientated companies.

The results of this research could aid organic food producers in Serbia to realize the importance of MO as a key factor of performance improvement. The producers should first attempt to continually gather information on the needs and requirements of current and potential consumers. What is more, producers should rate the satisfaction of their clients regularly, and care for their clients even after the completion of sales and provision of services. In addition, management should gather information on direct and indirect competitors, at the same time monitoring their activities, strategies and products. The essential information on clients and competitors needs to be distributed through all the levels of the organization. During regular staff meetings, the obtained information on clients and competitors could be analyzed, and new ways of organizing responses to current market information could be suggested. If the organization were to respond by providing greater value to the clients than the competitors, it could acquire the favor of and trust of the clients. Loyal consumers usually return to purchase once again and become immune to the pressure of competitors thereby generating increased sales for the organization. The result is an increase in the market share. Greater sales growth and a greater market share in comparison to the competitors leads to greater income and thus greater potential profitability.

In addition to its significant contribution to the improvement of management theory and practice, the empirical study has several limitations which do not significantly diminish the quality of the obtained results. The first potential limitation of the research results is the knowledge that the questionnaire might have been completed by individuals who are not in charge of marketing, which might be a consequence of the choice of an online survey. The second potential limitation refers to the fact that no moderating variables were included in the study on the connection between MO and business performance. Thirdly, there is the possibility that the surveyed producers, with or without the intention of being prejudiced in offering responses, evaluating the claims in the questionnaire by overestimating their market power. The limitation of this, as well as most other studies, lies in the lack of any monitoring of marketing activities of producers over time. Finally, a relatively small sample could limit the validity of the conclusions drawn in relation to the research questions.

Based on existing research and the previously cited limitations, in this study we suggested several possible directions for future research. Mainly, the connection between MO and business performance should be studied over a period of time exceeding three years, which made up the studied interval of business performance in this study. Along with the development of the organic food market, the connection between MO and business performance should be studied and analyzed in a wider context. This means that the goal of upcoming research should be to study factors which could be moderators of the influence of MO on the business performance of organizations. In the case of business performance, there is much room for further research both in the selection of the measures of performance and the means of their measuring. Starting from a multidimensionality in performance, we should take into consideration the inclusion of other nonfinancial measures of performance which could help in the evaluation of short-

term results. In addition, further studies might include both objective and subjective approaches to measuring performance. This certainly includes the public being allowed access to financial reports of the analyzed organizations.

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UTICAJ TRŽIŠNE ORIJENTACIJE NA POSLOVNE PERFORMANSE PROIZVOĐAČA ORGANSKE HRANE IZ SRBIJE

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Rezime

U savremenim uslovima tržišna orijentacija ima vitalnu ulogu u generisanju superiornih performansi i kreiranju konkurentske prednosti. Mada je koncept tržišne orijentacije bio izučavan u različitim studijama, postoji jako malo takvih istraživanja u kontekstu srpske privrede, dok u kontekstu industrije organske hrane gotovo i da ih nema. Stoga je osnovni cilj rada da istraži stepen prihvatanja tržišne orijentacije u poslovanju proizvođača organske hrane u Srbiji i da identifikuje vezu između njihove tržišne orijentacije i poslovnih performansi. U radu je primenjena kulturološka perspektiva u merenju tržišne orijentacije korišćenjem MKTOR skale kao osnove. Na uzorku od 42 anketirana proizvođača, potvrđeno je da elementi tržišne orijentacije direktno i pozitivno utiču na rast prodaje, tržišno učešće i profitabilnost, kao i na ukupne poslovne performanse.

Ključne reči: *tržišna orijentacija, poslovne performanse, proizvođači, organska hrana, Srbija.*

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