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Market Orientation and Business Performance: a Study of Interrelationships and Effects in a Small sized Hotels within Lagos State Metropolis

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Abstract *The relationship between market orientation and business performance has been a subject of debate in marketing literature. To date, there is no consensus opinion and empirical study in the context of small sized-hotels in Nigeria is scanty. This study examines the relationship between market orientation and business performance. Cross-sectional survey research design was adopted. Questionnaire was used to obtained data from 300 employees of the selected hotels within Lagos metropolis. Data collected were analyzed using correlation and regression analysis. The results suggest that only customer orientation is significantly contributing to the performance of the small sized hotel operators. Specifically, both competitor orientation and inter-functional coordination, though practiced by the hotels are not significantly linked to its performance. Furthermore, the study discovered that market orientation practices significantly influence business performance of the selected hotels. Based on the findings, the study concludes that hotel operators need market orientation practices to enhance their performance. Hence, market orientation will continue to be a vital strategy not only in improving firm's understanding of customers' and competitors, but to enhance synergy across the organization. From the preceding conclusion, the study recommends that hotel operators should commit substantial resources and effort in cultivating a customer oriented culture, and transmit it across the organization to create strategic alignment. Furthermore, the competitive environment should be closely monitored to identify profitable business opportunity and threats that could affect their growth and sustainability.*

Key words Market orientation, customer orientation, competitor orientation, inter-functional coordination, business performance, small sized hotel, competitive advantage

JEL Codes: M30, M31

1. Introduction

Research interest in market orientation has a long history in marketing literature. Specifically, from the beginning of 1990s, "market orientation" has occupied the centre stage in marketing theory and business practices and its relevance has been extended into diverse areas such as new product development, organisation learning/innovation, organisational performance, competitive advantages among others. Peter Drucker (1954) is regarded as the pioneering scholars that advocated market orientation as a business philosophy which promotes the idea that customer must be at the centre of management thinking and practices. According to Drucker (1954), market orientation (MO) extends beyond the functional management functions such as production, finance, marketing/procurement, human resources etc. Indeed, a market oriented organisations are distinct by their superior understanding of customers' current and future needs, and by their capability to provide solutions in meeting and exceeding the identified needs/expectations better than competitors (Slater and Narver, 2000).
For decades, the study of market orientation has experienced a renaissance of attention not only in academia but among business practitioners (Kohli and Jaworski, 1990; Narver and Slater, 1990; Harris and Ogbona, 2001, Mojekwu *et al.*, 2015). In general, market orientation has been conceptualized from the two perspectives: one is the behavioral perspective (Kohli and Jaworski, 1990) and the other is the cultural perspective (Narver and Slater, 1990). However, in both cases, researchers viewed market orientation as a business philosophy that focus on gathering information from customers and competitors and leveraging on synergy of shared efforts in generating value for customers and the firm (Julian *et al.*, 2014). Essentially, a market oriented business organisation portrays itself as an open system and thus, pays serious attention to its environment. Major features of market oriented organisation are: possession of a strong long-term orientation to meet the demands of current and potential customers; competitive agility and the zeal for firm's profitability (Kohli and Jaworski, 1990). According to Narver and Slater (1990), the cardinal objective of market orientation is to offer superior customer value, which is established on the basis of knowledge derived from customer and competitor analyses and how the knowledge gathered is disseminated across the organization. Mastuno *et al*. (2002) conceptualised market orientation as the procedure through which organization generates market intelligence relating to current and future customer's needs, dissemination of market information across the firm, as well as organisation wide sensitivity/responsiveness to its implementation.
The hospitality industry is the livewire of tourism business and it has been recognised as one of the key sectors that propels the growth of the economy all over the world. The term hospitality is derived from the Latin word *hospitaire,* meaning to receive

somebody as a guest (Dittmer, 2002). Hence, hospitality centres on a host who receives, accords reception, and provides for the needs of customer temporarily away from their homes (Balarabe and Musa, 2014). According to Salami (2008), hotel is a hospitality setting built either by an individual or a group of investor or by state or by the federal government to provide proper accommodation and other ancillary services to guests. Hospitality industry in Nigeria is evolving and it represents the main source of income generation for the people running the hotel business and the country at large. The hospitality industry is forecasted to average 6.2% annual growth between now and 2023 in Nigeria (Hotel Investment Handbook-HVS, 2014). There are several classifications of hotels in Nigeria ranging from the five star hotels to the traditional guest houses, luxury hotel, medium class hotel and small size hotel. Similarly, hotels are commonly grouped in line with the quality and array of services offered and these categorisations portray the demands/expectations as well as the personality of a tourist or guests.

The hospitality industry is of particular interest from a market orientation viewpoint, because of its intangible nature in which service quality, internal marketing, and customer orientation among others are vital components of its business activities (Balarabe and Musa, 2014). Correspondingly, the growing competitive nature generated by the influx of foreign hotel operators has also provided additional interest in studying market orientation in this sector. Against this background, the degree of orientation toward the customer, competitors, and the extent of synergy across its business units is becoming an increasingly significant area of study in this sector, not only for researchers, but also for the business world (Balarabe and Musa, 2014). Undoubtedly, the hospitality industry is the livewire of tourism in both developing and developed world. The hospitality sector (comprising of travel and tourism) contributed N1.5 billion (about 1.7%) to the Nigeria's Gross Domestic Product (GDP) in 2014, with a potential to generate over $4 billion with the recent rebasing of Nigeria's GDP (National Bureau of Statistics, 2014). This indeed attests to the strategic importance of the sector to tourism.

Although the stream of research on market orientation is growing, however, a large body of extant studies on market orientation and firm performance have largely been conducted in the developed countries like the US and Europe. To date, some of the empirical studies such as Ibok and Samuel, 2013 and Balarabe and Musa (2014) conducted in Nigeria focused on a large sized hotel operator instead of small sized hotels. The above position, confirmed the claim of Junji (2011), that research accumulation of market orientation in small firms is much less compared to that of large businesses. Accordingly, in comparison, the effect of market orientation on firm performance in small sized hotels is somewhat under-researched, resulting in a limited understanding of the full benefits of market orientation in such context. Similarly, previous studies such as Olalekan (20110 and Haim and Narentheren (2014) have documented significance variance in the level of significance of each of the market orientation constructs to firm's performance. Hence, there is no consensus opinion regarding the application and usage of the market orientation antecedents across business organisations and sectors. This is an important gap that needs to be studied further, because enhancing business sustainability through managerial skills to spot and boost business opportunities remains a major challenge facing small business operators in Nigeria (Mba and Cletus, 2014).

In addition, a number of researchers have reported positive relationship between market orientation and firm performance (Farrell, 2000; Harris and Ogbonna, 2001; Krohmer, and Workman, 2003; Mojekwu *et al*., 2015). However, available evidence is inconclusive with a number of extant studies reporting only weak and non-significant relationship (Chan and Ellis, 1998; Harris, 2001; Langerak, 2003). The contradictory results reported by previous studies suggest that the relationship between market orientation and performance may be more complex and the impact cannot be viewed in a simple manner (Yu, 2012). Similarly, the present study was inspired by the submissions of Brouthers and Hennart (2007) who advocated that the conceptualization of business performance seems to be led by the financial approach which may not fully signify firms' actual performance or well-suited with the intended level of analysis particularly in privately held firms. Hence, the aforementioned discussion presents a significant lacuna in literature. It is against this background that an attempt was made in this study to examine the relationship of market orientation with business performance in the hospitality industry in Nigeria with particular emphasis on small sized hotel context.

1.1. Objectives of the study

This research sought to address two objectives.

1. To investigate the interrelationships between market orientation (comprising of customer orientation, competitor orientation and inter-functional coordination) and business performance of small sized hotels within Lagos metropolis.
2. To examine the effects of market orientation on business performance of small sized hotels within Lagos metropolis.

1.2. Research hypotheses

1. There is no significant relationship between market orientation and business performance of small sized hotels within Lagos metropolis.
2. Market orientation practices will not significantly influence the business performance of small sized hotels within Lagos metropolis.

2. Literature review

2.1. Conceptualising market orientation

Narver and Slater (1990) conceptualised market orientation as a form of organizational culture that most efficiently crafts the supportive behaviours that offer value for customers and consistently enhance business performance. According to Kohli and Jaworski (1990), marketing orientation is the implementation of the marketing concept, with the primary goals of offering products or services on the basis of customer needs and wants. Liu *et al*. (2002) viewed market orientation as one of the fundamental themes of strategic marketing. According to Deshpande and John (1998), market orientation refers to the condition in which customer's welfares are regarded as the primary priority for the existence of business organisation. Liyun *et al*. (2008) contemplate that market orientation is a practice which aids in establishing relationships and disseminating relevant information about customers' needs and expectations in order to enhance customer satisfaction, customer loyalty and by extension creation of value for the organisation.
According to Julian *et al*. (2014), market orientation represents a major marketing strategy that can be adopted by business organisation to improve its performance. Olalekan (2011) maintains that market orientation is a business philosophy in which understanding and satisfying the customers are vital to business operations and success. Heins (2000) posits that market orientation, encompasses numerous approaches that align the strategy of the organisation to its external environment. Market orientation, according to Gerhardt, Carpenter and Sherry (2006) is the organisation's belief and philosophy in which understanding and satisfying the customers are the foremost priority. Although the scholars differ in their conceptualizations of MO, it is evident from literature review that the three core issues which inspire their definitions are: customer focus, co-ordinated marketing effort, and the urge for enhance profitability.

2.2. Antecedents of market orientation

Narver and Slater (1990) conceptualised firm's degree of market orientation as consisting of three components: customer orientation, competitor orientation, and inter-functional coordination. The three antecedents of market orientation are discussing below.

2.2.1. Customer orientation

Customer orientation is the degree of firm's commitment towards understanding the needs and expectations of customers. Major features of customer-centric approach include: researching customer needs; providing services that offer value; concentrating on customer satisfaction; and extending existing services to offer additional benefits. According to Taleghani *et al.* (2013) and Hilman and Kaliappen (2014), customer orientation is an organisational mechanism that reflects on the current and potential needs/wants of customers' to provide value to customers and firms.

2.2.2. Competitor Orientation

A competitor focus, according to Slater and Narver (1994), involves the gathering of intelligence through strategic questions such as: (1) Who are our competitors? (2) What are their capabilities (in term of resources, technology, people and process)? And (3) Do they signify a better alternative from the viewpoint of the target customers? Thus, using competitors as a frame of reference will enable firms to evaluate their own strengths and weaknesses and remain competitive (Jin *et al.*, 1998).

2.2.3. Inter-functional Coordination

To serve customer better than rivals, market orientation necessitates the need to disseminate relevant information gathered about customers and competitors across the entire units that make up the organisation so as to ensure commitment and unity of purpose (Gounaris and Arlonitis, 2001). Thus, the process of disseminating information on customers' needs and wants across the organisation is paramount to the implementation of market orientation (Narver and Slater, 1990).

A review of extant literature, reveals a plethora of debate concerning whether the adoption of one or more of the market orientation antecedents create a barriers and/or competitive advantage. For instance, Heins (2000) claimed that firms which lay emphasis on customer-focused intelligence gathering undertakings at the expense of competitor information may be categorised as "customer preoccupied". However, because the marketing concept upholds that putting the interests of customers first, Kotler (2004) considers being customer-focus to be the major aspect of market orientation. In stark contrast to the above claim, Heins (2000) further argues that firms that fail to align their strategic capability to the market environment may be considered as "strategically inept" and labelled firm's that pay considerable attention to competitors as "marketing warriors". On the other hand, firms that seek equal balance and assign commensurate attention to the collection, dissemination, and use of both customer and competitor intelligence are branded as "strategically integrated" (Heins, 2000).

According to Hayes and Abernathy (1980), market orientation encourages firms to focus interest on short-term and intermediate customer needs, which inhibit innovative capability and long term success of the business. A rather different position emerged from Tse *et al.* (2003), according to these scholars, the ability of the customers to express what they need is restricted by their knowledge, and therefore, a market oriented firm may be engrossed with line extension and product proliferation which perhaps will create further challenges for the organisation. Connor (2007) asserts that

there is a danger in viewing businesses making a choice between market orientation and customer orientation; rather firm's competitive position should be viewed as a tactical choice. In other words, being '*market oriented'* and '*customer led'* serve as the anchor themes of a continuum, therefore, business organisation must choose where on a continuum to concentrate its marketing effort and attention (Connor, 2007).
According to Hamel and Prahlad (1994), there are also justifications to believe that market orientation may not be a basis for sustainable competitive advantages (SCA). These scholars hinge their position on three reasons. Firstly, a market orientation may induce a firm to narrowly focus its marketing efforts on current customers and their stated needs. However, such strategy could inhibit a firm capability to anticipate threats from non-traditional sources, thus, limiting a market orientation's ability to create SCA. Secondly, a market orientation can offer long-term performance benefits to the extent that it offers firm tacit knowledge that limits imitation by the rivalry (Day, 1990). However, such a tacit knowledge framework is obtainable only if the organisations adopt a comprehensive and more pre-emptive approach to market orientation (Slater and Narver, 2000). Thirdly, it is generally acknowledged that a firm's foremost sustainable advantage lie in its capability to learn and anticipate market dynamics faster than the competition and not necessarily its scope of market orientation (De Geus, 1988).

2.3. Business performance: an overview

A review of extant literature reveals that business organisations adopt different types of approaches to assess their overall performance. Business performance denotes how well a firm performs and the extent to which it actualise its goals, and by extension determines its level of success and growth (Slater and Narver, 2000). Performance differences in firms have constituted research attention for decades, and the underlying motivation is the quest to identify factors that may provide firms with a competitive advantage and hence, drive firm's performance (Kaplan and Norton, 2001). Performance measurement, thus, play a significant role in translating an organisation's strategy into desired behaviours and results. Currently, financial and non-financial indicators are the most widespread measurements used by firms to evaluate their performance (Panigyrakis and Theodoridis, 2009). While business performance in financial term advocate objective measures such as return on investment, profits and sales turnover, the non-financial performance (subjective indices) focus on perceived measures of firm' performance such as level of customer satisfaction, customer loyalty, sales stability, growth of customer base etc.

2.4. Argument in favour of subjective measures of business performance

Despite the wider acceptance and adoption of subjective measures in evaluating business performance, problems in obtaining and dealing with company accounts persist as a serious challenges for three major reasons. First, financial statements are typically confidential and limited to internal control (Woodcock *et al.*, 1994). Second, objective performance indices are not easily comparable because firms from diverse industries and sizes may have dissimilar results, and may not automatically outperform each other. Third, objective performance measures may vary with time lag (Pangarkar and Klein, 2004). Literature have also documented some shortcomings in the adoption of objective measures (financial indicators alone), namely inability to explicate the current business conditions, new goals, strategic focus of stakeholders, and schedule period of time (Evans, 2005).

2.5. Relationship between market orientation and business performance

The past decades have documented a large body of studies discussing the relationship between market orientation and business performance (Kholi and Jaworski, 1990; Narver and Slater, 1990, Harris and Ogbona, 2001). However, the evidence of the relationship between the two constructs has been equivocal. Many researchers have provided strong evidence linking the adoption of market orientation with organisational performance (Slater and Narver, 2000; Ellis 2005; Balarebe and Musa, 2014). Some researchers voiced disagreement suggesting that market orientation may have a strong or weak consequence on business performance, contingent on the environmental circumstances such as market instability, competitive concentration and technological advancement (Houston, 1986; Gray *et al.*, 1998; Langerak, 2003).

Notwithstanding the debate and contradictions of the relationship between market orientation and business performance, Kotler (2004), claims that firms that adopt a market orientation practices recognize the benefits associated with being “customer centric” and this understanding is mirrored in their approach of doing business, which accords the customer the highest priority. Gray *et al*. (1998) advocate similar position to the above views, they claimed that a satisfied customer would always make a repeat purchase, and hence an improved performance would be observed (Ellis, 2006). On the other hand, Udegbe and Maurice (2013) promote a neutral position, according to them, a high degree of market orientation may enhance firm’s competitive position, but it may not automatically generate a dominant market position for the firm.

3. Methodology of research

3.1. Research design

To achieve the research objectives, this study adopted cross-sectional survey research design, using quantitative research approach. The choice of this approach is founded on the fact that survey research design is more suitable to investigate behavioural phenomenon among group of people that are not openly observable (Fagbohungbe, 2002).

3.2. Population, sample size and sampling technique

The study population consists of all the small sized hotels operating within Lagos metropolis. Given the study context (small sized hotels), this study used the five administrative divisions of Lagos state (Ikorodu, Badagry, Ikeja, Lagos, and Epe divisions) as against local government areas to solve the metropolitan and non-metropolitan puzzle of the location the selected hotels operate. Likewise, the adoption of the administrative divisions as against local government broadens the sample selection and representativeness by accommodating diverse hotels size, scope of operations, ownership structure, and geographic location.

Multistage sampling technique was adopted to select the hotels surveyed in this study. In the first stage, purposive sampling technique was used to select hotel operators that fall within the study context (small sized hotels). In the second stage, volunteer sampling approach was used to identify the hotels that are willing to participate in the survey. This type of sampling arises when people or firm(s) volunteers to participate in a given study. This became indispensable, because there is no known formal list of small sized hotel operating within Lagos state metropolis. A total of 21 small sized hotels operators participated in the survey. The hotels are: Elicris Hotel Limited, Citadel Hotel, AdeKazeem Hotel, CF Hotel Limited, Moonshine Hotel, Mainland Hotel, Caliza Hotel, Gold-Vera Hotel, Blue roof Hotel, Elite Hotel, Tranquil Hotel, Flourish Hotel, Ambros Hotel, Highlanders Hotel, Broadway Hotel, Princess Hotel, Achimson Hotel, Ultimate Hotel, Epe Hotel, Diamond Hotel, and Global Hotel.

In the third stage, convenience sampling technique was employed in selecting the respondents who were administered with the questionnaires on disproportionate basis; depending largely on the hotel workforce size and composition. For the purpose of this study, a targeted sample size of 300 employees of small-sized hotels was selected. The survey cut across management, middle and junior staff of the selected hotels. From the above account, the unit of analysis of this study were the employees of the selected hotels consisting of both temporary and permanent staff.

3.3. Measures and Instrumentation

This study focuses on two major variables: market orientation and business performance. Attempt was made to reduce the plausibility of threat to validity in this research by adapting previously validated measures of the market orientation constructs, using customer analysis, competitors' analysis and inter-functional coordination to evaluate market orientation. In addition, this study was inspired by the submissions of researchers such as Dess and Robinson (1984) and Brouthers and Hennart (2007) challenging the measurement of business performance, which has largely focused on financial metrics. Wall *et al.* (2004) observe that subjective measures (perceived performance) is cost effectiveness because it can be collected with the aid of questionnaire. Likewise, respondents are more responsive to appraising performance on a Likert scale than reporting confidential financial information (Sousa, 2004).

According to Lyles and Salk (1996), the reliabilities and correlations between objective measures and perceived measures are more robust. Therefore, the choice of subjective measures of business performance in this study was based on the conviction that financial position of small business entity may not be subjected to thorough auditing and the business owners are often very indisposed to openly discuss their actual financial performance. Even when supplied, Sapienza *et al.* (1988) and Gruber *et al.* (2010) claim that the financial data may not fully represent the firms' actual performance, as the owners may manipulate the figures to avoid personal or corporate taxes. In view of these drawbacks, (Kim, 2006) advocates for the use of non-financial data as a good alternative to financial measures. Furthermore, Dess and Robinson (1984) note that extant studies have provided support for three validity tests (convergent, discriminant and construct validity) of non-financial measures of performance. In particular, objective (financial measures) of business performance may not have been very useful given the nature and size of the selected hotels used in this study.

A structured questionnaire was used to gather data from the respondents. Questionnaire, according to Babbie and Mouton (2005) is a data collection instrument containing questions and other relevant information designed to elicit information from the respondents for the purpose of data analysis. The respondents were requested to indicate the extent to which they agree with the statement stated on the questionnaire. All the two variables investigated in this study namely market orientation (comprising of customer analysis, competitor analysis, and inter-functional coordination) and business performance) had a total of 25 items, rated on a 5-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5). Out of 248 copies of questionnaire distributed (across the selected hotels), 37 copies were returned unfilled, 22 were incomplete and 189 copies were valid for data analysis, given a response rate of 76.21%.

3.4. Pilot study

Prior to the pilot study, face and content validation were carried out by given the questionnaire to senior academics in the Department of Business Administration, University of Lagos and two hotel owners in Lagos State. Based on their comments, the survey instrument (questionnaire) was amended accordingly. To guarantee that the research instrument (questionnaire) provides reliable data and results, a pilot study was conducted to evaluate the reliability of the instrument with 20 respondents carefully drawn across three of the selected hotels. On this note, Cronbach's coefficient alpha was computed for all the variables and constructs that make up the study. The Cronbach coefficient alpha value recorded for all the variables/constructs (see Table 1) all the variables and constructs recorded Alpha values exceeding acceptable minimum standard of $\alpha \geq 0.6$ (Hair *et al.*, 2010).

3.5. Method of data analysis

This study employed descriptive statistics (frequency and simple percentage) to present and describe the data, while the Pearson correlation and regression analyses were used to test the hypotheses. To achieve that purpose, statistical package for social science (SPSS-Version-21) was used.

4. Results and discussion of findings

4.1. Demographic characteristics of respondents

Table 2 presents the demographic profiles of the respondents. Out of 189 respondents surveyed, 102 (53.97%) are male and 87 (46.03%) are female. Also from the age group distribution of respondents, 78 (41.27%) respondents are within the age of 18 – 29 years, 92 (48.68%) respondents are within the age of 30 – 49 years, while 19 (10.05%) respondents are within 50 years and above. According to the marital status of respondents, Table 2 shows that the respondents who are single are 117(61.90%), and 72(38.10%) respondents are married. As regard the educational qualification of respondents, table 2 shows that 65 (34.39%) are Diploma holders or equivalent, 59 (31.22%) hold NCE/HND, 52 (27.51%) are B.Sc. holders or equivalent, while 13 (6.88%) of the respondents have M.Sc./MBA degree. The educational qualifications of the surveyed respondents indicated that they hold requisite education to understand the phenomena being investigated.

Table 1. Reliability test (n = 20)

Variables	No. of items	Coefficient alpha (α)
Customer Orientation	6	.682
Competitor Orientation	6	.764
Inter-departmental Coordination	6	.618
Market Orientation	**18**	**.688**
Business Performance	**7**	**.836**

Source: Derived from Survey data, 2014

Table 2. Demographic characteristics of respondents (n = 189)

Variables	**Frequency**	**Percentage (%)**
Gender		
Male	102	53.97
Female	87	46.03
Age Group		
18 – 29 years	78	41.27
30 – 49 years	92	48.68
50 years and above	19	10.05
Marital status		
Single	117	61.90
Married	72	38.10
Educational Qualification		
Diploma or equivalent	65	34.39
NCE/HND	67	35.45
B.Sc. or equivalent	48	25.40
M.Sc./MBA	9	4.76
Cadre of Employee		
Junior Level	93	49.21
Middle Level	67	35.45
Management Level	29	15.34
Monthly Income		
Less than N 100,000	102	53.97
N 101, 000 – N 200,000	39	20.63
N 201, 000 – N 300,000	22	11.64
N 301, 000 and above	26	13.76

Source: Derived from Survey data, 2014

As regards respondents' cadre of employment, Table 2 displays that 93 (49.21%) which is the largest portion of the respondents are junior staff, 67 (35.45%) are middle level staff, while the remaining 29 (15.34%) of the surveyed respondents are

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management staff. Lastly, on the monthly income distribution of respondents, table 2 indicates that 102 (53.97%) of the surveyed respondents earn below N100,000 monthly, 39 (20.63%) earn between N101,000 -N 200,000, 22(11.64%) earn between N201,000 – N300,000, while the remaining 26(13.76%) of the respondents earn between N301,000 and above.

Table 3. Descriptive statistics and correlation analyses

Constructs/Variables	Mean	Standard deviation	1	2	3	4	5
Customer orientation	2.96	.564	1		.		
Competitor orientation	2.56	.457	.301	1			
Inter-functional coordination	2.83	.461	.319	.264	1		
Market Orientation	2.78	.494	.503**	.258	.278	1	
Business performance	3.36	.621	.572**	.273	.291	.632**	1

*p<0.05 Correlation is significant at 0.05 levels (2-tailed) and N = 189

Source: Derived from Survey data, 2014

Table 4. Regression of Market Orientation Components (Customer Orientation, Competitor Orientation and Inter-functional Coordination) with Business Performance

	Beta (β)	t-value	p-value	R	R^2	F-value	F-sig
Model 1							
Constant		2.724	.461	.641	.567	26.449	.000
Market Orientation	.631	5.657	.000				
Model 2							
Constant		.889	.337	.672	.619	11.761	.000
Customer Orientation	.587	3.257	.004				
Competitor Orientation	.389	1.239	.321				
Inter-functional coordination	.164	0.367	.515				

Note: Significant at the 0.05 level.
Source: Derived from Survey data, 2014

Model 1: Predictors: (Constant), Market Orientation
Model 2: Predictors: (Constant), Customer Orientation, Competitor Orientation and Inter-functional coordination
Dependent Variable in Model (1) and Model (2): Business Performance

4.2. Testing of hypotheses and discussion of results

Hypothesis One

There is no significant relationship between market orientation (consisting of customer orientation, competitor orientation and inter-functional coordination) and business performance of small sized hotels within Lagos metropolis.

As indicated in Table 3, the mean scores for all the market orientation constructs ranged from 2.56 to 2.96 and standard deviations ranged from .457 to .564. The mean and standard deviation value of market orientation is 2.78 and .494, while the mean and standard deviation of business performance is 3.36 and .621. In order of ranking, only competitor orientation has a slightly low mean value compare to other market orientation constructs. To examine the relationships between the variables and constructs under investigation, Pearson correlation analysis was used to determine the direction and strength of relationship between all the variables and constructs.

All the market orientation constructs (customer orientation, competitor orientation, and inter-functional coordination) are positively correlated to each other. In particular, customer orientation exhibited moderate positive correlation (correlation slightly higher than $r>.30$, $p>0.05$) with both competitor and inter-functional coordination; though statistically insignificant. Likewise, both competitor orientation and inter-functional coordination have low and positive insignificant correlation with both market orientation and business performance (correlation is $r< .30$, $p>0.05$). As reveals in Table 3, the correlations between both competitor orientation and inter-functional coordination with market orientation and business performance; though positively correlated but are not indicative of statistical significant. Specifically, competitor orientation and market orientation indicates ($r= .258$, $p>0.05$), inter-functional coordination and market orientation ($r= .278$, $p>0.05$). Correspondingly, the relationships they both exhibit with business performance are: competitor orientation and business performance ($r= .273$, $p>0.05$), inter-functional coordination and business performance ($r= .291$, $p>0.05$).

From the correlation matrix in Table 3, only customer orientation is positively and statistically significant with both market orientation and business performance of the selected hotels. The significant relationship was found at ($r=.503$ and .572 respectively, $p<0.05$. Table 3, also indicates evidence of significant positive relationships between market orientation and business performance of the selected hotels ($r=.632$, $p<0.05$). Other dimensions (competitor orientation and inter-functional coordination), as earlier noted; though display evidence of relationship; their relationship with business performance is not indicative of statistical significance. From the above accounts, hypothesis one which states that there is no significant relationship between market orientation (consisting of customer orientation, competitor orientation and inter-functional coordination) and business performance of small sized hotels within Lagos

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metropolis is not supported by the finding of this study. The finding of this study corroborates the finding reported by Pelham (2000) and Tanvi and Leelaram (2013). Likewise, the finding documented in this study is slightly different from that of Olalekan (2011) and Haim and Narentheren (2014) who reported that customer and competitor orientation are the core market orientation practices of business organisations.

Hypothesis Two

Market orientation practices will not significantly influence the business performance of small sized within Lagos metropolis. Using the aggregate level of analysis, *Model One* in Table 4, reveals a regression model with a robust fitness at R value of .641, R^2 of .567 and F-value of 26.449, which is significant (.000, $p< 0.05$). The findings revealed that 57% of the variation in business performance of small sized hotel operators is explained by their market orientation practices. On the other hand, using the component level of analysis, Model Two in Table 4 shows that only customer orientation has a positive and significant relationship with business performance of small sized hotels (β=.587, t=3.257, p=.004, where $p<0.05$). Competitor orientation (β=.389, t=1.239, p=.321) and inter-functional coordination (β=.164, t=0.367, p=.515) are not significant, that's (p-value is > 0.05).

This implies that if customer orientation with significant beta coefficients is giving more attention, the hotel operators will enhance their business performance. Similarly, improvement of the hotels on competitor orientation and inter-functional coordination will further enhance their business performance. Perhaps, the insignificant contribution of competitor orientation and inter-functional coordination might be attributed to the relative small size of the hotels considered in this study, which might have limits their competitive capability as well as the level of coordination across its functional units. This finding corroborates the studies conducted by Lawton and Parasuraman (1980) and Peters (1984). Furthermore, the inclusion of market orientation components (customer orientation, competitor orientation and inter-functional coordination) individually in *Model Two* (Table 4) improved the R^2 to .619 from .567. This implies that market orientation is a good predictor and describes some of the variation in business performance of the hotels. Thus, the result fails to support hypothesis two, which states that market orientation practices will not significantly influence the business performance of small sized hotels within Lagos metropolis. Therefore, H_2 is rejected and the study concludes that market orientation practices significantly influence the business performance of small sized hotels within Lagos metropolis. The finding of this study is similar to the research findings reported by Homburg *et al*., (2003); Olalekan, (2011); Balarabe and Musa (2014); Haim and Narentheren (2014) and Mojekwu *et al*. (2015).

5. Conclusions and recommendations

This study seeks to investigate the interrelationships and effects between market orientation (consisting of customer orientation, competitor orientation and inter-functional coordination) and business performance in small sized hotels within Lagos metropolis. The finding of this study reveals that the three antecedents of MO (customer orientation, competitor orientation, and inter-functional coordination) are relevant to the operations of small sized hotels within Lagos metropolis and by extension their business competitiveness and survival. Therefore, the empirical evidence from this study shows that the selected hotel operators adopt the three components of market orientation. At the component level of analysis, it is discovered that customer orientation component constitutes the dominant element responsible for improved performance of small sized hotel operators within Lagos metropolis and thus, deserves utmost priority.

Nevertheless, it is important that the hotels assign sufficient consideration and resources to competitor and inter-functional coordination components in order to further enhance their performance. On the basis of these findings, the study concludes that hotel operators need to adapt market orientation practices to create superior performance in view of the turbulent and dynamic marketplace. Hence, market orientation is evidently a vital business strategy for hotel operators to enhance their profitability and competitiveness. For instance, it will assist in developing and increasing marketing intelligence capability of the organisation. Moreover, market orientation will encourage collaborative effort across the units within the organisation, thereby, availing the firm's the opportunity to evaluate competitors' strengths/ weaknesses and to enhance their resilience to competitive shock and market volatility.

From the foregoing, the study evidently demonstrates that market orientation is a fundamental component of firm's marketing practices and it will remain relevant in enhancing business performance in a competitive business context like hospitality industry. Correspondingly, the three components of market orientation have potential for enhancing business performance of hotel operators; though, some components are more sensitive and relevant than others. For the aforementioned reasons, hotels and other hospitality companies (travel/tourism, restaurants etc.) should devote substantial efforts in building a customer oriented culture and then convey it across the organisation to create a strategic alignment. Additionally, effort should be made to regularly conduct competitor's analysis to spot business opportunities/threats in consonant with firm's strength and weaknesses for efficient service delivery.

6. Limitations and suggestions for further studies

The findings of this study have to be interpreted and generalised in the light of the following limitations. Firstly, the study was conducted using 21 small sized hotels within Lagos metropolis. Although the selected hotels were carefully chosen through multistage sampling approach to enhance sample representativeness; generalisation from the findings of this study should be done with caution in view of the variability in size, ownership structure, and location of the selected hotels. Secondly, the study used perceived performance (which is a subjective performance measure). Hence, performance evaluation using perceived measures may not be objectively generalised across hotel operators with diverse ownership structure and management ethos. Thirdly, the study reported positive and significant relationship between market orientation and business performance of the hotels. We believe that the potency of our regression model is not comprehensive, because the model does not control for important market and business level factors such as market growth/turbulence, degree of firm's innovation, entrepreneurial orientation, and competitive hostility among others. The aforementioned goal is practically not feasible due to the size of the hotels selected. Fourthly, the selected sample size (respondents) used in this study is relatively small, though theoretically adequate to make generalisation (Ruane, 2005; Field, 2015). However, in other to obtain a more generalise results and obtain a broader understanding of the underlying relationship between the variables investigated, further research is needed using a larger number of sample and hotels with similar level of market orientation and/or adopting financial performance indices to minimise sample errors and enhance the generalisation of the findings.

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