

AN INTEGRATION OF MARKET ORIENTATION ON BUSINESS
PERFORMANCE TOWARDS MALAYSIAN AUTOMOTIVE INDUSTRY

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The thesis is submitted in partial fulfillment of the requirements for the award of
Bachelor of Technology Management (High-Tech Marketing)

Faculty of Technology Management and Technopreneurship

(High Technology Marketing)

Universiti Teknikal Malaysia Melaka

June 2017

DECLARATION OF ORIGINAL WORK

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DEDICATION

Special thanks to:

My beloved parents

Siblings

Friends

Thank you to my supervisor:

Miss SitiNor Wardatulaina Binti Mohd Yusof

For all the spirituals and moral support that had been given to me all the time.

ACKNOWLEDGEMENT

In performing my final year project, it's a successful one I had to take the help and guideline of some respected persons. First of all, I am grateful to Allah who gives me a sound mind and sound health to accomplish my final year project. The completion of the task gives me much Pleasure. Then, I would like to thank my supervisor, Miss SitiNor Wardatulaina Binti Mohd Yusof for the valuable guidance and advice. She inspired me greatly to work, commit to this final year project.

In addition, I would appreciate and thank to my final year project panel which Dr. Amiruddin Bin Ahamat for the suggestion and told me the mistake when doing presentation. He is the person that in charge in order to evaluate my assessment and performance related with the final year project.

As the most important person, I would like to express my profound gratitude and deep regards to my family. Your prayer for me what sustained me thus far. Last but not least, I would also love to thanks all my friends who supported and incented me to strive towards my goal.

Abstract

Previous researches showed there is a positive relationship between market orientation and business performance (Kohli, Jaworski, & Kumar, 1993). Market orientation has always been known as a strategy to improve the organization performance. Nevertheless, those studies claiming a positive relationship between market orientation and uncertain business performance apply in Asian countries or developing countries because most studies are implemented in Western countries or municipalities (Appiah-Adu, 1998). Hence, the main purpose of this research is to identify whether there is a positive relationship between market orientation and business performance in Malaysian Automotive Industry. This research has been completed by using quantitative methods and conducted research using questionnaires. Questionnaires will be distributed in peninsular Malaysia. The analysis method was completed by using Pearson correlation to determine between independent variable and dependent variable. Regression analysis was used for hypothesis testing. It is conceived that this research paper will be helpful to the industry practitioners and academicians to be used as a future reference.

Keywords: Market Orientation, Business Performance, Malaysian Automotive Industry.

Abstrak

Kajian sebelum ini menunjukkan terdapat hubungan yang positif antara orientasi pasaran dan prestasi perniagaan (Kohli, Jaworski, & Kumar, 1993). orientasi pasaran yang memang terkenal sebagai strategi untuk meningkatkan prestasi organisasi. Meskipun demikian, kajian mendakwa hubungan yang positif antara orientasi pasaran dan prestasi perniagaan yang tidak menentu dikenakan di negara-negara Asia atau negara-negara membangun kerana kebanyakan kajian dilaksanakan di negara-negara Barat atau majlis perbandaran (Appiah-Adu, 1998). Oleh itu, tujuan utama kajian ini adalah untuk mengenal pasti sama ada terdapat hubungan yang positif antara orientasi pasaran dan prestasi perniagaan dalam Industri Automotif Malaysia. Kajian ini telah selesai dengan menggunakan kaedah kuantitatif dan soal selidik penyelidikan telah dijalankan. Soal selidik juga telah diedarkan di Semenanjung Malaysia. Kaedah analisis telah disiapkan dengan menggunakan korelasi Pearson untuk menentukan antara pembolehubah bebas dan pembolehubah bersandar. analisis regresi telah menggunakan untuk ujian hipotesis. Ia difahami bahawa kertas kajian ini akan membantu untuk pengamal industri dan ahli akademik untuk dapat berfungsi sebagai rujukan masa depan.

Kata kunci: Orientasi Pasaran, Prestasi Perniagaan, Industri Automotif Malaysia.

TABLE OF CONTENT

| CHAPTER | CONTENT | PAGES |
|------------------------|----------------------------------|----------|
| | DECLARATION OF ORIGINAL WORK | ii |
| | DEDICATION | iii |
| | ACKNOWLEDGEMENT | iv |
| | ABSTRACT | v |
| | ABSTRAK | vi |
| | TABLE OF CONTENT | vii |
| | LIST OF TABLE | x |
| | LIST OF APPENDIX | xii |
| | LIST OF ABBREVIATION | xiv |
| CHAPTER 1 | | 1 |
| | INTRODUCTION | 1 |
| | 1.1 Background of Study | 1 |
| | 1.2 Problem Statement..... | 1 |
| | 1.3 Research Question | 2 |
| | 1.4 Research Objective | 3 |
| | 1.5 Scope of the Study..... | 4 |
| | 1.6 Limitation of the Study..... | 4 |
| | 1.7 Important of the Study | 5 |
| | 1.8 Summary..... | 6 |
| CHAPTER 2 | | 7 |

| | |
|---|----|
| LITERATURE REVIEW | 7 |
| 2.1 Introduction..... | 7 |
| 2.2 Automotive Industry in Malaysia | 7 |
| 2.3 Market Orientation..... | 9 |
| 2.4 Business Performance..... | 13 |
| 2.5 Conceptual Framework..... | 16 |
| 2.6 Summary..... | 17 |
| CHAPTER 3 | 18 |
| RESEARCH METHODOLOGY | 18 |
| 3.1 Introduction..... | 18 |
| 3.2 Research Design | 18 |
| 3.3 Methodology Choice | 19 |
| 3.4 Data Collection | 19 |
| 3.5 Time Horizon..... | 20 |
| 3.6 Research Location | 20 |
| 3.7 Research Strategy | 20 |
| 3.8 Research Instrument | 21 |
| 3.9 Sample Design..... | 22 |
| 3.10 Pilot Testing..... | 23 |
| 3.11 Technique Analysis | 24 |
| 3.12 Summary..... | 25 |
| CHAPTER 4 | 26 |
| DATA ANALYSIS AND DISCUSSION | 26 |
| 4.1 Introduction..... | 26 |
| 4.2 Reliability Analysis | 27 |

| | | |
|--------------------------|--|-----------|
| 4.2.1 | Cronbach's Alpha | 28 |
| 4.3 | Frequency Analyses on Respondent Demographic Background..... | 28 |
| 4.4 | Descriptive Analysis | 41 |
| 4.5 | Pearson's Correlation..... | 46 |
| 4.6 | Regression Analysis..... | 48 |
| 4.7 | Summary..... | 60 |
| CHAPTER 5 | | 61 |
| CONCLUSION..... | | 61 |
| 5.1 | Conclusion | 61 |
| 5.2 | Limitation | 63 |
| 5.3 | Recommendation | 64 |
| 5.4 | Summary..... | 65 |
| REFERENCES..... | | 66 |
| APPENDICES A..... | | 69 |
| APPENDICES B..... | | 70 |
| APPENDICES C..... | | 73 |
| APPENDICES D..... | | 77 |

LIST OF TABLES

| TABLES | TITLE | PAGES |
|--------|--|-------|
| 2.3.1 | Different views on Market Orientation | 10 |
| 2.4 | Car Manufacturer by Sales Volume | 14 |
| 3.8.1 | Likert Scale | 20 |
| 3.8.2 | Questionnaires Design | 21 |
| 4.1 | Cronbach's Alpha Coefficient | 25 |
| 4.2 | Reliability Test of the Questionnaire | 26 |
| 4.3 | Respondent's Gender | 27 |
| 4.4 | Age of Respondents | 29 |
| 4.5 | Education level by Job Position Cross- Tabulation | 31 |
| 4.6 | Region of Respondents | 33 |
| 4.7 | Year of Establishment of Respondent's Company | 34 |
| 4.8 | Total Number of Employees of the Respondent's Company | 35 |
| 4.9 | Total Number of New Employees in Last 5 Years | 37 |
| 4.10 | Total Number of Resigned Employees in Last 5 Years | 38 |
| 4.11 | The value of the mean | 40 |
| 4.12 | Statistic of respondents on the Intelligence Generation | 40 |
| 4.13 | Statistic of respondents on the Intelligence Dissemination | 41 |
| 4.14 | Statistic of respondents on the Responsiveness | 42 |
| 4.15 | Statistic of respondents on Integration of Market Orientation in Business Performance | 43 |
| 4.16 | Summary of Measurement of Strength based on the Correlation Coefficient | 44 |
| 4.17 | Pearson's Correlation Analysis | 45 |

| | | |
|------|--|----|
| 4.18 | Model Summary of Intelligence Generation | 47 |
| 4.19 | ANOVA Analysis of Intelligence Generation | 47 |
| 4.20 | Coefficients of Intelligence Generation | 48 |
| 4.21 | Model Summary of Intelligence Dissemination | 49 |
| 4.22 | ANOVA Analysis | 49 |
| 4.23 | Coefficients of Intelligence Dissemination | 50 |
| 4.24 | Model Summary of Responsiveness | 51 |
| 4.25 | ANOVA Analysis of Responsiveness | 51 |
| 4.26 | Coefficients of Responsiveness | 52 |
| 4.27 | Model Summary of Regression Analysis | 53 |
| 4.28 | ANOVA Analysis | 54 |
| 4.29 | Regression Coefficient Analysis | 54 |
| 4.30 | Ranking table of factor in market orientation | 57 |

LIST OF FIGURE

| FIGURE | TITLE | PAGES |
|---------------|---|--------------|
| 4.1 | Percentage of Respondent's Gender | 27 |
| 4.2 | Percentage of Age of Respondents | 28 |
| 4.3 | Education level by Job Position Cross-Tabulation | 30 |
| 4.4 | Percentage of Region of Respondents | 32 |
| 4.5 | Percentage of Year of Establishment for Respondent's Company | 34 |
| 4.6 | Percentage of the Total Number of Employees of the Respondent's Company | 35 |
| 4.7 | Percentage of Total Number of New Employees in Last 5 | 36 |
| 4.8 | Percentage of the Total Number of Resigned Employees in Last 5 Years | 38 |

LIST OF ABBREVIATIONS

| | | |
|-------|---|--|
| FYP | = | Final Year Project |
| AFTA | = | ASEAN Free Trade Area |
| ASEAN | = | Association of Southeast Asian Nations |
| SPSS | = | Statistical Package for Social Science |

LIST OF APPENDIX

| APPENDICES | TITLE | PAGES |
|-------------------|--|--------------|
| A | Gantt Chart FYP 1 | 69 |
| B | Gantt Chart FYP 2 | 70 |
| C | Questionnaire | 71 |
| D | Summary of Article Related to the Title | 77 |

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Market orientation is taken care of in business handling in addition to allowing managers to learn from customers' needs as long and potential and act in an entrepreneurial way to deliver superior customer value (Chao & Spillan, 2010). The marketing concept, furthermore, holds that the key to achieving organizational goals whether financial or non-financial relies on influencing the needs and wants of the target market and delivering desired satisfaction to customers. Over the last decade, the term "market orientation" has received attention in marketing and strategic management literature (Dauda & Akingbade, 2010). A positive market orientation related to business performance. Market orientation is a business framework that focuses on saving products and designs according to customer needs and wants to meet their satisfaction.

In Malaysia, market orientation has been implemented as an organizational strategy to improve overall business performance. Previous reviews have been conducted by (Arumugam, Guptan & Shanmugam, 2011) which proves that market orientation is the management philosophy of government-related corporations (GLC) in Malaysia and also has a significant relationship between market orientation and business performance.

To continue to live in this competitive society, organizations are more likely to develop products that meet customer needs. From that, customers will experience more satisfaction with the product or service. The automotive industry is one of the most competitive industries in Malaysia. The global automotive industry, increasingly

characterized by the incorporation of the entire world and the relocation of production centers into an emerging emerging economy, is in the grip of worldwide war prices (Biswajit Nag, 2007).

1.2 Problem Statement

Previous reviews have proven that market orientation plays an important role affecting business performance (Jaworski, Bernad J., Kohli, 1993). The automotive industry is considered the world's largest manufacturing. The automotive industry must understand the needs of present and future customers and undertake activities to develop products or services that meet the wants and needs that will bring to a higher level of performance (Rosli, 2006) customers. The automotive industry in Malaysia is a growing market with customers worldwide and also Southeast Asia's third largest maker, spending more than half a million vehicles per year. With globalization and regional relations the process of quickly knocking on the door, many more efforts and sacrifices must be made by Malaysia to continue living if it does not work in the future.

Before AFTA, the Malaysian automotive industry enjoyed great growth but is now facing fierce competition from ASEAN and other global producers. The Malaysian automotive industry has grown in terms of sales, production, employment and local content, but has failed to improve the industry and international competitiveness. Failure can be attributed to a lack of political promotion for quality challenges-quality and low-tech quality challenges (V.G.R. Chandran Govindaraju, 2011). To compete with nearby competitors Like Thailand, Indonesia and Philippines, the local automotive industry should have sufficient skill development and also improve technological and engineering capabilities.

These factors have enhanced Malaysia's appeal as a base for global automotive manufacturers. Developing countries are making efforts to develop their auto sector through different channels with direct and indirect government influence through innovative policies and trade liberalization programmers (Biswajit Nag, 2007).

In summary, most articles agree that there is a positive relationship between market orientation and business performance, although some cases are unclear for this relationship. Perhaps the reason for the apparent lack of a clear link between business performance and market orientation is that it is a more complex relationship than has been tested in previous studies (Protcko & Dornberger, 2014).

1.3 Research Question

This study intends to address the following questions:

- i. What are the manager profiles and characteristics in Malaysian automotive industry?
- ii. How the traditional market orientation concept does is understood by Malaysian manager?
- iii. What are the most strongly component that effect business performance in automotive industry?

1.4 Research Objective

According to problem statement, some questions about market orientation toward business performance are aroused. The objectives of the study are:

- i. To identify the manager profiles and characteristics in Malaysian automotive industry.
- ii. To determine if the traditional market orientation concept is adequate to the Malaysian manager.
- iii. To determine the most strongly factor that effect business performance in automotive industry.

1.5 Scope of the Study

The study was conducted to determine whether the concept of traditional market orientation is sufficient to Malaysian managers and determine the most powerful factor that securities business performance in the automotive industry. This review will be done inside and it only involves local organizations in Malaysia. The companies will be randomly selected using simple random sampling to take part in the questionnaire sessions. In addition, respondents to this study target are middle management groups. Questionnaires will be sent to these companies via electronic mail and continue to be distributed questionnaires to respondents. By completing this research, the relationship between market orientation and business performance will be traced thoroughly.

1.6 Limitation of the Study

This research could not be completely perfectly without any limitation. For this study, there are three limitations that researcher figure out are location, cost and time. This research would be focusing on automotive industry in Malaysia only.

First, the location will be the limit because researchers will only focus on the automotive industry in Malaysia. However, due to organizational culture and practice, organizations from other countries may have different perspectives on this research.

Next limitation would be cost. The cost consumption when conduct this study. The cost will include all the expenses such as printing the materials, collecting and processing the data.

Due limited time frame, the study could not reach out to more people. The duration for this study is about six months.

1.7 Important of the Study

As discussed in the background of the study, most researchers have proven that market orientation is implemented as an organizational strategy to improve the overall business performance for an organization. This is evidenced by the research done by (Shehu & Mahmood, 2014) that market orientation, which has a sound that market information gathering and handling the activities can predict the necessities and also can enhancing the competitive advantages. By completing this study, the local employees are able to understand on market orientation and know the most affect toward business performance. With better understanding, employees in automotive industry are able to implement it effectively.

In extraneous, future academics will benefit by this research as well. They were able to refer to this research for their future research on the same topic. They may be able to overcome this limitation and get more convincing results for a particular topic.

1.8 Summary

The main objectives of the study are to identify the manager profiles and characteristics of automotive industry, to determine if the traditional market orientation concept is adequate to the Malaysian manager and to determine the most strongly component that effect business performance in automotive industry in Malaysia. This chapter has briefly explained the background of study, problem statement, research question, research objective, limitation and important of study. The next chapter would discuss on literature review of market orientation and business performance.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will discuss the previous study which related to definition of an integration of market orientation and business performance. Furthermore, research reviews related to the conceptual framework and hypotheses will be discussed in this chapter.

2.2 Automotive Industry in Malaysia

In the present, the global nature of the automotive industry means that it is important for car manufacturers to be on board their suppliers as quickly as possible, no matter where they may be based on the rest of the world. Many car manufacturers have created manufacturing positions in Eastern Europe, Brazil and China, for all low cost ICT skill examples or emerging new markets are traditionally very limited (Biswajit Nag, 2007). Thus, car manufacturers should ensure that they can provide easy to use EDI tools that allow even small suppliers to trade electronically. Due to the global nature of the automotive industry, there are many communication and document standards used today, together with some regional EDI networks.

Malaysia puts the latter as a client of German yield among the republic of ASEAN (Dr (Mrs) Muneer Sultana & Khairul Amilin Ibrahim, 2014). Located in the ASEAN region with a population of more than 500 million people in the middle, Malaysia offers great opportunities for automotive and global component manufacturers to establish production and distribution operations in the country. The liberalization of Malaysian automotive production is predictable and unfinished, and the original

automotive companies have no alternative but to expedite the implementation of all conditions for them to be modest for the appearance of a meeting of automotive production liberalization (Dr (Mrs) Muneer Sultana & Khairul Amilin Ibrahim, 2014).

Pragmatic government policies, political and economic stability, basic economic sound, advanced infrastructure and an educated and skilled workforce have attracted major automotive and international producer components to invest in Malaysia (Rosli, 2006). The development of Malaysia's automotive industry has made the country a production hub for major automotive component manufacturers. More importantly expressed by the automotive sector where the number of local passenger car production, which was only 80,000 units in 1985, then totaled more than 330,000 units in 1997, while the total industrial capacity of both passenger and commercial vehicles reached more than 440,000 in the same year , Overcomes the numbers in neighboring countries (Dr (Mrs) Muneer Sultana & Khairul Amilin Ibrahim, 2014). Today, there are more than 690 automotive component manufacturers, issuing various components, such as body panels, brake parts, engine parts, shipping and steering parts, rubber parts and electrical and electronic components.