THE CONTRIBUTION OF MARKET ORIENTATION TO BUSINESS SUCCESS IN THE LIBYAN TRANSITIONAL ECONOMY: A MIXED-METHODS APPROACH

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Declaration and Copyright

Some parts of this thesis have been presented and published in a number of academic events during the process of developing this research (2005 – 2009)

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Dedication

In the name of Allah, the Beneficent, the Merciful

"He sendeth down water from the sky, so that valleys flow according to their measure, and the flood beareth (on its surface) swelling foam – from that which they smelt in the fire in order to make ornaments and tools riseth a foam like unto it – thus Allah coineth (the similitude of) the true and the false. Then, as for the foam, it passeth away as scum upon the banks, while, as for that which is of use to mankind, it remaineth in the earth. Thus Allah coineth the similitudes" The Holy Quran, Surah Al-Rad, Verse 16).

بسم الله الرحمن الرحيم

" أنزل من السماء ماء فسالت أودية بقدرها فاحتمل السيل زبدا رابيا ومما يوقدون عليه في النار ابتغاء حلية أو متاع زبد مثله كذلك يضرب الله الحق والباطل فأما الزبد فيذهب جفاء وأما ما ينفع الناس فيمكث في الأرض كذلك يضرب الله الأمثال "

صدق الله العظيم

القران الكريم - سورة الرعد - اية 16

I devote this study to:

My beloved mother and father

Wonderful brothers and sisters

Dearest wife and daughters

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Last but definitely not least, I hope that my study's findings contribute to the knowledge and be of use to the Libyan Government, business owners, academics and practitioners.

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Executive Summary

The main focus of this research was to study the relationship between market orientation and business success in the Libyan business environment within the wider context of the range of factors influencing business performance.

The aim of this study was achieved by formulating the following key objectives: (1) To assess the extent to which market orientation adoption has contributed to the success of businesses in Libya; (2) To assess the extent to which ownership type and nature of business affect market orientation adoption, and as a consequence, affect business success; (3) To assess the importance of market orientation in relation to other factors influencing business success.

A mixed-methods methodology was adopted in this research. Data collection was done through 53 semi-structured interviews and 400 questionnaires circulated to high level executives in 53 different businesses in Libya. SPSS, Path Analysis and Content Analysis were utilised to analyse the data collected.

The key findings of this study are that there is a positive correlation between market orientation and business success in the Libyan context. The level of market orientation embraced and implemented is higher in private manufacturing sector businesses, with the focus mainly on customer orientation and inter-functional coordination.

Also, privately owned businesses in the manufacturing and services sector perform much better than businesses in other sectors. It is also observed that market orientation is not the only drive to business success in Libya as there are other critical factors for business success. Factors such as: external support, marketing, production and planning are the most influential success factors.

The findings of this study indicate a number of key implications. This study demonstrates that market orientation is still important to companies in transitional countries such as Libya, however, the contribution of the three sub dimensions of the market orientation construct: customer orientation, competitor orientation and interfunctional coordination are not equal as assumed in previous research which

means that attention should be given to the more relevant sub-dimensions in the Libyan context: customer and inter-functional dimensions.

Despite its great importance, this study proved that the market orientation approach alone is not sufficient to achieve high levels of success in Libya, and therefore, other Key Success Factors have to be considered. Based on this ground, investment in time and resources is necessary to implement a comprehensive set of market orientation and selected items from critical success factors.

Chapter One: Introduction

1.1 Introduction

Over the course of the last two decades issues such as market orientation, business success and critical success factors have preoccupied the minds of academics and business practitioners. The primary reason behind the popularity of these three foundational factors is believed to be their optimum contribution towards an organisation's overall performance.

An array of academic research, extended over the duration of two decades, tried to unveil the key contributions of the above factors towards an organisation's overall success. However recent literature in business academia indicates the research trend is following an ascending locus focusing on developed economies, paying little attention to the significance of these factors on organisations in developing and transnational economies.

Considering the potential research gap, this study will highlight some of the essential factors that boost performances of private sector business in the Libyan context. The scope of this study, limited within market orientation and success factor approaches, attempts to understand and interpret the source of success for the selected business practices. Discussions are further expanded in the following chapters.

The introductory chapter has been divided into a number of sections, the primary section (section one) specifically deals with the introduction of the problem being questioned. In this section priority is given to conceptualizing the effects of the transition economy and the rationale behind studying the case of the Libyan economy as a transitional economy.

The following section presents the aims, objectives and hypotheses developed for this research. Following on from that, the research methodology is presented, with an emphasis on research method, variables measurements and sampling. The final section illustrates the contribution of this research towards the intended research stream and knowledge.

1.2 Research Problem

The issue of performance in market-oriented and non-market-oriented business situations has been debated over a long period. Focusing on developed Western economies a substantial amount of theoretical and empirical studies have tried to explore whether market-oriented businesses outperform non-market-oriented businesses, e.g., US (Kohli and Jaworski, 1990; Narver and Slater, 1990), Canada (Deng and Dart, 1994), the UK (Greenley, 1995), and Netherlands (Langerak et al, 1996), UK (Appiah-Adu and Singh, 1998), Spain (Oscar and Javier, 2005), UK, US Australia and Canada (Hynes and Mollenkopf, 2006), US (Green Jr et al, 2006), US (Hammond et al, 2006), Spain, (Jimenez and Navarros, 2007), US (Ellinger et al, 2007).

However, in the context of developing and transitional economies, where countries are still in the process of transition, this field is a new area of research and there has been less empirical evidence in comparison to those conducted in the developed countries. This situation has motivated many scholars to issue the call to investigate the market orientation phenomenon in emerging economies (e.g. Hungary, Poland and Slovenia (Hooley et al, 2000), India (Singh, 2003), Thailand (Sittimalakorn, 2004), Turkey (Demirbag et al, 2006), China (Wong and Ellis, 2007).

On the other hand, Critical Success Factor (CSFs) is a business term for an element which is essential for a business to achieve its aim. This is the critical activity required for ensuring the success of a business.

Many previous attempts have been made to identify the source of business success based on what is called the Critical Success Factors (CSFs) approach (e.g. Rockart, 1979, Ein-Dor and Segev, 1978; Dickenson et al, 1984; Bergeron and Begin, 1989; Pollalis et al, 1993; Griffin, 1995; Avlonitis and Gounaris, 1997; Hamill, 1997; Bastic, 2004; Chrusciel and Field, 2006).

Those attempts have been made to determine the main limited areas that contribute to the competitive performance for the business (Rockart, 1979). Hence, more attention in those areas and resources is required to make businesses more successful.

Starting from these approaches, this research addresses why there are several emerging private businesses surviving and thriving in the Libyan transitional economy compared to their underperformed public counterparts.

1.3 Research Objectives

The main purpose of this investigation is to address the issue why private businesses in Libya are more successful than others. In order to achieve this aim, the following objectives have been formulated:

1. To present a detailed summary and evaluate the relevant literature.
2. To present an overview of the Libyan economy over the last five decades (1952-2009) especially the transition period from 1988 onwards.
3. To assess to what extent ownership type and nature of business have an effect on businesses' success.
4. To assess the extent to which ownership type and nature of business have an effect on business adoption to the market orientation concept.
5. To assess the extent to which market orientation adoption has contributed to the success of businesses in Libya.
6. To assess the key success factors for businesses working in the Libyan market.
7. To deliver the research implications and recommendations to practitioners, academics, the Libyan authorities and to international companies interested in doing business in Libya.

1.4 Research Hypotheses

To achieve the main objectives of this study, three key hypotheses have been formulated. These hypotheses were formulated based on the previous research and also based on research interviews conducted with the study's respondents.

1.4.1 The Impact of Ownership Type and Nature of Business

In the last few years, there has been an extensive debate as to whether ownership has a great impact on business success. A large number of studies have been published providing mixed results (e.g. Nelson and Primeaux, 1988; Megginson and Netter, 2001; Florio, 2004; Parker and Kirkpatrick, 2005; Willner and Parker, 2007). Based on this literature, the current study proposes the following hypotheses:

H1. In the Libyan transitional economy, the success of businesses depends on ownership type and nature of business.

> *H_{1A} business success is most likely in the private manufacturing sector*
> *H_{1B} business success is most likely in the private services sector*
> *H_{1C} business success is most likely in the public manufacturing sector*
> *H_{1D} business success is most likely in the public services sector*

1.4.2 The Impact of Market Orientation on Business Success

The extensive survey of the market orientation literature explained that around 87%[1] of the previous studies have proved the existence of positive influence of market orientation on corporate performance. Narver and Slater (1990), for example, investigated the relationship between market orientation and business success by using the sample of commodity and non-commodity industries and the findings were that market-oriented companies are more successful. Also, the findings of Kohli and Jaworski (1993) concluded that market orientation has a positive effect on business performance. In addition, this phenomenon also reflects Kotler's (1988) statement that market orientation is likely to cause greater customer satisfaction, repeat business and subsequently more profitability.

[1] More details can be found in Chapter Two, Chapter Three, and Appendices 8 & 9

In more recent work carried out by Hooley et al. (2003); Gopalakrishna and Subramanian (2004); Demirbag et al (2006); Martin-Consuegra and Esteban (2007); Subhash et al (2008), and Olavarrieta and Friedmann (2008) the findings showed that market orientation has a strong positive impact on business success.

Despite a great deal of effort that closely focused on the conceptualisation of the market orientation construct in the literature (e.g. Narver and Slater, 1990; Kohli and Jaworski, 1990; Ruekert, 1992; Deng and Dart, 1994, Matsuno, 2005), no agreement has been reached among scholars on the conceptualisation of this term.

Analysing the literature over the previous two decades shows that Narver and Slater's construct (1990), and Kohli and Jaworski's construct (1990) are the widely used constructs in previous studies. No significant advancement has been added by new attempts to develop a market orientation construct since scales are built mainly on one or both of the previous scales by Narver and Slate (1990), and Kohli and Jaworski (1990).

In defining the conceptual domain of market orientation, Narver and Slater (1990) reviewed the literature, concluding that a market orientation construct consists of the following three behavioural components: customer orientation, which involves understanding target buyers now and over time in order to create superior value for customers; understanding the economic and political constraints in the channel; competitor orientation which involves acquiring information on existing and potential competitors, and understanding the short term strengths and weaknesses and long term capabilities of both the key current and potential competitors; and inter-functional coordination, which is the coordinated utilisation of company resources in creating superior value for target customers. Narver and Slater (1990, p. 21) were very clear about the definition of the market orientation phenomenon as organisational culture when they stated *''Market orientation is the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and thus continuous superior performance for the business''*.

Kohli and Jaworski (1990) reviewed the literature and conducted 62 interviews with both marketing and non-marketing managers in industrial, consumer and service industries, with organisations ranging in size from four employees to tens of thousands. Ten business academics at two large US universities were also interviewed. Based on such interviews, and a review of the literature, Kohli and Jaworski (1990, p.6) propose a formal definition of market orientation: "*Market orientation is the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation-wide responsiveness to it*."

Ruekert (1992) developed a measure of market orientation that is similar to that of Kohli and Jaworski (1990) and Narver and Slater (1990). In his research, Ruekert (1992) cites Shapiro (1988) who argues that the market driven organisation possesses three critical characteristics: information on all important buying influences permeates every corporate function; strategic and tactical decisions are made inter-functionally and inter-divisionally; divisions and functions make well-coordinated decisions and execute them with a sense of commitment. Ruekert (1992) further argues that work by Shapiro (1988), Kohli and Jaworski (1990) and Narver and Slater (1990) shares common characteristics: a market orientation results in actions by individuals toward the markets they serve; such actions are guided by information obtained by the market place; such actions cut across functional and organisational boundaries within the division. Ruekert (1992, p228) then defines a market orientation as:

"The degree to which the business unit obtains and uses information from customers; develops a strategy which will meet customer needs; and implements that strategy by being responsive to customers' needs and wants."

From the above discussion, it is evident that all three conceptualisations of market orientation are concerned with behaviours. The respective measures are fairly similar in that they focus on obtaining and disseminating information on customers (and competitors) in order to attain a competitive advantage. It is interesting to note that while the respective measures include a focus on the customer, only those by Kohli and Jaworski (1990) and Narver and Slater (1990) acknowledge the importance of a competitor orientation as being a dimension of the market orientation construct.

In an attempt to improve upon existing measures of market orientation, Deng and Dart (1994) reviewed the literature, concluding that market orientation is comprised of the following sub-constructs: customer orientation; competitor orientation; inter-functional coordination; and profit orientation. Deng and Dart (1994) argue that their market orientation scale contributes to the literature in the following ways: (1) it is a four component construct; (2) it is relatively concise; (3) it encompasses a more comprehensive variable set than previous scales. However, the scale can be criticized on the following grounds. The inclusion of profit orientation items is the first criticism. There is general agreement in the literature that profit orientation is a consequence of market orientation, and not part of market orientation (Farrell, 2002). Second, the scale is primarily a derivative of the MKTOR scale, with the addition of several extra items. As such, little theoretical advance is made. The resulting scale is also awkward, and would be time consuming for respondents to complete if part of a study containing several other variables.

Given this, Cadogan and Diamantopoulos (1995) synthesise the two conceptualisations of market orientation, with a view to developing a measure of market orientation that may be useful in an international context. On this point, Cadogan and Diamantopoulos, (1995) state that development of a new measure of market orientation should include exploratory research to obtain preliminary insights into the re-specified construct's domain, and followed by thorough development procedures (Farrell, 2002).

Pelham (1997) developed a measure of market orientation that was derived from the items in the measures constructed by Narver and Slater (1990) and Jaworski and Kohli (1993). The scale by Pelham consists of nine items, of which eight were taken from the Narver and Slater measure.

Lado et al., (1998, p. 34) also attempt to build up an alternative measure of market orientation. They define market orientation as *"the extent to which firms use information about their stakeholders to coordinate and implement strategic actions"*.

They state that a market orientation consists of the following market participants: final customers, distributors, competitors and environment, with what they argue are the two major stages of the market orientation process, (analysis and strategic actions), plus a component that is termed inter-functional coordination.

In general, the scale items focus on behaviours/ activities, which is consistent with the MARKOR and MKTOR constructs.

A similar attempt to develop an alternative measure of market orientation is that by Gray et al (1998). Clearly they believe that the existing measures have some weaknesses, given the title of their paper, "Developing a better measure of market orientation". The aim of their study was to replicate and extend the market orientation research of both Narver and Slater (1990), and Jaworski and Kohli (1993) "validate what appear to be promising measures and to develop managerially useful and parsimonious scales for measuring market orientation in the New Zealand context". Their study "utilized parts of three different instruments", (Narver and Slater 1990; Jaworski and Kohli, 1993; and Deng and Dart 1994) and they produced a five dimensional model of market orientation: customer orientation; competitor orientation; interfunctional coordination; responsiveness; and profit emphasis. The measure contains 20 items.

Despite the claims of the authors to have developed a "better" measure of market orientation, some drawbacks to their study need to be considered. First is the fact that little theoretical advance has been made. The random grouping together of items from alternative scales makes little sense. It would have been more fruitful to clearly define the domain of the market orientation construct, as in the Lado et al., (1998) study. Given that the authors were aiming to come up with a better scale based on empirical methods alone, it is also unclear why the Ruekert construct (1992) was not considered. The grouping together of the constructs is also problematic. It can be argued that the grouping together of the constructs affects the manner in which the respondent completes the items. According to Perrien (1997) this may produce results that are demand biased. Similarly, the authors did not take into account the problem of order effects in completing the questionnaire. In essence, order effects may be encountered when respondents become tired of answering similar items from different measures. To overcome this potential problem, researchers alternate the order of the measures in the questionnaire. The inclusion of the four items measuring profit emphasis is also a problem given the argument that profit emphasis is a consequence of market orientation. Kohli and Jaworski (1990, p. 3) state that *"without exception, interviewees viewed profitability as a consequence of market orientation rather than a part of it"*. They further state, *"this finding is consistent with Levitt's (1969, p. 236) strong objection to viewing profitability as a component of market orientation, which he (Levitt) asserts is like saying that the goal of human life is eating"*. Furthermore, Narver and Slater (1990) found a lack of empirical proof to support the suggestion that profitability is a part of market orientation.

The scale is also longer than the MKTOR scale and the same length as the MARKOR so no advance has been made as regards the length of the scale.

In a similar study, Deshpande and Farley (1998) empirically examined three measures of market orientation, namely Narver and Slater (1990), Kohli, Jaworski and Kumar, (1993), and Deshpande et al, (1993). Note that the measure developed by Deshpande et al., (1993) actually measures customer orientation, and not the broader construct of market orientation. In brief, Deshpande and Farley (1998) asked 82 marketing executives from 27 companies to complete a questionnaire containing the three aforementioned measures of market orientation and hence, no mention is made of the problem of order effects in filling in the questionnaire. Analysis of the scales revealed that all appear interchangeable and that substantive conclusions reached with each apply generally to the others (Deshpande and Farley, 1998).

Given this, Deshpande and Farley (1998) set out to develop a more rigorous scale, by factor analysing the items of all three scales together. This process resulted in a 10 item scale, which they name 'MORTN'. However, their measure is criticized by Narver and Slater (1998) on the grounds that the conceptualisation is too narrow. In short, the Deshpande and Farley (1998) measure is primarily composed of items that focus on the customer, ignoring what Narver and Slater (1998) call critical behaviours for creating superior value for customers: (1) a business being clear to its value discipline and value proposition; (2) a business leading its targeted customers by discovering and satisfying their latent needs and not merely responding to their expressed needs; (3) a business seeing and managing itself as a service business; (4) a business managing its targeted customers as customers for life.

Recently, Matsuno et al., (2005) have attempted to improve market orientation conceptualisation and measurement by conceptually and empirically comparing three different scales of market orientation, the two scales of Kohli and Jaworski, Narver and Slater and another newly developed extended market orientation scale called (EMO). The scale developed for their study evolved from a combination of exploratory qualitative in-depth interviews (a total of 12 business executives), a review of the market orientation literature and two survey pretests of the scale.

The proposed construct incorporates various antecedents, an extended construct of market orientation (or EMO) as the focal construct, performance consequences of EMO and moderators on the relationships between EMO and the performance consequences.

This comprehensive construct (EMO) incorporates more than just customers and competitors in the domain of organisational intelligence-related activities. It consists of a set of intelligence generation and dissemination activities and responses pertaining to the market participants (e.g., competitors, suppliers and buyers) and influencing factors (e.g., social, cultural, regulatory and macroeconomic factors).

In spite of being a relatively new and more sophisticated construct, this construct could be described as a very broad and comprehensive scale to measure market orientation and there has, as yet, been no agreement among marketing scholars and practitioners on the use of this scale. Therefore, more studies are needed to validate this scale.

Most recently, in the Dibb and Simkin book (2009), the market orientation concept was not too different from previous definitions. The market-oriented organisation is the one that devotes resources to understanding the needs and buying behaviour of customers, competitors' activities, and strategies, and of market trends and external forces - now and as they may shape up in the future; interfunctional coordination ensures that the organisation's activities and capabilities are aligned to this marketing intelligence" (p. 6).

Based on the previous discussion, the following hypotheses were formulated:

H2. In the Libyan transitional economy, the overall market orientation contributes positively to business success.

H2A Customer orientation contributes positively to the success of businesses.
H2B Competitor orientation contributes positively to business success.
H2C Inter-functional cooperation contributes positively to business success.

The choice of Narver and Slater's conceptualisation above was based on two key reasons. First, the main focus of the current research is on business success in the Libyan market more than market orientation. Second, the nature of the Libyan market precludes many other options.

In addition, some other reasons can be mentioned here for not using other constructs in the Libyan market[2]. (1). Surveying the market orientation literature reveals that there is no agreement among scholars on a perfect universal construct that best measures the market orientation domain (Matsuno, 2005). (2). All market orientation constructs were built based on the work of Narver and Slater (1990), and Kohli and Jaworski (1990) or both. As a result, no significant advancement was made. (3). The three dimensions of Narver's and Slater scale are considered to be robust across varying country groupings and organisational structures (e.g. Mavondo and Farrell 2000; Chen and Quester, 2005; Ward, et al., 2006). (4). Chelariu et al., (2002) examined the validity of market orientation scales of Kohli and Jaworski, and Narver and Slater in the Sub-Saharan African economy, which is very close to the Libyan market nature and culture, and confirmed the transferability of both scales in that context with the emphasis that Narver and Slater's scale was found to be better performing. (5). In the Libyan context, preference was given, by the pilot study participants, to Narver and Slater's as the focus of the Kohli and Jaworski construct was on information generation and dissemination about customers and it is extremely rare to find a database about customers in Libya. (6). The time for completing both questionnaires by the pilot study participants was shorter for Narver and Slater's construct in comparison to that developed by Kohli and Jaworski.

[2] A more detailed explanation can be found in Chapter Five section 5.5.2.1

1.4.3 The Impact of Critical Success Factors on Business Success

Pertaining to the literature, a great deal of research has explained that there are several success factors standing behind the success of successful businesses and those factors vary enormously according to the business sector and the context within which the study is conducted.

In management and marketing literature, there are several examples of very successful businesses. For instance, the weak performance of British and American businesses in international markets when compared with Japanese businesses has led to substantial research interest in the factors contributing to the success of the Japanese businesses. Kotler et al., (1985) described Japanese companies as the "world champion marketers". Kotler et al., (1985) conceptualised the Japanese success into four key factors: the socio-cultural environment; the government-business environment; the competitive environment; and the organisational environment. Wong et al., (1988) refuted any explanations that attributed Japanese success to any factors other than marketing. Others have emphasised the importance of the corporate mission and the marketing plan (e.g. Kamath et al., 1987; Peters and Waterman, 1982; Hooley and Lynch 1985). Peters and Waterman (1982), for example, established three key traits of successful companies: to provide a superior service and quality to customers; to develop new products and services; and to stay very close to their customers.

In another study, Eid et al (2002) conducted a research to identify the critical success factors for B2B international internet marketing as one of the key drivers in sustaining an organisation's competitive advantage. Their study identified twenty-one critical success factors classified into five categories: marketing strategy; web sites; global; internal; and external related factors.

A more recent study in China (Huang et al 2007) addressed the key success factors of Chinese electronic commerce companies. Leadership, strategy, organization, management, IT, customers, comprehensive functions of website and customer-oriented functions were the main factors identified to have great impact on e-commerce success. Based on both the literature and the field work interviews, this study proposes the following hypothesis:

H3. In the Libyan transitional economy there are several success factors that contribute positively to business success[3].

H_{3A}. Planning factors contribute positively to business success.
H_{3B} Organisational factors contribute positively to business success.
H_{3C} Leadership factors contribute positively to business success.
H_{3D} Human resource factors contribute positively to business success.
H_{3E} Production factors contribute positively to business success.
H_{3F} Marketing factors contribute positively to business success.
H_{3G} Purchasing factors contribute positively to business success.
H_{3H} Business environment factors contribute positively to business success.
H_{3I} Stakeholder factors contribute positively to business success.
H_{3J} External support factors contribute positively to business success.
H_{3K} Special factors contribute positively to business success

1.5 The Rationales of Libyan Business Environment

Since 1988, the Libyan business environment has been undergoing dramatic changes at unprecedented levels to stimulate and foster the movement towards open market economy.

In this regard, the Libyan government has issued some legislation and several laws such as: Act number 9 for the year 1992; Act number 198 for the year 2000; Act number 107 for the year 2005; all of which were seeking to allow private investors to take part in economic activities. In addition, the government has issued other laws for encouraging foreign investments in the Libyan market such as: Act number 5 and Act number 7 for the years 1997 and 2002; Act number 138 for the year 2004; and Acts 108 and 117 for the year 2005.

Furthermore, the government has taken other serious steps towards tax reduction policies and giving exemptions from paying taxes for several years as an incentive to

[3] Refer to chapter six section (5.4.2) for more details

encourage and foster the process of participating in the economic activities in the Libyan market. For instance, Act number 83 for the year 2005 was issued for this purpose. In the same vein, the government has given more attention to the financial infrastructure by initiating the Libyan Financial Market for the first time in Libya under Act number 105 for the year 2005.

To elaborate more, several changes have been taking place in Libya such as: the elimination of food subsidies and the reduction of subsidies for fuel and most other basic commodities are slowly taking place; the process of gradually deregulating and reducing price control and industry subsidies; privatisation of state-owned enterprises; the development of anti-monopolistic regulations; opening up internal and external trade; development of property rights legislation; encouraging foreign investment and developing business partnerships regulations and tax reductions etc.

Such policies aim to encourage the participation of the private business in different types of economic and commercial activities and to change the role of the state from sole owner to shareholder with limited liability.

This situation has put Libyan public businesses under pressure from new competitive environmental conditions. As a consequence, changes in the strategic orientations of those businesses have been growing and they have become more interested in being different in the market through seeking competitive advantages to survive.

This situation has forced those businesses to focus more on profit making than on previous concerns, prior to 1988, such as training programmes and creating job vacancies for citizens.

As a consequence, a great number of private small, medium and large businesses are appearing, growing and thriving while many large public businesses are deteriorating and leaving the market. These changes and consequences have motivated this study to discover the main sources for business success during the transition period.

1.6 Research Methodology

The research methodology adopted in this study can be explained through the following sections[4].

1.6.1 Research Philosophy

A pragmatic philosophy has been adopted to conduct this research through semi-structured interview and questionnaire survey used sequentially. Different sequences can be used in the pragmatic approach and this process of sequencing qualitative/quantitative data collection is iterative and can go through several cycles.

Also, other creative combinations of the two sources of data are recommended (Tashakkori and Teddlie, 1998).

1.6.2 Data Collection

The data used in this research were collected through the following methods:

1.6.2.1 Semi-structured Interviews Phase (A)

At this step, (16) semi-structured interviews with Libyan official Authorities representatives[5]; and another (5) semi-structured interviews with the most powerful wholesalers and retailers in Libya were conducted by the researcher.

The main purpose at this stage was to observe the key performance indicators being used and to identify the most successful businesses in Libya.

1.6.2.2 Semi-structured Interviews Phase (B)

At this step, (53) semi-structured interviews[6] with high level senior executives in businesses working in Libya were conducted by the researcher.

The main purpose of this stage was to obtain a clear answer for all areas of inquiry incorporated in the interview protocol and also to use those insights to develop the questionnaire items.

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[4] Research methodology has been discussed in further detail in chapter five.

5 (e.g. Ministry of Economy, Ministry of Finance, Taxation Department, Privatisation Board, Foreign Investment Board and the Libyan Stock Market).

[6] See appendix 2

1.6.2.3 Survey

At this step, large number of (400) questionnaires[7] were circulated to senior level executives in the respondent businesses in Libya. 278 questionnaires were returned, with 233 questionnaires being considered valid for the data analysis phase. The returned questionnaires form a very high response rate of (69.5 %).

1.6.3 Measurement and Constructs

To achieve the objectives of this study, it has been necessary to design and use the relevant constructs as will be explained in the next sections:

1.6.3.1 Market Orientation

For the purposes of this research, all market orientation definitions and conceptualizations were extensively reviewed in chapter two. The Narver and Slater conceptualization (1990) was adopted in the current research. Narver and Slater (1990, p. 20) define market orientation as *''the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and thus continuous superior performance for the business''.*

Their construct consists of 15 items[8]. This seminal work looks at market orientation through three components: customer orientation; competitor orientation; and inter-functional co-ordination and it was measured based on 5-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree.

1.6.3.2 Business Success

In this study, objective and subjective performance data were collected to assess business success. A more comprehensive nine items construct covering different aspects of organisational performance have been developed. These items were generated based on the existing literature (e.g. Narver and Slater, 1990; Kohli and Jaworski, 1990; Hooley, et. al., 2003, Matsuno, et al, 2005) and the semi-structured interviews.

The indicators were measured subjectively by business owners, high level senior directors, or their nominees. A five-point Likert scale ranging from 1 = strongly

[7] See appendices 3 & 4

[8] See appendix 4

disagree to 5 = strongly agree was adopted to identify how those respondents perceive the performance of their business in comparison to their competitors over the last five years. To lend more credence to the scale, objective financial data of profit and tax payment were used to be compared with the subjective performance assessment. This step was taken to externally validate the subjective measurement against real objective measurement.

1.6.3.3 Success Factors

To measure success factors in this research, a 60-itmes construct were developed based on the relevant literature (e.g. Dickenson et al, 1984; Pollalis et al, 1993; Avlonitis and Gounaris, 1997; Jim, 1997; Bastic, 2004; Chrusciel and Field, 2006) and also based on in-depth semi-structured interviews with managers and business owners in Libya. Eliciting the view of executives on success factors has been supported in the literature (Rockart, 1979; Bergeron and Begin, 1989) as those factors are very broad, flexible and vary according to the type of business and its environment (Ein-Dor and Segev, 1978; Griffin, 1995). The items are suggested to be grouped into 12 groups based on their relevance to each other. All the success factors were measured subjectively based on the respondent's perception of the key success factors of their business on a five-point Likert ranging from 1 = strongly disagree to 5 = strongly agree.

1.6.4 The Research Sampling

This study targeted a huge number of (380) businesses working in different types of economic activities in Libya. The businesses were distributed throughout the three main Libyan cities: Tripoli, Benghazi and Misurata. The cities were chosen due to the following reasons: the concentration of all types of commercial and industrial activities in these cities; more than half of the Libyan population is living in these cities; and finally, the limited time and funds available for the researcher to target all businesses available in other cities. Out of 380 businesses, large representative sample of (53)[9] businesses were willing to participate in this research.

[9] See appendix 7.

1.6.5 Data Analysis

Data collected during the field work was analysed using two different tools. The Statistical Package for Social Sciences (SPSS) and Path Analysis as special case of Structural Equation Modeling (SEM) were used to analyse the quantitative data collected by questionnaire survey and also to test the research hypotheses. Content analysis was chosen to analyse the qualitative data collected by semi-structured interviews.

1.7 Research Contribution

The academic contribution of this study can be seen through the following points:

1. This study fills the gap in the existing literature in particular in transitional North African countries.

2. The Libyan market lacks very basic information about consumer and marketing studies (Libyan Ministry of Businesses Monitoring and Inspection Report, 2000, 2007; Bharat Book Bureau Report, 2007; The US Commercial Service Report, 2008) and the surveyed published management and marketing literature has provided no theoretical or empirical studies about Libya, and to the best of the researcher's knowledge, this study is seen to be the first study of this nature to be conducted in that part of the world.

3. This study responds to the scholars who have called for investigating the phenomenon of market orientation as a source of business success in different cultural and economical environments as cultural differences are crucial in such studies and can provide fruitful results (e.g. Kohli et al, 1993; Appiah-Adu and Singh, 1998; Akimova, 2000; Tse et al, 2003; Ward and Lewandowska, 2005).

4. Entering into any foreign market can be tricky and Libya is no exception. Knowing the source of success for the new local and foreign adventures is very crucial. Thus, this study greatly contributes in giving insights for being successful in the Libyan business environment.

5. Since the Libyan market is still a raw research environment and since the market is still lacking relevant studies, it is anticipated that this research will significantly contribute to opening the door and stimulate many future studies.

1.8 Research Contents

This research has been divided into nine chapters. Chapter one gives an overview of the topic of the study and its justifications, while the second chapter focuses on the concept of market orientation. Chapter three discusses in detail the concept of performance measurement and business success.

Chapter four covers the Libyan business environment developments; and the adopted research methodology is covered in chapter five. Quantitative data analysis and qualitative data analysis are covered in more detail in chapters six and seven respectively. Chapter eight presents and discusses the research findings. Finally, chapter nine is dedicated to the study's conclusions.

1.9 Summary

This chapter provides a brief overview regarding the nature of the study. The chapter starts with a statement of the identified research problem and the objectives of the study, followed by a clear list of research hypotheses to be tested.

Subsequently, clarifications and justifications regarding the reasons for selecting Libya as a field to conduct this study are introduced. The methodological issues related to the current research are explained in the next section.

The research philosophy, data collection methods, measurements and scales, sampling issues and data analysis are all also covered.

Finally, this chapter concludes by highlighting the expected contribution from the completion of this research.

Chapter Two: Market Orientation

2.1 Introduction

Since the late 1980s, the market orientation concept has been a central topic in marketing literature. Although the term market orientation had been used in the literature for some decades, it was not until the 1990s that it received substantial attention and empirical research. Two leading articles emerged in the early 1990s by Narver and Slater, and Kohli and Jaworski which produced a great deal of research on this topic.

This topic has become increasingly important to the study and practice of management (e.g. Hunt, 2002), it is the central concept of marketing science (e.g. Drucker, 1954; Kotler 2000), and it has also been recognised as a significant driver to business success.

This chapter gives detailed discussion to the market orientation concept after reviewing more than 200 articles related to the topic. With that in mind, several related subjects are discussed such as: the concept of marketing; and the customer value. Also, a great deal of effort was devoted to review previous market orientation studies to identify the meaning of market orientation and how it has been conceptualised and measured. Market orientation constructs, research trends in market orientation studies over the last two decades, and the significant role of market orientation to business success are all covered in this chapter. The last section of this chapter was dedicated to summarising the key gaps in the literature.

2.2 The Marketing Definition

Asking members of the public to define or describe marketing is an illuminating experience. They will respond with a variety of descriptions, including selling, advertising, selling, hype, conning people, targeting and packaging. In reality, marketing encompasses many more activities than most people realise.

Since it is practiced and studied for many different reasons, marketing has been, and continues to be, defined in many different ways, whether for academic research or applied business purposes (Dibb and Simkin, 2009).

Surveying the literature showed that there is still considerable confusion regarding the definition of marketing. The concept of marketing is one of the most controversial concepts in the business world, which still lacks a consensus among marketing scholars (Ferrell and Lucas, 1987; Thomas, 1994; Webster, 1994).

Webster (1994) points out that, of all the management functions, marketing has the most complexity in defining its position in the organisation, because it is simultaneously culture, strategy and tactics.

Different definitions can be found in the existing literature. Felton (1959, p. 55), for example, defines the marketing concept as "*a corporate state of mind that insists on the integration and coordination of all the marketing functions which, in turn, are melded with all other corporate functions, for the basic purpose of producing maximum long-range corporate profits*".

In contrast, McNamara (1972, p. 51) takes a broader view and defines the concept as "*a philosophy of business management, based upon a company-wide acceptance of the need for customer orientation, profit orientation, and recognition of the important role of marketing in communicating the needs of the market to all major corporate departments*".

Howard (1983), in another effort to describe a marketing theory of the firm, uses a consumer behaviour approach to structure his theory, and reiterates the centrality of the customer philosophy facet of the marketing concept as the focal point of his theory.

The American Marketing Association (1985) reviewed more than 25 marketing definitions before arriving at their own definition: "*Marketing is the process of planning and executing the conception, pricing, planning and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives".*

Other scholars look at marketing as a philosophy of doing business that can be the central ingredient of successful organisations' culture (Houston 1986; Wong and Saunders 1993; Baker, Black and Hart 1994; Hunt and Morag 1995). In other words, the marketing concept is a distinctive organisational culture that puts the customer in the heart of the firm's thinking about strategy and operations (Deshpande and Webster, 1989). Webster (1995) observes marketing in strategic terms, where it refers to a firm's adaptation of the STP (Segmentation, Targeting, and Positioning) to its competitive strategy in a chosen area of business.

The use of marketing as a strategy has also been demonstrated to have positive implications for business success (Diamantopoulos and Hart, 1993; Menon et al. 1999).

Kotler et al., (1996) consider that achieving organisational goals depends on determining the needs and wants of target markets and delivering the required satisfaction more effectively and efficiently than competitors do.

Dibb, et al., (2006) perceive marketing as individual and organisational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.

In a most recent endeavor, The American Marketing Association (2007) looked at marketing as an activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Through reviewing this variety of definitions to the marketing concept, a difference among them can be noticed, but at the same time there are some elements implicitly or explicitly agreed upon such as: targeting particular markets; satisfying customers; and fulfilling organisational goals especially the one related to profitability.

2.3 The Customer Value Concept

The customer value concept is so critical to business that it is sometimes ignored or misused. Much has been written in the relevant literature about this concept under different terminologies. Customer orientation, customer relationship management (CRM), Customer Lifetime Value (CLV) metrics, Customer Centric organisation models, customer retention and customer care are examples of the customer value concept.

The customer value concept is among the most important concepts necessary for business success where it links the concept of marketing and market orientation with the customers as the most precious business assets.

Anderson et al., (1993) for instance, observe the value concept as the perceived worth in monetary units of the set of economic, technical, service and social benefits received by the customer in exchange for the price paid for a product offering, taking into consideration the available suppliers' offerings and prices. While for Webster (1994), the concept of customer value falls at the centre of market orientation and must be the central element of all business strategies.

Based on the aforementioned definitions, market orientation requires customer satisfaction to be put at the center of business operations (Liu et al, 2002) and therefore produces superior value for customers and, as a consequence, outstanding performance for the business (e.g. Day, 1994; Narver and Slater, 1990; Ward, et al, 2006).

This is in line with the wisdom that creating a satisfied customer is the only justifiable definition of a business purpose (Drucker, 1954).

2.4 Market Orientation Terminology

Reviewing the literature shows that there is no common precise terminology of market orientation among marketing scholars. Scrutiny of marketing literature has pointed out that many names and labels were given to the market orientation concept and used interchangeably by great numbers of scholars and researchers to denote to the same concept (e.g. Shapiro, 1988; Kohli and Jaworski, 1990; Harris and Ogbonna, 2001). For instance, Trustrum (1989) uses the terms market orientation and orientation to marketing synonymously. Chang and Chen (1993) use market orientation, marketing orientation and orientation to the client interchangeably.

Webster (1994) refers to marketing orientation and orientation to the client, but not market orientation, while Sharp (1991) distinguishes between marketing orientation and market orientation (Lado, et al., 1998).

In addition, marketing philosophy, the marketing concept, market driven, customer driven, customer focus, consumer focus, and customer intimacy have been all used to refer to the market orientation concept. Examples in this vein include “customer-oriented” (Kelly, 1992); “integrated marketing” (Felton, 1959); “market-oriented culture” (Harris, 1998); “marketing oriented” (Gummesson, 1991), and “market-led” (Piercey, 1997). However, there are few differences among these labels, although “market orientation” has been taken as the most appropriate term (e.g. Kohli and Jaworski, 1990; Narver and Slater, 1990).

Based on the above, this research uses the phrase “Market Orientation” as a standard term throughout for the sake of consistency and to harmonise the diverse terms of other authors (e.g. Kohli and Jaworski, 1990; Narver and Slater, 1990; Diamantopoulos and Hart, 1993; Greenley, 1995; Wren, 1997; Hooley et al., 2000; Gray et al., 2002, Matsuno, 2005).

In addition to being in line with the main body of literature, there are some other reasons why using this term can be explained logically. Firstly, realising that market orientation is based on the marketing concept which enhances customer value by everyone in the company. The term “Marketing Orientation” seems to be both restrictive and misleading because it is simply a concern of the marketing function (Kohli and Jaworski, 1990). Using the term “Market Orientation” seems to de-emphasise the functional roles of the marketing department and is more likely to be accepted by non-marketing departments (Lafferty and Hunt, 2001).

The label “Market Orientation” focuses attention on the whole market instead of merely on particular customers. Third, in reviewing a number of 170 articles, Brady and Johnson (2002) noted that the vast majority of marketing authors argue for the term market orientation rather than marketing orientation. Overall, the term “Market Orientation” is logically adopted throughout this research.

2.5 Trends in Market Orientation Studies

The concept of market orientation has received much attention from researchers and scholars over the past six decades, and this could be explained through the following most important developments.

First, between the late 1950s and the 1980s, literature heavily emphasised the definition of the marketing concept, the adoption of this concept, or the extent to which a firm had implemented the concept or become market-oriented (e.g. Felton, 1959; Levitt, 1960; Hise, 1965; McNamara, 1972; Webster, 1988; McGee and Spiro, 1988).

Second, considerable efforts have been advanced to clarify the meaning of market orientation and its construct (e.g. Day and Wensley 1988; Shapiro, 1988; Kohli and Jaworski 1990; Narver and Slater, 1990; Ruekert, 1992; Deshpande et al., 1993; Kohli et al., 1993; Wrenn, 1997; Deshpande and Farley, 1998; Matsuno, 2005).

Third, studies focused on market orientation consequences (e.g. Ruekert 1992; Jaworski and Kohli 1993; Slater and Narver 1994; Pelham and Wilson, 1996; Liu, 1997; Han et al., 1998; Matsuno et al., 2002).

Fourth, research investigated the antecedent factors affecting market orientation implementation (e.g. Jaworski and Kohli 1993; Kim, 2003; Matsuno, 2005).

Fifth, studies tested the moderating effects of environmental forces on the impact that market orientation has on performance (e.g. Jaworski and Kohli 1990; Diamantopoulos and Hart 1993; Slater and Narver, 1994; Greenley, 1995; Singh, 2003; Matsuno, 2005).

Sixth, studies focused on the implementation of market orientation in transition economies (e.g. Naor, 1986; 1990 Shipley and Fonfara, 1993; Marinov et al., 1993; Akimova, 1997).

Seventh, studies distinguished between market orientation and other business orientations (e.g. Hooley et al., 1990; Wong and Saunders, 1993; Avlonitis and Gounaris, 1997), and finally, studies focused on meta-analysis research to the previous market orientation studies (e.g. Sin et al., 2000; Tse et al., 2003; Langerak, 2003; Rodriguez-Cano, 2004).

This attention paid to the market orientation concept over previous decades clearly reflects the great importance of this concept as source of business success.

2.6 The Importance of Market Orientation to Business Success

The importance of the marketing concept and the market orientation concept are apparent from the definitions previously discussed. The use of marketing techniques and the development of market orientation should better enable an organisation to understand its customers and stakeholders, address competitors' activities and market developments, and effectively harness its capabilities.

The results should enhance customer satisfaction and retention, improve market share in key target markets and stronger financial performance (Dibb and Simkin, 2009).

These advantages were realised years ago by developed countries' researchers who noticed that market orientation is valuable in many cultures and contexts such as professional services, the public sector, the non-profit sector, education, the health care sector, services industries, and industrial markets (Harris and Ogbonna, 2001; Osuagwu, 2006).

The importance of the market orientation concept lies in the fact that it is one of the main sources for the success of companies, especially under conditions of increased supply of goods and services and intense competition (Homburg et al., 2003).

This concept enables the company to create an information database on market conditions in terms of the nature of the market, consumer nature and number of competitors.

This in turn will help the company to understand the market place and develop appropriate products and service strategies to meet customer needs and requirements (Liu et al, 2002; Erdil, 2004).

In addition, the company will also be able to reap profits through internal coordination and creation of value to the consumer through different products and customer satisfaction (Slater and Narver, 2000, Erdil, 2004).

For all those reasons, Wren (1997), states that practitioners have almost universally adopted the mantra that we must become more market-oriented in order to be more successful and hence to gain a competitive advantage in highly competitive markets.

2.7 Market Orientation Conceptualisation

Surveying the market orientation literature revealed that there are several conceptualisations to the market orientation concept as: a philosophy; an activity; the implementation of the marketing concept; and as a culture.

Tables and figure below provide comprehensive overview of previous definitions and conceptualisations exist in the literature.

Table 1 Market Orientation Conceptualization

Definition	Description	Author/ Year
Philosophy (PH)	These authors argue that market orientation is a philosophy that an organisation has.	Avlonitis and Gounaris (1997); Avlonitis and Gounaris (1999); Dawes (2000); Deshpande and Farley (1998); Deshpande et al. (1993); Doyle and Wong (1998); Enright and McDonald (1997); Eriksson (1991); Gray et al. (1998); Miles and Arnold (1991); Pitt et al. (1996); Sharp (1991); Wrenn (1997)
Activity (AC)	These authors argue that market orientation is a set of activities or processes that an organisation undertakes	Atuahene-Gima (1996); Baker, Simpson and Siguaw (1999); Balakrishnan (1996); Barnhill (1974); Bhuian (1998); Bisp, Harmson and Grunert (1996); Cadogan and Diamantopoulos (1995); Caruana (1995); Dalgic (1994); Dawes (1998), (2000); Deng and Dart (1994); Diamantopoulos and Cadogan (1996); Diamantopoulos and Hart (1993); Doyle and Wong (1998); Enright and McDonald (1997); Farrell and Oczkowski (1997); Franzak, McDermott and Little (1993); Fritz (1996); Gabel (1995); Gray et al., (1998); Greenley and Matcham (1986); Horng and Chen (1998); Kohli and Jaworski (1990); Kohli, Jaworski and Kumar (1993); Kumar and Subramanian (2000); Kumar, Subramanian and Yauger, (1997), (1998); Lado, et al., (1998); Lado and Rivera (1998); Liu (1995); Lukas and Ferrell (2000); Matear et al., (1997); Matsuno, Mentzer and Rentz (2000); McCullough, Heng and Khem (1986); Mohr-Jackson (1991); Morgan and Morgan (1991); Morgan and Strong (1998); Naidu and Narayana (1991); Oczkowski and Farrell (1998); Ruekert (1992); Selnes, Jaworski and Kohli (1996); Selnes and Wesenberg (1993); Shapiro (1988); Siguaw and Diamantopoulos (1995); Smith, Andrews and Blevins (1992); Steinman, Deshpande and Farley (2000); Tse (1998); Uncles (2000); van Raaij, van Engelen and Stoelhorst (1998); Wilson and McPhail (1995)
Implementation of the Marketing Concept (IM)	These authors generally argue that market orientation is the implementation of the marketing concept. Further, their description of market orientation is usually activity based.	Appiah-Adu (1998); Atuahene-Gima (1996); Caruana (1995); Dalgic (1994); Franzak, McDermott and Little (1993); Gabel (1995); Greenley and Matcham (1986); Heiens (2000); Miles and Arnold (19910; Mohr-Jackson (1991); Pelham (1997); Pitt, Caruana and Berthon (1996); Pulendran and Speed (1995); Pulendran, Speed and Widing II (2000); Webb, Webster and Krepapa (2000); Webster (1992); Wilson and McPhail (1995)
Culture (CU)	These authors argue that market orientation is a culture that an organisation has. Whilst predominantly value or attitudinal in nature the authors may also refer to activities	Appiah-Adu (1997); Appiah-Adu (1998); Appiah-Adu and Ranchhod (1998); Caruana (1995); Doyle and Wong (1998); Fritz (1996); Greenley (1995a); Greenley (1995b); Greenley and Matcham (1986); Griffiths and Grover (1998); Han et al. (1998); Harris (1998a); Harris (1998b); Heiens (2000); Homburg and Pflesser (2000); Jaworski and Kohli (1996); Keh et al. (1997); Lichtenthal and Wilson (1992); Martin et al. (1998); Matsuno et al. (2000); Mavondo and Schroder ; Meehan (1996); Menguc (1996); Miles and Arnold (1991); Morgan and Morgan (1991); Morgan and Strong (19980; Narver et al. (1993); Narver et al. (1992); Narver and Slater (1991; Narver and Slater (1990); Narver et al. (1998); Olson (1987); Oosthuizen (1994); Payne (1988); Pearson (1993); Pelham and Wilson (1995); Pelham and Wilson (1996); Pulendran and Speed (1995); Pulendran et al. (2000); Ruekert (1992); van Raaij et al. (1998); Vickerstaff (1998); Ward et al. (1998); Webb et al. (2000; Webster (1992); Wrenn (1997)

Source: Brady and Johnson, (2002)

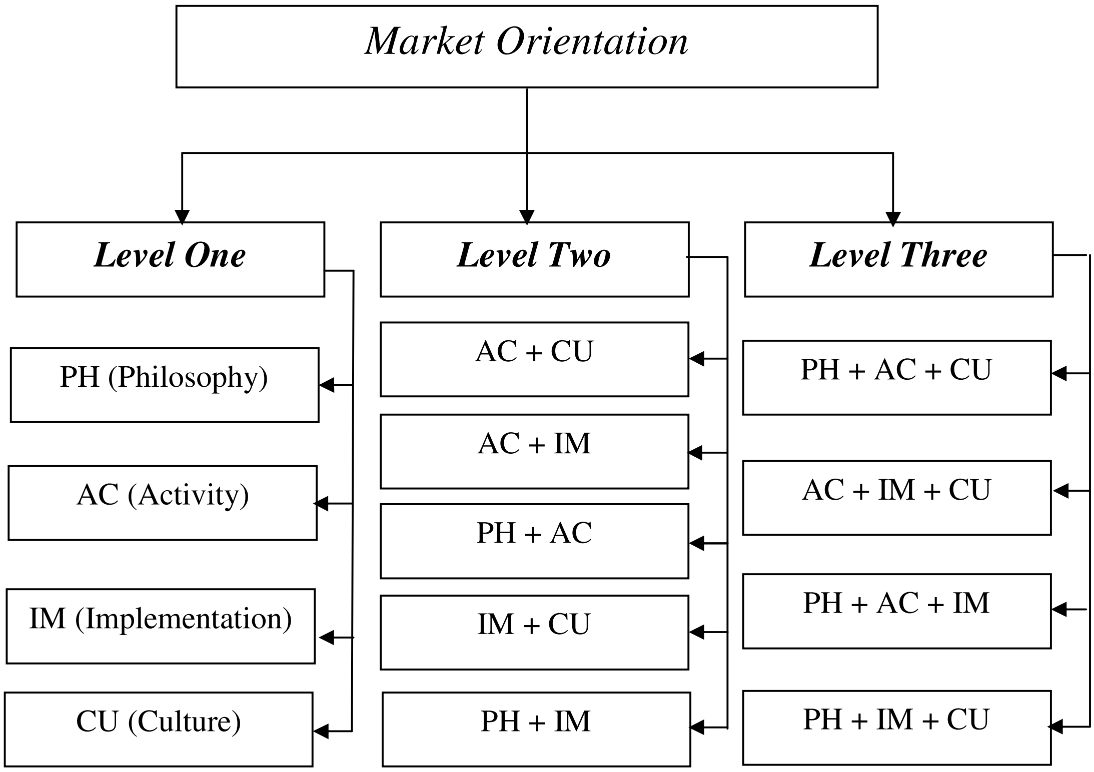
Table 2 Definition Overlaps

Definition Groups	Authors
Market orientation as an activity and a culture	Heiens (2000); Jaworski, Kohli and Sahay (2000); Lichtenthal and Wilson (1992); Matsuno, Mentzer and Rentz (2000); Morgan and Morgan (1991); Morgan and Strong (1998); Selnes and Wesenberg (1993); van Raaij, van Engelen and Stoelhorst (1998); Vickerstaff (1998)
Market orientation as an activity and the implementation of the marketing concept	Atuahene-Gima (1996); Dalgic (1994); Franzak, McDermott and Little (1993); Gabel (1995); Mohr-Jackson (1991); Wilson and McPhail (1995)
Market orientation as a philosophy and activities	Dawes (2000); Farrell and Oczkowski (1997); Gray et al., (1998); Liu (1995)
Market orientation as the implementation of the marketing concept and a culture	Pulendran and Speed (1995); Pulendran, Speed and Widing II (2000)
Market orientation as a philosophy, an activity and a culture	Doyle and Wong (1998); Ruekert (1992); Wrenn (1997)
Market orientation as an activity, the implementation of the marketing concept and a culture	Caruana (1995); Greenley and Matcham (1986)
Market orientation as a philosophy and the implementation of the marketing concept	Pitt, Caruana and Berthon (1996)
Market orientation as a philosophy, and activity and the implementation of the marketing concept	Enright and McDonald (1997)
Market orientation as a philosophy, the implementation of the marketing concept and a culture	Miles and Arnold (1991)

Source: Brady and Johnson, (2002)

From the previous two tables, it can be seen that there is a total of 13 conceptions of the market orientation term. Diagram below explains these concepts in further detail.

Figure 1 Market Orientation Conceptualisation



Source: Designed by the researcher

The above diagram presents the different conceptualisations of market orientation in the literature.

Regardless of this categorasation, most of the definitions of market orientation have a common characteristic, that is, they appear to be more descriptions of market orientation, or descriptions of the characteristics of market orientation, or descriptions of what an organisation would look like if it had an orientation to be a market-oriented business.

The tables and diagram above provide definitional groups and the authors whose definitions belong to those categories. Although mutually exclusive groups were intended, it has been necessary to put some authors in multiple categories as they either have multiple definitions or their definitions are difficult to be categorised in one definition. Additionally some authors made changes to their definitions in their later work.

This plethora of viewpoints regarding the components of market orientation might make it difficult for both marketing researchers and practitioners to understand what is meant by market orientation and how could be measured.

2.8 Market Orientation Constructs

Surveying and analysing market orientation literature reveals that several studies attempt to define and develop a scale to measure market orientation (e.g. Narver and Slater, 1990; Jaworski, Kohli, and Kumar, 1993; Deng and Dart, 1994; Wrenn, 1997; Deshpande and Farley, 1998), however, there is no agreement on a universal construct that best measures market orientation domain (Matsuno, 2005). The figures below show the most widely used market orientation constructs.

Table 3 Market Orientation Constructs

Construct	Frequency	Percentage
MARKOR	60	28%
MKTOR	49	23%
Mixed Constructs	37	17%
MARKOR and MKTOR	19	9%
DFW	15	7%
Ruekert	8	4%
Kotler	6	3%
MOS	4	2%
Gray et al (1998)	4	2%
MKTRON	4	2%
Greenley (1995)	3	1%
Matsuno et al (2002)	3	1%
Deng and Dart (1994)	3	1%
Total	215	100%

Source: Created by the researcher

From the above table it can be clearly seen that the most extensively employed scales are MARKOR and MKTOR developed by Kohli and Jaworski (1990, 1993) and Narver and Slater (1990). These two scales represent the highest usage proportion in previous market orientation studies (28% and 23% respectively). In addition, some other studies have employed a mixture from different scales (17%) or a mixture of MARKOR and

MKTOR constructs (9%). Based on this, it is evident that MARKOR and MKTOR are the most widely used constructs.

For the purpose of learning the most widely used market orientation construct for both developed and developing countries, table below provides more details.

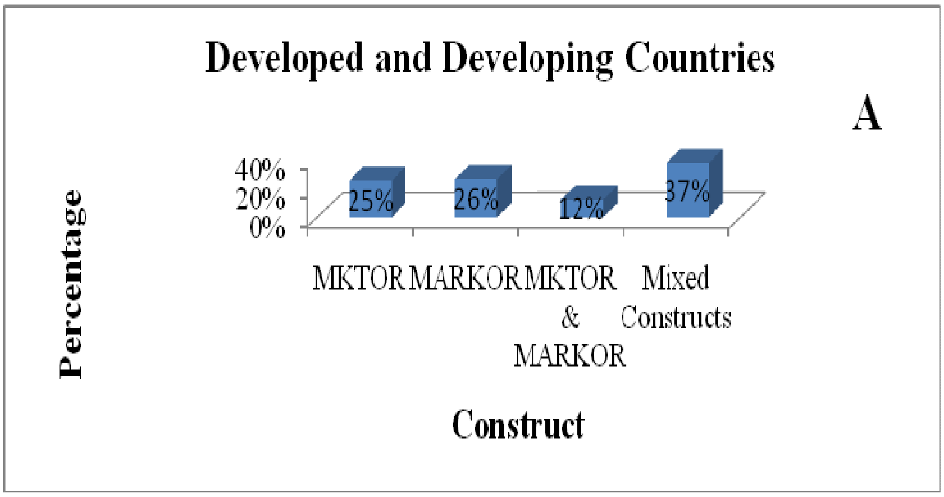
Table 4 Market Orientation Constructs in Developed and Developing Countries

Country and Construct	Construct							
	MKTOR		MARKOR		MARKOR & MKTOR		Mixed Constructs	
	Fre.	Per.	Fre.	Per.	Fre.	Per.	Fre.	Per.
Developed Countries	33	15%[10]	45	21%	20	9%	45	20%
Developing Countries	21	10%	11	5%	6	3%	34	16%
Total	54	25%	56	26%	26	12%	79	37%

Source: Created by the researcher

The figures in the table above gives details about market orientation constructs used in previous studies. The situation will be clearer through the three diagrams A, B and C below.

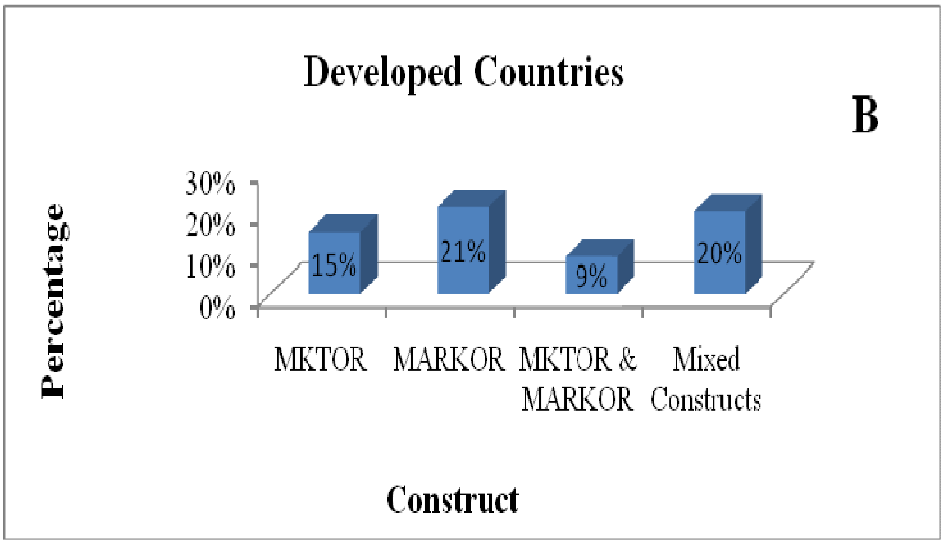
Figure 2 Market Orientation Constructs in Developed and Developing Countries



Source: Created by the researcher

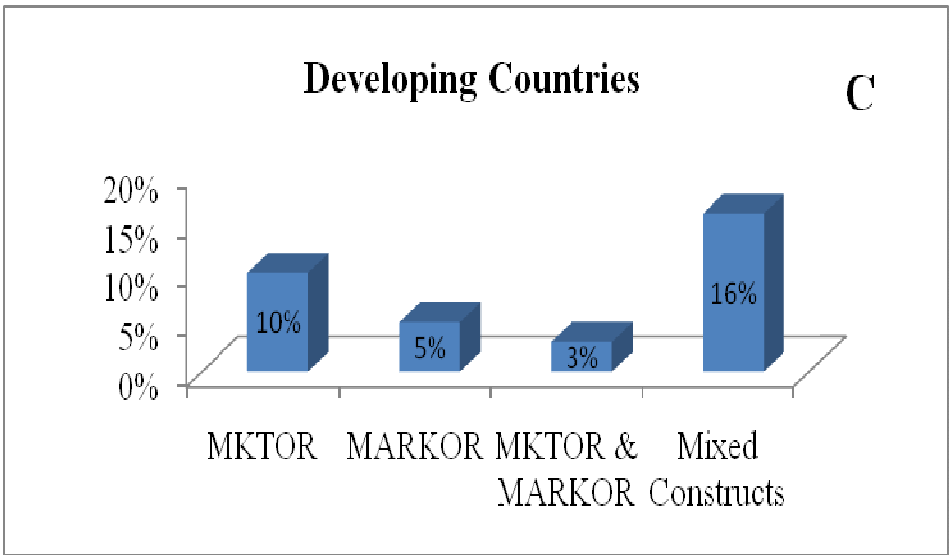
[10] Calculated as follows: (33 studies / 215 studies = 15%). All figures in this table calculated in relation to all studies conducted in both developed and developing countries.

Figure 3 Market Orientation Constructs in Developed Countries



Source: Created by the researcher

Figure 4 Market Orientation Constructs in Developing Countries



Source: Created by the researcher

From the previous figures the following key points can be observed:

2 Narver and Slater's construct and Kohli and Jaworski's construct are the constructs most widely employed in previous studies where the usage ratios reached more than 25% of the total studies surveyed in this literature.

   In addition, the usage rate of both scales is approximately equal as they were 25% and 26% respectively as is shown in figure A.

3 The percentage of using these scales in the previous research reached a high percentage of 63% as is illustrated in figure A.

4 The percentage of using these constructs in the developed countries reached 45%, while it was 18% in the developing countries as is explained in figures B and C.

   These percentages calculated in comparison to all studies reviewed.

2.9 Market Orientation Studies in Developed and Developing Countries

The main purpose of this section is to give a detailed comparison between the importance of market orientation applications in the developed and developing countries through number of market orientation studies conducted in that part of the world.

More than 200 market orientation articles conducted in both developed and developing countries were reviewed and summarised in the table below.

Table 5 Market Orientation Studies in Developed and Developing Countries

Country	Number of Studies	Percentage
USA	67	31%
UK	20	9%
China	15	7%
Australia	13	6%
Spain	11	5%
Hong Kong	9	4%
New Zealand	6	3%
Taiwan	6	3%
Greece	5	2%
Germany	4	2%
Korea	4	2%
India	4	2%
Finland	4	2%
Norway	4	2%
Thailand	4	2%
Japan	3	1%
Sweden	3	1%
Israel	3	1%
Netherlands	3	1%
Turkey	3	1%
Canada	2	0.001%
Denmark	2	0.001%
Poland	2	0.001%
European Union	2	0.001%
Singapore	2	0.001%
Indonesia	2	0.001%
Saudi Arabia	2	0.001%
France	1	0.0001%
Malta	1	0.0001%
Chili	1	0.0001%
Belgium	1	0.0001%
Ukraine	1	0.0001%
Slovenia	1	0.0001%
South Africa	1	0.0001%
Ghana	1	0.0001%
Zimbabwe	1	0.0001%
Nigeria	1	0.0001%
Total	215	100%

Source: Created by the researcher

From the above table it can be clearly seen that the majority of the previous studies have been conducted in developed countries where the percentage exceeded 72%[11]; while the remainder, 28%, represents the proportion of studies that performed in developing and transitional economies.

[11] This percentage calculated as follows: (155 studies in developed countries/ total of 215 studies).

Western countries such as the USA, the UK and Australia have the largest shares of these studies where the percentages reached 31%, 9% and 6% respectively. On the other hand, the largest proportion of studies conducted in developing nations was in China, Hong Kong and Taiwan where the percentages reached 7%, 4% and 3% respectively.

The following two tables provide more clarifications about these studies.

Table 6 Market Orientation Studies in Developed Countries

Country	Number of Studies	Percentage
USA	67	43%
UK	20	13%
Australia	13	8%
Spain	11	7%
New Zealand	6	4%
Greece	5	3%
Germany	4	3%
Finland	4	3%
Norway	4	3%
Japan	3	2%
Sweden	3	2%
Israel	3	2%
Netherlands	3	2%
Canada	2	1%
Denmark	2	1%
European Union	2	1%
France	1	0.01%
Malta	1	0.01%
Belgium	1	0.01%
Total	155	100%

Source: Created by the researcher

From the previous table the dominance of the United States and Britain is clear regarding the number of market orientation studies conducted during the last two decades with representation rates of 43% and 13% respectively. These high rates might be attributed to two main reasons. First, the theory of market orientation stemmed originally from the United States of America and then evolved, stretched and was adopted in many other European, Asian and, most recently, African countries. The second reason is that the U.S. market is very competitive and hence market orientation applications are very important for business success. Therefore, the US and UK businesses give much attention to the concept of market orientation as a successful strategy.

Following the same logic, market orientation application is very important for European countries. Despite its importance, very few studies were carried out in those countries and more studies in that area of the world is required.

With regard to market orientation studies in developing countries, it could be argued that the number of studies is very small compared with those that have been conducted in developed countries, as shown in the following table:

Table 7 Market Orientation in Developing Countries

Country	Number of Studies	Percentage
China	15	25%
Hong Kong	9	15%
Taiwan	6	10%
Korea	4	7%
India	4	7%
Thailand	4	7%
Turkey	3	5%
Poland	2	3%
Singapore	2	3%
Indonesia	2	3%
Saudi Arabia	2	3%
Chili	1	2%
Ukraine	1	2%
Slovenia	1	2%
South Africa	1	2%
Ghana	1	2%
Zimbabwe	1	2%
Nigeria	1	2%
Total	60	100%

Source: Created by the researcher

From the above table, if we look at developing countries, we will find that a number of East Asian countries such as China, Hong Kong and Taiwan are among the most developing countries which studied the concept of market orientation, as the number of studies conducted there reached 25%, 15% and 10% respectively.

This increase might be attributed to one reason, namely the rapid growth of those markets and the increased competition among emerging companies. Consequently, market orientation adoption is becoming indispensable in those competitive markets.

Also, it is noted that there are very poor representations of South and Central African countries and there is no representation from North African countries. This may be due to the fact that these particular regions of the world have been living in absolute monopoly for so long and are now in the process of moving towards an open market economy.

Hence, market orientation applications are crucial as local and foreign competitors are in rapid growth in those countries especially from international businesses. Therefore, it is very important for those businesses to be fully aware of the benefit of market orientation applications.

Finally, due to the important details presented in the previous table for the current research, it was decided to analyse the previous work on market orientation in the developing and transitional countries particularly in terms of the following key methodological issues: unit of analysis, business size, and nature of business data collection methods. All these issues will be covered in the following section.

2.10 Methodological Issues in Previous Studies

This section deals with some major methodological issues deduced from analysing the previous market orientation studies conducted in developing countries. Unit of analysis, size of investigated companies, nature of business and data collection methods were all discussed in more detail in this section.

2.10.1 Unit of Analysis

As is known, the source of data in the academic research depends on many factors such as the nature of the study and the nature of all variables under consideration. Therefore, in order to attain a clear idea regarding the source of the empirical data in the previous market orientation studies in developing and transitional economies, it has been necessary to review the literature to identify the key organisational units targeted in the data collection process.

This issue has been addressed and the results are presented in table below.

Table 8 Unit of Analysis

Source of Data	Frequency	Percentage
Senior level managers/ owners	22	37%
A mixture of senior level managers	18	30%
Marketing/ sales managers	17	28%
Other respondents	3	5%
Total	60	100%

Source: created by the researcher

From the above table it can be seen that the main sources for data in previous market orientation studies in developing countries are senior managers or owners (37%); mixture of different managers (30%) and marketing or sales managers (28%).

This attitude can be attributed to two key reasons. First, senior level managers and owners are the people responsible for formulating the business's strategy and making the strategic decisions.

Second, senior level managers and owners are the more knowledgeable individuals in those businesses and, hence it is reasonable to target that level of managers.

2.10.2 Size of Business

Business' size is one of the most fundamental factors that promote the adoption and practice of different organisational functions.

For example, it is expected that the size of the business will be coupled with more financial and human resources that encourage the practice of many functions throughout the organisation.

This element was assessed in the previous market orientation studies conducted in developing countries and the table blow gives more details.

Table 9 Business Size

Size of Business	Number of Studies	Percentage
SMEs	29	48%
Large Businesses	18	30%
Mixture of Different Sizes	13	22%
Total	60	100%

Source: created by the researcher

From the above table it can be seen that SEMs occupies the high proportion (48%) followed by large businesses (30%) and then mixture of different sizes (22%).

This attitude is different from the previous market orientation studies conducted in developed countries reviewed in the literature as the focus was mainly put on large businesses.

The reasons for that might be attributed to two key reasons. First, the vast majority businesses in emerging and developing countries are SMEs. Second, it is most likely that SMEs managers are more accessible in developing countries than their counterparts in large businesses.

2.10.3 Nature of Business

Nature of business (e.g. manufacturing, services and trading) plays a vital role in adopting certain business philosophies.

Surveying the market orientation literature reveals that there is no conclusive decision regarding whether market orientation applications is more relevant to manufacturing sector or service sector (e.g. Kotler and Levy, 1969; Lado et al., 1998; Gray and Hooley's, 2002; Cynthia R.C. et al., 2004).

Reviewing the extant literature illustrate that a variety of different sectors were investigated as explained below.

Table 10 Nature of Business

Type of Business	Number of Studies	Percentage
Mixed manufacturing and services	16	28%
Mixed manufacturing companies	12	20%
Textile industries	6	10%
Exporters	6	10%
Retailers	6	10%
Food industries	5	8%
Hotel services	3	5%
Banks services	2	3%
Property services	2	3%
Insurance services	1	1.5%
Automobile industries	1	1.5%
Total	60	100%

Source: created by the researcher

From the above table the dominance of two types of studies is clear. First, research targeted a mixture of manufacturing and services businesses (28%) and second, studies focused on studying only different manufacturing businesses (20%). The remaining percentage (52%) was assigned to different independent sectors. This is compatible with the vast majority of market orientation studies in developed countries reviewed in the literature that focused mainly on manufacturing and services sectors.

This orientation might be attributed to three key reasons. First, market orientation is more applicable to the manufacturing sector. Second, market orientation is more relevant to the service sector. Third, investigating services and manufacturing businesses simultaneously will guarantee targeting the required respondents and increasing the response rate.

2.10.4 Data Collection Methods

The decision of choosing the more appropriate data collection methods for conducting social and behavioural research depends on a number of factors such as the nature of the research problem, the type of the target market, the kind of respondents and finally the availability of enough literature on that particular topic.

For that reason, market orientation literature in developing countries was reviewed and the results are presented in table below.

Table 11 Data Collection Methods

Data Collection Methods	Number of Usage	Percentage
Questionnaire Survey	48	80%
Interview	6	10%
Questionnaire Survey and Interview	5	8%
Focus Group	1	2%
Total	60	100%

Source: created by the researcher

The table above explains that questionnaire surveys dominated the data collection methods (80%) in previous market orientation research. This orientation might be attributed to that the vast majority of previous market orientation research in developing countries focused mainly on the applications of the market orientation theory in the those contexts.

This is in agreement with the vast majority of market orientation studies in developed countries reviewed that focused mainly of questionnaire as a main data collection method.

In conclusion, the analysis of the four key methodological aspects mentioned in previous market orientation studies in developing countries (unit of analysis; business size; nature of business and data collection methods) was an important step in conducting this research. As a consequence, the following key steps were taken.

First, different business sizes were targeted (large, medium and small) to increase the response rate and to detect any differences in terms of market orientation, business success and success factors.

Second, top level executives and managers were targeted as the main source of the research data. This is due to the fact that high level executives are the main unit responsible for strategy formulation of the business. In addition, those respondents are expected to be the more knowledgeable people in their businesses.

Third, it was noticed that in the Libyan market managers know everything about the business and employees have to execute top management plans without discussions.

Therefore, it was rational to target that level of managers.

Fourth, manufacturing and services businesses were targeted. This decision was taken for two reasons: to increase the response rate and to detect any differences between manufacturing and services businesses in terms of market orientation, business success and success factors.

In addition to the aforementioned methodological aspects, advice from a number of scholars consulted at an earlier stage of this research provided some guidance, as explained below.

Brennan for example stated that:

"There is clearly, from your proposal, still an outstanding question concerning the relevant population. You can conduct research in a population in which there is a reasonable degree of natural variation in these phenomena within that population".

Matsuno also has a similar view, he said:

"In my opinion, it is meaningful to compare a phenomenon across different business organizations".

Arthur Meidan is also in support of this opinion as he maintained that:

"Perhaps you could analyse / compare a few different sectors say food, home apparel, banking, etc where the level of adoption of this orientation might be different"

Based on the previous discussion, and taking into account the nature of the Libyan market, it was decided that the two different business natures, (manufacturing and services) and the four types of ownership (private, privatised, under privatisation and public) will be the main focus of comparisons in this research.

2.11 Knowledge Gaps in the Previous Studies

Reviewing the literature pertaining to market orientation reveals that there have been a number of knowledge gaps and areas that need further research. These knowledge gaps can be summarised as follow:

1. There is still confusion in marketing literature in terms of defining interchangeable concepts such as: market orientation; marketing orientation; market-driven; marketing driving; market focus; market-led; customer-led; and customer focus.

2. There is no consensus among marketing scholars on the conceptualisationand definition of market orientation and the domain that should be covered. As a consequence, how to measure this concept has remained inconclusive. This definition is still ongoing and under hot debate among scholars. Further research in this particular area warrants investigating.

3. Market orientation literature is biased towards western countries especially the US and the UK, whereas the evidence is much less in emerging, developing and transitional economies. Therefore, more qualitative investigation in these particular contexts is encouraged.

4. The number of market orientation studies conducted in Africa is rare, particularly for North and Middle Africa, and the Middle East also. This warrants more qualitative research to be conducted in those particular markets.

5. Based on the reviewing the published market orientation articles, and to the best of the researcher's knowledge, no studies have been performed of this nature in the area of North Africa in general and in Libya in particular.

6. Much attention in the literature has been given to investigating large businesses at the expense of small and medium sized businesses. This tendency is based on the belief that market orientation is more important for large businesses and more likely to be hugely practiced by them.

Conversely, SMEs play a vital role in stimulating and promoting the economy and contributing further to the economy through creating job opportunities, providing a wide range of products and services, and helping in the process of economic development in general. Those businesses are lacking the necessary resources to survive and grow.

Therefore, market orientation and marketing strategies are more crucial for those types of businesses.

7. The majority of earlier studies have focused on senior level managers (e.g. SBUs, high level managers, directors, etc) to solicit the required data, whereas junior managers, bottom line workers and customers, whose judgments and opinions are important for the exploration of the market orientation phenomenon, have not, as yet, been given the deserved attention.

   In addition to that, investigating the differences among employees at all levels in terms of how they perceive the phenomenon of market orientation has not been given that attention, as only a very small number of articles have focused on this particular angle.

8. The positivistic philosophy and quantitative approach (questionnaire survey and theory testing) have dominated in the vast majority of the previous market orientation research, while the qualitative approach and theory building (case studies, interviews, etc) has been given little attention.

   This may be due to the focus of earlier studies only on retesting and replicating the market orientation constructs in different parts of the world. Therefore, little attention has been devoted to establishing and developing a broader conceptualisation to the market orientation phenomenon.

9. Previous research on market orientation has focused mainly on studying manufacturing and service businesses in cross-sectional studies. Studying the

single independent sectors such as banking, food industries etc would provide clearer image about market orientation applications.

10. Research on market orientation antecedents has been biased towards the effects of the internal variables of a business at the expense of external variables.

    What remains still less clear are the effects of the external factors on the development of this theory, since earlier studies have focused mainly on market dynamism, technological turbulence, market turbulence, demand volatility and intensity of competition. Several factors exist in the external environment of businesses and are expected to have a great influence on the adoption of the market orientation philosophy.

2.12 Summary

This chapter provides an overview regarding market orientation development over time. The purpose was to highlight the existing knowledge available in the academic field in order to allow further research to develop understanding of business practices.

The review covers all the major themes in the domain of market orientation research. The chapter begins by giving some of the definitions to the concept of marketing and the concept of customer value, followed by presenting a more comprehensive market orientation conceptualisation and its development over time.

A review of previous market orientation constructs, in both developed and developing countries has been undertaken to explain trends in market orientation studies and the significant role of market orientation adoption to business success.

Interestingly, the literature does encourage this current study to provide some contributions from transitional economies point of view as further research.

Finally, since this study is interested in exploring the contribution of market orientation to business success in the Libyan context, the next chapter will be dedicated to discuss the concept of business success in further detail.

Chapter Three: Business Success

3.1 Introduction

Measuring business success is one of the most challenging topics in the field of strategic management, TQM and marketing (e.g. Connolly et al., 1980; Venkatraman and Ramanujam, 1986; Narver and Slater, 1990; Kohli and Jaworski, 1990; Neely et al, 1997; Neely and Waggoner, 1998; Marr and Schiuma, 2003; Karr, 2005).

Sink (1991) has expressed these difficulties by describing measuring business performance as a mystery, complex, frustrating, difficult, challenging, important, abused and misused concept. Performance measurement looked upon with suspicion, as the American Productivity and Quality Centre (1999) noted. The problem being that there is no single recipe or methodology that will guarantee success in implementing a performance measurement. As a result, academics and practitioners have used a wide variety of approaches to measure business success.

In doing so, this chapter will cover the following topics: definitions to business performance; performance management; the importance of performance measurement; characteristics of successful performance assessment; performance methods assessments; benchmarks in business performance; performance measurement systems; performance criteria; the linkage between market orientation and business performance; and finally the knowledge gaps which exist in the literature.

3.2 Performance Measurement Definition

Pertaining to literature, little agreement for a description of business performance exists among performance scholars.

This was suitably described by Venkatraman and Ramanujam (1986) when they commented that the importance of the performance concept is widely recognised and the treatment of performance in research is perhaps one of the most problematic issues.

There appears to be little hope of reaching any agreement on basic terminology and definitions.

In the extant literature, measuring performance has been referred to as the process of quantifying actions. Neely (1994) perceives performance measurement as a set of metrics used to quantify both the efficiency and effectiveness of actions. Glaser (1991) and Evangelidis (1992) also viewed performance measurement as a process of evaluation and providing direct feedback against a set of parameters, targets and objectives.

Due to its broadness, performance measurement has become difficult to define in universal terms that apply to all types of business. As a result, performance measurement has often been discussed but rarely given a decisive and conclusive definition (Neely, et al., 2005).

As a consequence, defining and measuring business performance in an objective way is still a debatable and ongoing issue. Researchers and scholars have developed scales and constructs in this regard according to how performance data should be collected.

Business performance can be measured using actual performance data such as: financial statements and production volume. Also, that could be done through judgmental measures such as: high level executives' perceptions about their businesses' financial indicators; their sales and production growth relative to the competition; average industry; organisational objectives; and historical achievements.

3.3 Performance Management

The concepts of performance measurement and performance evaluation are among the most prominent concepts used in business today as they have been widely used as alternatives or synonyms to each other. In spite of the many similarities between the two terms, however, a differentiation must be made between them as they are complementary terms not alternatives to each other.

To evaluate means to examine and judge accomplishment and effectiveness (Patton, 1990). Evaluation refers to the activity of judging the result or the long-term effects of intended or completed changes in the light of a certain criterion (Safsten, 2000). The purpose of evaluation is decisive for determining how, what and when to evaluate (Scriven, 1967).

Performance measurement is not an open-loop process as it does not constitute measurement itself. Indeed, performance measurement should always initiate action through the use of appropriate measures. Measurement only takes place so that actual and achieved results can be compared with performance targets (Stoop, et al, 1997). The closed-loop process of performance measurement has been documented and resembled the Plan-Do-Act-Cycle (Huge, 1990) illustrated below:

Figure 5 Closed-loop Performance Measurement

Measure	Evaluate	Diagnose	Act	Measure

Source: Huge, 1990

From the above table it is clear that performance measurement is a continuous process. Once measurement (Measure) has taken place, the measured value is compared (Evaluate) against a performance target. After establishing how the performance result was reached (Diagnose), the actions leading (Act) to performance improvements can be taken, and measurement takes place again (Measure) to assess the impact of those actions. Therefore, understanding this process in this format is rational.

3.4 The Importance of Performance Measurement

There are many reasons why the process of measuring business performance is very important, whether by the companies themselves or by those responsible for them such as the Ministry of Economy or Industry in the case of the public sector. In addition, in leading organisations performance measurement is the responsibility of the whole organisation not only the responsibility of the high level senior executives (APQC, 1999).

In general, the importance of measuring business performance can be explained through the following points: (1) to identify the degree of the success of the business. (2) To identify whether businesses are meeting the requirements of customers. (3) To identify where problems such as bottlenecks, waste, etc., exist and where improvements can be made. (4)To ensure that all taken decisions are based on reliable and credible data (APQC, 1999). (5) To make sure that what was planned has been perfectly implemented.

(6) Performance measurement can be seen as a tool to assess the performance of individuals and enunciate accountability (Sharman, 1993). (7) Many authors agree that poorly designed measurement systems can seriously inhibit the ability of organisations to adapt successfully to changes in the competitive environment (Zairi and Sinclair, 1995).

This is summed up by the phrase “what gets measured gets done”. This has also been highlighted by the American Productivity and Quality Centre (1999) on the basis that 80% of participant studies have demonstrated financial and/or non-financial business success as a result of implementing a performance measurement system.

3.5 Characteristics of Successful Performance Measurements

In order to design a successful performance measure, one should first question the criteria a performance measure should fulfill to be considered successful. The first step in resolving this problem is to decide what should be measured as a result of a firm being market oriented. At first thought, this appears to be a simple task, but a review of the performance measures suggests otherwise. If a company is market oriented, it creates superior customer value, which can have a multiplicity of manifestations. For example, it can mean an increase in customer satisfaction, increase in customer retention, more new products, more new markets, plus numerous financial measures such as sales growth and net profit increase.

The answer to the question (what should be measured) revolves around the particular strategy or anticipated goals of the organisation. For example, if the firm’s strategy was to penetrate additional markets by increasing customer satisfaction and retention, a strictly financial measure would not adequately measure whether the objectives of the management had been realised. In other words, as Bititci (1994) stated, integrated performance measures must be driven from the vision and objectives of a business.

Generally, strategic concerns are focused upon future profit streams rather than past profits (Aaker, 1988); therefore, financial measures, because they are calculated from historical information, are inadequate of themselves to assess a market orientation (Bititci, 1994).

For instance, Keegan et al (1989) suggest that the best approach to decide on the performance indicators to be employed is to start with the five common indicators: quality; customer satisfaction; speed; product/service cost reduction; and cash flow from operations.

It will then be easy to derive the rest, ensuring that each is integrated and based on a comprehensive understanding of the cost drivers of the organisation (Neely et al, 2000).

3.6 Performance Measurement Methods

Business Performance can be measured using objective data taken directly from the company's records and can be measured subjectively based on the perception or personal views of the senior level directors and owners of the business concerning how their company is functioning relative to its key competitors, average industry rates, organisational objectives and its previous historical performance achievements.

Surveying around 200 articles[12] on business performance revealed the wide spread usage of subjective assessment as presented below.

[12] See appendix 8.

Table 12 Objective and Subjective Assessment

Method	Frequency	Percentage
Subjective Assessment	147	74%
Subjective and Objective Assessment	32	16%
Objective Assessment	20	10%
Total	199	100%

Source: created by the researcher

From the table above it is clear that subjective performance measurement dominated throughout previous market orientation studies. This approach has been extensively utilised in assessing businesses performance (74%) as opposed to objective assessment which remains far less (10%). Details on the subject of these approaches will be discussed in the subsequent sections.

3.6.1 The Objective Measurement

According to this sort of measurement, only hard, real, financial data existing in the financial records will be employed to judge performance of the company. This approach is particularly based on traditional cost accounting principles. This approach is preferable by some authors rather than the subjective measures based on opinion or estimations (Harris, 2001).

Despite its significant importance, the shortcomings of the financial objective assessment have been widely documented and have been criticized on several grounds (e.g. Hall, 1983; Johnson and Kaplan, 1987; Dixon, 1990; Eccles and Pyburn, 1991; Grasso et al, 1995; Neely et al., 1995). The following points represent the main criticisms found in the extant literature:

1. Financial indicators are lagging indicators and tend to be very insular or inward-looking as they show what happened in the past, and are poor predictors of tomorrow’s performance (Kaplan, 1994; Olsen, 2001).
2. Businesses that are small are usually privately held, thus firm financial information is not available for public access. Also, actual figures such as market share and ROI are severely restricted and may be unavailable from those

organisations (e.g. Deng and Dart, 1994; Powell, 1995; Chang and Chen, 1998; Dawes, 1999; Singh, 2003).

3. It is noted that respondents are frequently unwilling to provide objective performance data, or they provide it in a way that is not representative of true business performance (Siguaw et al, 1998). This implies that objective measures are sometimes an unreliable way for evaluating performance (Dess and Robinson, 1984; Pearce et al, 1987; Sittimalakorn, 2004). This may be evidenced in Jaworski and Kohli's (1993) study which used both objective and subjective performance details from which they received reliable responses from subjective measures and unreliable responses from objective measures.

4. Other business owners might object to the disclosure of such financial data because of lack of time, lack of interest, or they may feel embarrassed to reveal their negative financial figures (e.g. Dess and Robinson, 1984; Deng and Dart, 1994; Pitt et al., 1996; Caruana et al, 1998, 1999; O'scar and Javier 2005).

5. Financial measurement overemphasises short-term performance at the expense of long-term profit (Cravens and Shipp, 1991) meaning it is easy to achieve great financial improvement at the expense of market share. Price increase or reduction in investment will normally show a rise in financial performance, but it will normally cause a loss of market position (e.g. Doyle and Wong, 1998; Wuthichai, 2004).

6. Although most objective measures are based on financial data, reporting of that financial data may be subjectively constructed, meaning that they could be affected by human bias. For example, some financial data is subject to managerial decisions such as evaluation of investments and assets, reporting of liabilities, costing, and forecasting (Cynthia et al, 2004).

As a consequence of the above-mentioned reasons, contemporary companies tend to rely heavily on using the subjective multiple dimensions assessment in measuring their business performance.

3.6.2 The Subjective Measurement

The term subjective is used to mean that the company's performance score is derived using a scale of questions with anchors such as "very poor" to "very good," or "much lower" to "much higher" compared to competitors, previous business objectives, industry rates and business history. This approach has also been supported by Kotler (1988) on the basis that no performance measure is really significant unless the top management of the company perceives it to be significant.

These types of questions can be directed internally to the staff of the business and senior executives, or externally to the main stakeholders of the company such as customers.

They are focusing on subjective or intangible assessment rather than focusing solely on financial or other material dimensions. Measuring the reputation of the company, brand equity, customer satisfaction and morale of business workers are examples of such complex dimensions of intangible performance factors (Oscar and Javier, 2005) that have received much attention from the leading authors (e.g. Narver and Slater, 1990; Jaworski and Kohli, 1993; Droge et al, 1994).

Additionally, the difficulty in obtaining real objective data and its associated shortcomings has significantly contributed to the wide use of subjective measures (e.g., Dawes, 1999; Harris, 2001). This attitude has led to an introduction of those standards in evaluating business performance.

Furthermore, absolute figures, such as ROI, profit, sales volume, and market share, are notoriously difficult to compare between businesses of different sizes, operating in different markets, using different accounting standards, and defining their markets in different ways (Hooley et al, 2000). For this reason, the subjective approach is obviously appropriate for conducting research examining performance differences among diverse industry sectors, served markets, and sizes of firms (e.g. Saraph et al, 1989; Egeren and O'Connor, 1998; Akimova, 2000). Szymanski et al, (1993) concluded that absolute measures of business performance are preferred when specific industries are studied, whereas relative performance measures are preferred when cross-sectional data are pooled across industries. Hence, relying on subjective rather than objective measures appears to be justified (e.g. Narver and Slater, 1990; Jaworski and Kohli, 1993; Droge et al, 1994; Sittimalakorn, 2004).

3.6.3 Objective and Subjective Measurement

The huge controversy in business performance literature about the extent of preferential use of objective assessment has pushed a large number of researchers and scientists to investigate the impact of using subjective evaluation on the results of the studies that they have made in many countries in the world. It is very noticeable in this regard that a large proportion of those studies have reached the conclusion that there is some consistency between the objective and subjective measurements.

Also, those studies have found strong causal relations between the two types of performance assessment (e.g. Dess and Robinson, 1984; Pearce et al, 1987; Venkatraman and Ramanujam, 1987; Covin et al, 1994; Hart and Banbury, 1994; Han et al, 1998; Dawes, 1999), which increased the value, importance and credibility of using the subjective assessment in the evaluation process.

In addition, reviewing the literature has proved that many studies have reported a stronger relationship for subjective performance than for objective performance (e.g. Jaworski and Kohli, 1993; Selnes et al, 1996; Balabanis et al, 1997; Gray et al, 1998, 1999; Schlegelmilch and Ram, 2000; Martin and Grbac, 2003; Agarwal et al, 2003). In contrast, only a small percentage reported a stronger relationship for objective than for subjective performance (e.g. Hooley et al, 1990; Voss and Voss, 2000; Kwaku Atuahene-Gima, 2001).

To add clarity, a summary of studies on objective and subjective performance is presented in the table below. In three of the four cases, the authors gathered both objective and subjective data on multiple aspects of performance, such as sales growth, market share and profitability.

Table 13 Objective and Subjective Performance Correlation

Authors	Sample	Strength of Association (r)
Dess and Robinson (1984)	26 US manufacturing firms	Between r=0.48 to r= 0.61
Pearce et al, (1987)	97 US manufacturing firms	Between r=0.74 to r= 0.77
Covin et al, (1994)	91 US manufacturing firms	r= 0.44 only one performance variable used, namely sales growth.
Hart and Banbury (1994)	720 different US firms	Between r=0.44 to r=0.55 when whole sample analyzed. Up to r=0.99 when only examining firms within a specific industry.

Source (Dawes, 1999)

From the above table, it is evident that all four studies found significant associations between the two types of performance measures. However, this might be treated with some caution as the available evidence is confined to samples derived within the United States, and with one exception, confined to manufacturing businesses. Also, the degree of correlation varies considerably across these studies.

In a more recent study, Olavarrieta and Friedmann, (2008) have checked the quality of the collected data by using external, real, financial data from which they obtained high and significant correlations between informants' subjective measures of the performance of the firms, and available real ROE/ ROA taken from the financial statements.

This most recent study has given more support for using the subjective approach in assessing business performance and the degree of success.

3.7 Benchmarks in Measuring Business Performance

Benchmarking is very important and can provide a means to identify how well a business unit or organisation is performing compared with similar units within the organisation or externally.

This gives the use of performance measures a broader perspective and can provide a measure of best practice.

Typically, performance measures are monitored over time. While this gives a good indication of the rate of improvement, it does not indicate levels of performance in absolute terms. This is where benchmarking becomes useful.

3.7.1 Using the Performance of Competitors as a Benchmark

A review of the marketing and quality literature reveals that the measurement of business performance relative to competitors is commonly used. This results from the fact that implementation of relative measures of this kind can eliminate at least two major concerns (Wuthichai, 2004).

Firstly, respondents can provide performance information without revealing confidential figures. Secondly, comparisons across industries and markets are adjusted for differences in local conditions and competition (Piercy et al, 1998).

For example, a growth rate in sales of 10 percent in fast growing markets may be poor, whereas a growth rate of 10 percent in the declining markets may be good (Hooley et al, 1993).

Therefore, measuring business performance relative to competitors becomes useful (Hooley, et al, 1993; Wuthichai, 2004).

3.7.2 Using the Objectives of a Company as a Benchmark

Using this approach necessitates that a company should have a comprehensive awareness in relation to its environment in general and its key competitors in specific. Information relative to competitors is not a good measure if businesses are unable to provide such data (Dawes, 2000).

Often, data on some indicators, such as market position and growth in sales and market share relative to competitors, are not readily available for most businesses. In this case, it can be argued that measuring business performance relative to the objectives of the firm, set at the outset, is a possible alternative.

An inclusion of this kind of measure will sometimes better reflect the actual business performance of the firm (Wuthichai, 2004). However, if possible, the use of a variety of dimensions to evaluate business performance is highly recommended (Walker and Ruckert, 1987).

That is, firms are considered high performers not only when performing better than their competitors, but also when achieving their original targets or objectives (Ghalayini and Noble, 1996).

It should be noted that it is accordingly critical to consider the time span for measuring business performance (Begley and Boyd, 1987) since many ventures typically fail or exit within the first five years of their existence. This is one reason why survival has been commonly employed as a measure of firm performance or success.

Also, it can be very difficult to compare early stage firms with older firms, strictly on the basis of growth measures of returns. Cooper and Kleinschmidt (1993) concurred with this assessment, stating that the performance of younger firms can often be very erratic.

Begley and Boyd (1987) were also in agreement with this opinion, stating that performance measurements are increasingly indicative when assessed over a longer-term time horizon, utilising a five year average of performance measures in their own research efforts.

3.7.3 Using Historical Performance Achievements as a Benchmark

Firms cannot be considered successful if they gain better performance than competitors in a short period of time or in any single fiscal year. Continuous improvement in business performance is to be preferred to the fluctuation or uncertainty in business outcomes (Lynch and Cross, 1991; Wuthichai, 2004).

As a result, measuring business performance relative to past years enables the researcher to observe a firm’s performance change over the time period (Hooley et al, 1993).

It is also noteworthy that this type of performance indicator should be measured over the past years because of the protection against the lag effect between the implementation of a particular business orientation and its impact on business performance (e.g. Balabanis et al, 1997; Harris, 2001).

3.7.4 Using Average Industry Rates as a Benchmark

Another approach that can be used to compare business performance is the average rate of the main industry of the company.

In this respect, the company has another standard to benchmark through the average rate of its industry. This approach has also been used in previous market orientation studies (Diamantopoulos and Hart, 1993; Becker and Homburg, 1999).

In this research, a great deal of investigation into market orientation and business performance was undertaken. This revealed that there are some key pillars to be used as performance benchmarks or standards to assess and evaluate business performance as appears in the table below.

Table 14 Performance Benchmarks

Criteria	Frequency	Percentage
Performance compared to competition and business history	29	34%
Performance compared to competition	27	32%
Performance compared to business history	22	26%
Performance compared to top management expectations	7	8%
Total	85	100%

Source: Created by the researcher

From the above table it is clear that measuring performance in market orientation studies was revolving around three pillars: measuring performance in relation to major competitors and previous business achievements (34%); measuring performance in relation to the key competitors in the marketplace (32%); and measuring performance based on previous business success (26%). These main dimensions are common and have been widely used in market orientation literature.

3.8 Types of Performance Measurement Systems

Over the last three decades several attempts have been made by authors and practitioners to uncover the optimal way to assess business performance. Surveying the extant literature reveals that a number of performance measurement systems have been suggested by their supporters.

For instance, the Balanced Scorecard introduced by Kaplan and Norton (1993, 1996), Performance Prism system designed by Neely (2002), and the Cambridge Performance Measurement Process (Neely, 1996), the TPM Process introduced by Jones and Schilling (2000), the 7-step TPM Process by Zigon (1999), and the Total Measurement Development Method TMDM by Tarkenton Productivity Group (2000) are examples of performance measurement systems (Neely, 2000).

To elaborate more, in the late 1980s and early 1990s the process of deciding what to measure became topical, with several authors discussing it, although often at a somewhat superficial level (Neely et al, 2000).

Authors, such as Globerson (1985) and Maskell (1989), for instance, made early valuable contributions to this literature (Neely, 2000). Globerson (1985) proposed the following dimensions when measuring business performance:

1. Performance criteria must be chosen from the company's objectives.
2. Performance criteria must make possible the comparison of organisations that are in the same business.
3. The purpose of each performance criterion must be clear.
4. Data collection and methods of calculating the performance criterion must be clearly defined.
5. Ratio based performance criteria are preferred to absolute numbers.

6. Performance criteria should be under the control of the evaluated organisational unit.
7. Performance criteria should be selected through discussions with the people involved (customers, employees, managers).
8. Objective performance criteria are preferable to subjective ones.

In a similar way, Maskell (1989) offers the following seven principles of performance measurement characteristics:

a. The measures should be directly related to the firm’s strategy.
b. Non-financial measures should be adopted.
c. It should be recognised that measures vary between locations and hence one measure is not suitable for all departments or sites.
d. It should be acknowledged that measures change as circumstances do.
e. The measures should be simple and easy to use.
f. The measures should provide fast feedback.
g. The measures should be designed in order to stimulate continuous improvement rather than simply monitor.

Keegan et al, (1989), argued that the process of deciding what to measure consists of three main steps. The first step involves looking to strategy, defining the strategic objectives of the company and determining how they could be translated into divisional goals and individual management actions.

The second step encompassed deriving an appropriate set of measures by populating a performance measurement matrix. The third step focused on instilling the performance measurement system into management thinking. Sink (1985), and Sink, et al, (1989) suggested that a performance measurement system is a complex interrelationship between the following seven performance criteria: effectiveness, efficiency, quality, productivity, quality of work life, innovation and profitability / budgetability.

Fitzgerald et al, (1991) introduced the view based on the premise that there are two basic types of performance measure in any organisation, those that relate to results (competitiveness, financial performance), and those that focus on the determinants of the results (quality, flexibility, resource utilisation and innovation). Lynch and Cross (1991), for instance, called for the need for more dynamic measurement systems in that measures have to be seen to be as fluid and changing as the modern strategies from which they were derived.

This is also supported by Moseng and Bredrup, (1993) who stated that performance is a function of the ability to change which is becoming increasingly important in modern business practices especially with the introduction of more advanced technologies.

In 1992, the balanced scorecard (BSC) was introduced into the literature by Kaplan and Norton. It is a multidimensional framework for describing, implementing, and managing strategy at all levels of a firm by linking objectives and measures to strategy.

The BSC is not a static list of measures. Rather it is a comprehensive measure of performance, integrates financial measures, customer perspective, internal business processes, and organisational innovation and learning. An outline of the categories is as follows:

- Financial perspective: how do we look to the shareholder? This includes all measures that indicate whether the strategy of the company, implementation, and execution are contributing to bottom line improvement.
- Customer perspective: how do customers see us? This dimension represents the concerns of the customers in four categories. Time: measures time required for company to meet the needs of the customers.

Quality: defect level as sent to customers. Performance: how the products/services of the company contribute to creating value for its customers. Cost: not just the price of goods/services, but what does it ultimately cost the customer?

- Internal business perspective: what must be excelled at? This type represents the business processes that have the greatest impact on customer satisfaction. What competencies are needed to maintain market leadership in this case?
- Innovation and learning perspective: can we continue to improve and create value to our customers? This includes launching new products, creating more value for customers, improving operating efficiencies and penetration of new markets.

The BSC has many advantages and meets the criteria of allowing the researcher to establish his or her own treatment of business performance within the measure of the four categories mentioned above. It is a useful predictor of future performance and has shown successful results in many private-sector companies, as well as in some government organisations.

3.9 Performance Measurement Criteria

For the purpose of measuring the performance of companies, there are many indicators that could be utilised. Such indicators might answer the question "what should be measured?"

Surveying the existing literature reveals that there are no universal criteria that should be used. Instead, a comprehensive performance measurement is preferred.

Thus, many performance indicators have been employed in the area of market orientation. A great number of previous articles in market orientation and business performance were reviewed and the outcomes are presented in the table below.

Table 15 Performance Indicators

Criteria	Frequency	Percentage
Market share	64	34%[13]
Sales growth	61	32%
ROI	55	29%
Success of new products and services	46	24%
Profitability	44	23%
Profit margin	43	23%
Overall performance	37	19%
Sales volume	36	19%
Customer satisfaction	26	14%
Customer retention	24	13%
ROA	20	11%
Business growth and size	18	9%
Net revenue	17	9%
Quality Improvement	14	7%
Success in controlling expenses	12	6%
Space productivity	11	6%
Business competitiveness	10	5%
Innovation and R&D investments	9	5%
Brand image and awareness	9	5%
Liquidity	8	4%
ROC	8	4%
Organisational commitment	6	3%
Export intensity	6	3%
ROS	6	3%
ROE	7	4%
Trust	5	3%
Business position	5	3%
Pre-tax profit	5	3%
Export market share	5	3%
Cooperation norms	4	2%
Employees turnover	4	2%
Loyalty and repeat business	4	2%
Customer services	3	2%
Stock age	3	2%
Business adaptability	3	2%
Foreign market presence	3	2%
New market penetration	2	1%
E-spirit de corps	2	1%
Goals achievement	2	1%

Source: Created by the researcher

[13] This percentage has been calculated as follows: 64 / 190 articles reviewed = 34%

From the above table it can be concluded that despite the absence of general agreement among scholars on how to measure performance, there is however a general acceptance to some performance indicators such as market share (34%), sales growth (32%), ROI (29%), success of new products and services (24%), profitability (23%), profit margin (23%) and finally, sales volume and overall performance (19%).

3.9.1 The Rationale for Using Performance Criteria

Surveying the extant literature revealed that several indicators have been in use to measure business success. Details are presented below:

3.9.1.1 Market share

Market share is one of the most common performance criteria in the literature. The premise of this measure is that it is possible to distinguish winners from losers by the market share they achieve (Day and Wensley, 1988).

Despite this, market share has some difficulties due to the ambiguity of market definitions. First, it is unclear whether market share is a particularly appropriate indicator of performance. For example, it is possible that certain high-performing companies may deliberately pursue a focus strategy and be unconcerned about share positions (Porter 1980).

In such instances, market share may be a less accurate indicator of performance compared to judgmental assessments that take into account the particular strategy of a company. Second, it is possible that there is a lag in the effect of market orientation on market share.

Market orientation leads to higher market share over a relatively long period of time. Based on these considerations, Kohli and Jaworski, (1993) place more confidence in the results obtained using judgmental measures of performance.

3.9.1.2 Return on Investment

Return on investment refers to the extent to which a company is successful in maximizing profit for a given investment (Kohli and Jaworski, 1990). Return on investment is still commonly and widely recognised (Banks and Wheelwright, 1979), and it is used to assess the efficiency of each business unit. These indicators do not explain current performance or describe how well an organisation is placed in relation to its competitors. Return on investment may be difficult to trace or not immediately measurable using traditional measures. By measuring only tangible returns a firm may seem to be performing well but lose competitive ground through concentrating on cost cutting rather than on service provision.

3.9.1.3 Sales Growth

Sales growth refers to the extent to which a firm is successful in retaining and attracting more customers. This indicator has been used intensively in previous studies. Sales growth may often be the direct result of customer retention which is the outcome of customers being satisfied (Singh, 2003).

3.9.1.4 Success of New Products

Success of new products and services indicates the extent to which a firm is successful in inventing, designing and launching new products. This indicator is also widely used to measure business performance.

3.9.1.5 Profitability

Current profitability is the return from past advantages after the current outlays needed to sustain or enhance future advantages have been paid (Day and Wensley, 1988).

The reason is, profitability is influenced by actions taken in several earlier time frames and it is unlikely to be a complete reflection of current advantage.

When the environment is turbulent it may be a misleading indication. Consequently, the same arguments, used to conclude that market share should be interpreted as an outcome, can be applied to profitability considerations (Day and Wensley, 1988).

3.9.1.6 Overall Performance

Overall performance denotes the comprehensive measurement and evaluation to the performance of the firm. Several dimensions can be covered under this approach as many aspects can be measured to ensure wide coverage of performance dimensions. This approach has also been widely used in previous market orientation studies (e.g. Deshpande et al, 1993; Pitt et al, 1996; Barret and Weinstein, 1998; Baker and Sinkula, 1999; Farrell, 2000; Ngansathil, 2001; Ramaseshan et al, 2002; Hult et al, 2003; Ellis, 2005; Bathgate et al, 2006; Tay and Tay, 2007).

3.9.1.7 Customer Satisfaction

Customer satisfaction refers to the extent to which a company is successful in retaining its customers over a period of time (Narver and Slater, 1990). It has a very strong link with loyalty (e.g. Bearden and Teel 1983; LaBarbera and Mazursky 1983; Oliver and Swan 1989; Fornell 1992; Boulding et al 1993).

In their study Reichheld and Sasser (1990) state that increase in customer loyalty leads to higher profitability. Reichheld and Sasser (1990) observed that 5 percent growth in customer retention can increase profit levels from 25 percent to 85 percent.

As a consequence the increase in customer satisfaction increases the value of a firm's customer assets and future profitability (Anderson, et al, 1994). Satisfied customers are more willing to pay for the benefits they receive and are more likely to be tolerant of increases in price. This implies high profit margins and high customer loyalty for the company (Reichheld and Sasser 1990). This notion leads us to be more confident that customer satisfaction and market share can go hand in hand to attract and retain customers (Anderson, et al, 1994). As documented by previous studies, increasing market shares can raise the revenue of a firm and increase economies of scale, as well as market power, thus having a strong influence on profitability (Buzzel and Gale, 1987; Venkatraman and Scott, 1990).

It should also be noted that high rates of new product success and customer retention can be considered as the direct outcome revealing the extent to which a firm achieves the goal of satisfying its customers (Eric and Wei, 2005). New product success obviously increases sales and market shares from both existing and new customers (Pelham, 1997).

A higher customer retention rate means that customers are more loyal to a service, or a brand (Eric and Wei, 2005). They will not only pay more to repurchase or just increase the consuming volume but are also more likely to accept new products of the same brand because of their previous good experience with the brand. Thus, the original customer may expand as the opinions of these customers penetrate into their personal relationship networks, thus bringing in more customers (Eric and Wei, 2005).

This may reflect other efficiency aspects such as saving a firm's expense in advertising or promotion and possibly allow the firm to charge price premiums because of its good quality reputation and lower prices (Eric and Wei, 2005).

3.10 Business Performance and Market Orientation

The following section sheds more light on earlier studies that investigated the relationship between market orientation and business performance over the last two decades (the period from 1987 to 2008)[14].

3.10.1 Surveying the Previous Literature

The close examination of past market orientation studies proved the presence of a large difference in the results of those studies.[15] In other words, the benefits earned by the company where it has some orientation towards the market varied enormously among previous studies as some found positive effects on performance and others found negative effects and so forth.

Thus, the following table provides a detailed summary with regard to the consequences of being market-oriented in past market orientation studies.

[14] See appendix 8.
[15] See appendix 9 table 16a.

Table 16 Market Orientation and Business Performance

Type of the Relationship	Frequency	Percentage
Direct Positive	100	54%
Moderating Positive	46	25%
Mediating Positive	15	8%
Weak	13	7%
No Link	9	5%
Mixed Links	2	0.01%
Negative Link	1	0.0001%
Total	186	100%

Source: Created by the researcher

The above table clearly demonstrates the impact of adopting the concept of market orientation on the performance of a company, where around 87% of previous studies have proved the existence of a positive influence of market orientation on corporate performance.

For example, (54%) of previously surveyed studies have established the presence of a direct positive relationship between orientation and business performance, while (33%) detected a moderated and moderating positive relationship meaning that the linkage is affected by the presence of other factors.

In few studies (13%), the relationship had another form as it was weak and negative in some contexts.

Analysis of the previous literature supports the adoption of the concept of market orientation leading to improved corporate performance.

Several reasons emerged, from analysing the literature, with regard to the causes of the inconsistencies in the findings:

1. There are differences in how to measure the degree of orientation as often the Likert five-point scale is used to measure the attitude and some researchers use a seven point scale, while yet others used a scale with different degrees than have been mentioned.

2. There are differences in the concept of performance itself as scholars have used too many elements and indicators for defining performance.

3. There are also differences in how to measure business performance as some scholars have resorted to the physical objective measurements through financial reports and statements obtained from the balance sheet of the business.

   Others, on the other hand, have used personal assessment based on personal perceptions, expectations and past experience to judge on business performance.

4. There are other cultural differences stemming from the different contexts where those studies were conducted.

5. There is also another possible reason, that of individual differences among the respondents and informants as to their level of education, experience and the development of marketing concepts which would have a great influence on their way of filling in the questionnaires.

6. Another plausible reason is the enormous difference between the environments in which the studies were conducted as some of them are characterised by intense competition, market turbulence, technological turbulence and high consumer demand.

7. Different interior environmental conditions experienced by each individual organisation would also have another great influence as the relationships between individuals, various organisational levels, and the evolution of marketing perceptions and practices will have a great effect on the way businesses look at the market orientation concept.

3.11 Performance Measurement for the Current Study

Due to the complexity of the issue of measuring business performance several authors have emphasised the importance of complexity, multi-dimensionality, reliability and validity of adopting a balanced set of mixed constructs, the so called balanced scorecard BSC.

In other words, business performance can be conceptualised as more than profit-based success (e.g. Kaplan and Norton 1992; Neely et al., 2000; Miller et el, 2003) where several operational and customer-related factors can be included such as: market share; customer satisfaction; customer retention; brand image; and company innovativeness (e.g. Dess and Robinson 1984; Venkatraman and Ramanujam, 1986; Eccles, 1991; Eccles and Pyburn, 1992; Dawes, 1999; Yoon and Lee 2005).

This approach is seen to reflect three main dimensions: effectiveness; efficiency; and adaptability (Walker and Ruckert, 1987).

Since most previous studies on business performance have yielded poor results due to their focus on the unidimensionality in performance measurement (e.g. Doyle, 1992; Kaplan and Norton, 1992), various authors, most notably Kaplan and Norton (1992), have argued that this problem can be overcome if a company adopts a balanced set of measures.

According to Kaplan and Norton (1992) and Neely et al, (2000), such an approach allows managers to answer the four fundamental questions: how do we look to our shareholders (financial perspective)? What must we excel at (internal business perspective)? How do our customers see us (the customer perspective)? How can we continue to improve and create value (innovation and learning perspective)?

As a result of this, the current research has used nine of the most prominent indicators of measuring business success which suit the nature of the Libyan businesses.

Table 17 Business Success Construct

Item
The availability of high level of Liquidities all times
The ability of paying short liabilities such as monthly wages and salaries
Achieving high levels of profitability (ROI)
Gaining high volume of market share
Reaching high levels of customer retention
Improving operating efficiencies
Attaining high levels of growth and penetrating of new markets
Succeeding of the new products / services in the market
Building a respectful image for your business

Source: created by the researcher

The table above shows the nine items indicators used to measure business success in the Libyan context. These indicators were assessed subjectively by high level executives in businesses in Libya. This approach is widely accepted in management and marketing research (e.g. Dess and Robinson 1984; Venkatraman and Ramanujam, 1986; Kaplan and Norton 1992; Greenley, 1995; Neely et al., 2000; Miller et. el. 2003).

In addition to this scale, another two sub performance scales represent financial performance and market performance were derived and presented in table below.

Table 18 Financial and Market Performance Constructs

Item
Financial Performance Construct
The availability of high level of Liquidities all times
The ability of paying short liabilities such as monthly wages and salaries
Achieving high levels of profitability (ROI)
Market Performance Construct
Gaining high volume of market share
Reaching high levels of customer retention
Improving operating efficiencies
Attaining high levels of growth and penetrating of new markets
Succeeding of the new products / services in the market
Building a respectful image for your business

Source: created by the researcher

The above table shows the derived two sub business success constructs: financial performance and market performance. Strong positive correlations were detected among the three scales: business success, financial performance and market performance as presented below.

Table 19 Business Success, Financial Performance and Market Performance

Scale	Coefficient	Business Success	Financial Performance	Market Performance
Business Success	Pearson Correlation	1.00	0.92**	0.98**
	Sig. (2-tailed)		0.00	0.00
	N	233	229	228
Financial performance	Pearson Correlation	0.92**	1.00	0.82**
	Sig. (2-tailed)	0.00		0.00
	N	229	229	224
Market performance	Pearson Correlation	0.98**	0.82**	1.00
	Sig. (2-tailed)	0.00	0.00	
	N	228	224	228

** Correlation is significant at the 0.01 level (2-tailed)

It is very noticeable from the previous table that there is a strong correlation among the three business success constructs coefficients.

This strong correlation implies that using one of these scales would be sufficient to measure business success in the Libyan context. Therefore, the more comprehensive nine items constructs has been adopted[16].

As an extra step and to lend more external validity to the subjective performance approach adopted in this research, the study has utilised the tax payment data as an objective performance indicator to support the subjective assessment approach used in the current research[17].

[16] More details are available in chapter six.
[17] For more details refer to chapter five.

3.12 Knowledge Gaps in Previous Studies

The key knowledge gaps in previous research can be explained as follows:

1. There is no conclusive answer on how to measure business performance and success. Different financial and non-financial indicators can be found in the literature. The performance measurement system is ongoing and under hot debate among scholars. This could open the door for further research in this particular area.

2. Most previous studies focused on performance evaluation based on the subjective assessment of senior level managers (e.g. SBUs, high level managers, directors, etc). It may be more useful to resort to and involve other external parties as external assessors in the performance assessment process (e.g. customers, suppliers, distributers). This could add greater reliability and credibility to the performance assessment system.

3. Due to the difficulties in obtaining actual financial performance data to measure business success, the majority of previous market orientation studies adopted the subjective approach to assess business success. As a consequence, diverse outcomes have emerged. This, in turn, made it difficult to reach agreement in the literature on a universal construct to measure business success. This might imply that more realistic and innovate attempts to measure business success are encouraged.

4. The majority of previous studies focused on the senior level managers (e.g. SBUs, high level managers, directors, etc) to obtain the required data, whereas junior managers, bottom line and workers were not given enough attention in the literature. In addition, no attention was given to investigation of the differences among employees at all levels in terms of how they perceive their business success.

In the current study, great effort was made to obtain information from different levels within the respondent company. However, the most important information such as business strategies and orientations are kept as secret at top management levels in the Libyan context.

This situation is common in the vast majority of the Libyan businesses. This can be explained as follows. First, top management level is the only level responsible for decision making and policy formulation in the Libyan business environment. Second, the main role of the low levels executives is to execute the plans made by top management and they are not allowed to participate in the decision making process. As results of this, junior managers and bottom line workers could not be consulted. This may encourage other researchers to fill this gap by considering the multi-level sampling in future research.

3.13 Summary

This chapter outlines the literature relevant to business performance measurement, which covers all the major aspects in the domain of performance measurement research in general and in market orientation research in specific.

The chapter focuses on several aspects of performance measurement. Definitions to business performance; performance management; and the importance of performance measurement are explained. The characteristics of successful performance measurement; performance assessment methods; performance benchmarks; performance measurement systems; performance criteria; the linkage between market orientation and business performance; and knowledge gaps in the literature are all also covered in this chapter.

This chapter explains in further details the subjective and objective approaches extensively used in market orientation literature to measure business success. Knowledge gaps in performance measurement literature were also explicated to help in developing future research in this area. Finally, since this study is intended to be conducted in Libya, the next chapter will be devoted to highlight the key characteristics of the Libyan business environment.

Chapter Four: The Libyan Transitional Business Environment

4.1 Introduction

This chapter focuses mainly on the second objective of this study. Two main sections will be covered in this chapter: giving an overview of the transition economy; followed by discussion of the Libyan transitional business environment.

The chapter starts with a review of the main characteristics of the transitional economies in general and the Libyan transitional economy in particular.

The chapter is divided into several sections. These sections are introduced to cover a wide range of topics related to this research.

First, this chapter starts with an explanation of the definitions of the concept of a transition economy. Characteristics of a transition economy, the role of the state, transition phases and obstacles for new entrants are also examined.

Thereafter, the focus is on the rationale behind focusing on the Libyan context. The geographical and historical background of Libya, the main changes in the political and economical systems, the process of the transformation of the Libyan economy from a central system dominated by the state-owned sector to another more open system, growth of the private sector and foreign direct investment are all related issues seen to be rational to be presented and covered in this chapter.

4.2 Definitions and Terminologies

It is vital when discussing the concept of transitional economies to discriminate between some related terms. The following section will clarify these terms.

4.2.1 Planned Economy

A planned economy, which is also known as a command economy and a centrally-planned economy is an economic system in which the state controls the factors of production and makes all decisions about their use and about the distribution of income.

Businesses in the planned economy may either consist of state owned enterprises, private enterprises who are directed by the state, or a combination of both. Planned economy and command economy are often used as synonyms. A distinction should be made in this case. Under a command economy, the means of production are publicly owned. That is, a planned economy is an economic system in which the government controls and regulates production, distribution, prices, etc. On the other hand, a command economy, while also having this type of regulation, necessarily has substantial ownership of industry.

Therefore, command economies are planned economies, but not necessarily the reverse.

4.2.2 Mixed Economy

The mixed economy is an economy that has a mix of economic systems. It is usually defined as an economy that contains both private-owned and state-owned enterprises or that combines elements of capitalism and socialism, or a mix of market economy and command economy.

4.2.3 Market Economy

The market economy, which is also known as a free market economy or free enterprise economy, is an economic system in which the production and distribution of goods and services takes place through the mechanism of free markets guided by a free price system rather than by the State in a planned economy.

4.2.4 Transition Economy

According to the World Bank report (2007), transition economies are commonly used to refer to countries which have moved, or are moving, from a primarily State-planned to a market-based economic system, with private ownership of assets and market-supporting institutions. These countries include those of the former Soviet Union and those of Eastern and Central Europe closely allied with the Soviet Union as well as, more recently, countries in Asia and Africa undergoing market transformations of various degrees.

4.3 Transition Economy Characteristics

There are several attributes to the transitional movement. This movement is usually characterised by the changing and creating of other institutions, particularly private enterprises, changes in the role of the State, property rights, thereby the creation of fundamentally different governmental institutions, and the promotion of private sector, markets and independent financial institutions.

A further essential component of a market economy is the necessity of markets as the key arena in which companies and households interact. Well-functioning markets are trading platforms, a source for the exchange of information, and above all, the main creators of competition (Falke, 2002).

Financial institutions are central players in a market economy. They are responsible for the allocation of resources over time, for the distribution and assessment of risks, for payment mechanisms, and for the enforcement of financial discipline. They are typically the main capital investors and have, therefore, a strong influence on the productive enterprise sector. Thereby it is most important, that financial institutions are free from extensive governmental interference in order to make independent investment decisions based on economically sound risk assessments. On the other hand, they are the main capital suppliers, their failure to provide the market with needed capital may affect the macro economic situation of the whole economy. Banks and other financial institutions in transition economies carry, frequently, a heavy burden of non-performing loans on their balance sheets (Falke, 2002).

Another important task, the process of cleaning the balance sheets in an early transition stage, should not be overlooked.

The State in a market economy, on the other hand, is not eliminated but is charged with relatively distinctive tasks as in other economical systems. Instead of directing and controlling the output and the used resources, the role of the state has many features such as: setting, supervising and enforcing the basic market principles. Furthermore, providing certain goods, services, facilities, and ensuring different rights and guarantees.

The degree of governmental involvement in market decisions varies widely among developed market economies and may be more intense in transition economies (Falke, 2002).

Furthermore, the State must resist the temptation and incentive to interfere and protect on behalf of special interests. This may be particularly difficult since the State, under other systems, was frequently overloaded with responsibilities and corresponding rights to interfere. Many of those functions and obligations rest on a market economy with independent and self-sustainable or self-regulatory institutions and organisations. The building up of such an institutional infrastructure may take a reasonable period of time and therefore may be a considerable obstacle in the transition period.

4.4 Government Role in Transition

One of the main questions that should be acknowledged in the movement towards the open-market system is to have a clear definition of the role of the State in that system. It does not imply a reduction of the State to a minimal entity.

There are a number of key responsibilities the State must fulfil if a market economy is to function effectively. The most important is to provide economic order in transactions and macroeconomic stability. Without the former, market transactions and decisions are undermined.

Effective economic decision-making requires an ability to assess economic returns. This does not, of course, mean the absence of uncertainty, but it implies an understanding of stable rules of the game so that rational calculation of cost and reward is possible.

Similarly, inflation can have a destructive effect on rational decision-making through the volatility and the obscurity it brings to the price signals that are at the heart of the market process. Inflation undermines both the quality and quantity of investment by distorting enterprise decision-making, by engendering short-termism and by diverting energies to purely financial manipulation (Transitional Report, 1995).

While these two factors are primary and basic, the responsibilities of the State in a well-functioning market economy are much more extensive. Many of these pertain to the nature of the rules of the game, importantly the promotion of competition, both domestic and through international trade, and, in particular, entry into markets. This includes the removal of arbitrary barriers to entry.

On the other hand, the regulation of privatised utilities and genuine natural monopolies will be necessary if the establishment or abuse of special market positions is to be avoided. Also, financial institutions will require regulation to protect transactions against external and internal breaches of trust and manipulation. Well-functioning laws and legal institutions will be required to support honest and effective corporate governance which is basic to both the quantity and quality of investment and production decisions (Transitional Report, 1995). The task of redefining and creating a strong but limited State is fundamental to the transition process (Stern, 1997).

4.5 The Transitional Process

Due to the transformation processes that have been taking place in several transition economies, a distinction between different stages of transition has been made as follows:

4.5.1 Countries at Relatively Advanced Stages of Transition

According to the Transitional Report for the year 1997, countries have been grouped according to their stage of transition (advanced, intermediate and early).

Reforms efforts in countries at relatively advanced stages of transition tend to be focused on areas where progress, while vital, is difficult, drawn out and may often seem unspectacular. Reform has been characterised by steady improvements in regulatory environments (especially on capital markets), individual privatisations of state-owned banks and infrastructure, and some progress in restructuring of politically or socially sensitive activities.

Enterprise restructuring is an area where much remains to be done even in countries at more advanced stages of transition. Market liberalisation, privatisation and the introduction of anti-monopoly and bankruptcy legislations have strengthened competition and promoted the initial stages of reactive restructuring. However, instances of investment-led restructuring that would ably sustain and enhance the performance and growth of existing firms has been rather more limited.

In the area of price reform, most price-setting has been freed from administrative control and further progress primarily concerns prices in the housing, energy and other infrastructure sectors to ensure full cost recovery.

4.5.2 Countries at Intermediate Stages of Transition

Mixed progress in market-oriented reform in countries at intermediate stages of transition was also found. In several countries of this group, macroeconomic stability remains vulnerable and its sustainability closely conditioned on continuing structural reform.

Most countries at intermediate stages of transition have adopted fairly liberal trade and foreign exchange regimes. Broad-based privatisation has generally been an important item on the reform agenda in this group of countries.

In the area of enterprise restructuring, results have also been mixed. Progress has taken mostly the form of reactive restructuring brought about by a hardening of business budget constraints (Transitional Report, 1997).

4.5.3 Countries at Early Stages of Transition

In all countries of this group, the trading process continues to be heavily controlled by the State. Access to foreign exchange remains restricted and there has been no good improvement. The implementation of trade liberalisation is planned to be gradual.

The financial sector continues to be dominated by state-owned banks in some countries despite the entry and the establishment of new foreign and local private banks. Some progress in financial sector reform has been made in all countries (Transitional Report, 1997).

4.6 The Libyan Transitional Economy

The Libyan economy is in an era of transition as it continues to emerge from more than two decades of UN and US sanctions. A slowly accelerating economic reform process has been taking place since (1988), producing noticeable changes in the banking system, the development of small and medium size businesses, privatisation of state-owned companies, and access to foreign imports (The Department of State Report, 2008).

It is undeniable that real progress has been made over the past years in the Libyan economy (The World Bank Report, 2006). Recent progress includes simplifying business registration for local businesses, towards a more declarative process; opening of more sectors for foreign investment, including services, agriculture, telecommunications and real estate; reduction of the minimum number of shareholders in larger firms (Musahamat); introduction of almost all types of legal commercial entities; reduction of the corporate tax rate; trade liberalisation and unification of the exchange rate; a new competition law that has been submitted to the Cabinet; and unification of the commercial and company laws (The World Bank Report, 2006).

These are some aspects of the economic reforms that have been taking place in Libya. A clearer image of the stages that this economy has gone through is explained through the next sections.

4.6.1 Rules and Legislations

The Libyan economy has experienced two major changes during the last 40 years. The first change started in the mid-1970s with the ban of private ownership and nationalisation of all economic activities. The second wave started with issuing Law number 8 for the year 1988, which discriminated between private and state-owned businesses in terms of exchange rate of foreign currency. According to this law, state-owned companies had the advantage of burdening less operational cost in comparison with the private sector.

This situation continued until the beginning of the 1990s when several reform steps were taken (privatisation of a number of state-owned companies; decline in the state support of those companies, represented by the imposition of equal foreign exchange rates, allowing foreign products to enter and penetrate the domestic market etc.) aiming to reform and orient the economy towards a more market-based system and to provide an opportunity for the private sector to contribute to the economy and overcome the difficulties that the economy had encountered.

All Libyan companies have, positively or negatively, been affected by these economic changes, which have resulted in a dramatic deterioration in the financial performance of a great number of state-owned companies in particular (Alkizza, 2006).

In this regard, The Libyan government issued several legislation and laws such as: Act number 9 for the year 1992, Act number 198 for the year 2000, Act number 107 for the year 2005 all of which sought to allow private investors to take part in economic activities.

In addition, the government issued other laws for encouraging foreign investments in Libyan market such as: Act number 5 and Act number 7 for the years 1997 and 2002, Act number 138 for the year 2004 and Acts 108 and 117 for the year 2005. Law number 65 for the year 2002, Law number 3for the year 2005, and Law number 13 for the year 2005 were issued by the Libyan People's General Committee for the purpose of allowing and encouraging foreign businesses to establish branches for their businesses in the Libya.

Furthermore, the government took other serious steps towards tax reduction policies and gave exemptions from paying taxes for several years as an attempt to encourage and foster the process of participating in the economic activities in the Libyan market.

For instance, Acts number 82 and 83 for the year 2005 were issued particularly for this purpose. These laws were issued by the Libyan People's General Committee for the purposes of adjusting and decreasing the tax rate.

These laws contributed to the decrease of the tax tariff to zero for the vast majority (around 3500 items) of the imported products. Law number 9 for the year 2001, which was issued by the Libyan Ministry of Economy, was aimed at organising foreign trade and establishing what is known as free trade zones.

In the same vein, the Libyan government realised the growing role of the financial infrastructure. In this respect, the Libyan Financial Market was established for the first time in 2005 under Act number 105. Other financial reforms steps also took place in order to enhance the financial service sector.

In addition to that, other economic reform steps were also taken. The elimination of food subsidies and the reduction of subsidies for fuel are slowly taking place. Encouragement of private sector initiatives, removal of business boundaries, encouragement of foreign investment and application to become a member in the World Trade Organization in October (2004), privatisation of state enterprises, freeing of prices, reduction of state subsidies, decentralisation of decision-making and emphasis on education are all steps taken towards a more-open market economy.

4.6.2 The Rationale behind Choosing Libya

As a result of the changes taking place in the Libyan economy, and based on the effects that these changes have on business ownership and objectives, the strategic orientations of Libyan businesses have also been changed. One of these features has been the focus on profitability goals and customer needs more than other previous dominant objectives such as creating and ensuring job opportunities for the local people, which had been the priority before the year 1988.

These changes have motivated this study as the changes in the Libyan business environment will, in turn, lead to changes in the goals of Libyan business and ownership status. This will lead decision makers to adopt certain managerial and marketing practices, orientations and philosophies in the new emerging competitive environment.

Libya has been chosen for this study as a representative of a country in the process of transition in the developing world for the following reasons. First, the Libyan economy has undergone massive dramatic changes since 1988.

Therefore, it is an appropriate context to be studied as a turbulent and transient market. Second, it is anticipated that the Libyan market will become a potential competitive market for several local and foreign products and services in the near future as it attracts a multitude of international businesses.

Several international businesses are now competing in Libya in order to gain commercial contracts in many industries particularly the oil and gas sectors, construction, tourism, and transportation.

In this regard, and according to the Libyan Investment Board (LIB), the number of foreign businesses has risen to (577) different businesses from 60 different countries over the world and this number is increasing on a daily bases. In the same way, it is worthy of note that this number (577) does not include the oil and gas sectors which were, and still are, the most attractive incentive to enter the Libyan market over the past two decades.

Thus, understanding the nature and the status of the Libyan market in general and Libyan marketing practices in specific, are extremely crucial from the perspective of both national and international businesses who intend to run their businesses in this country.

Finally, since Libya is different from Western countries in terms of economic structure and national culture, to date no research has been conducted of this nature, in this particular growing and promising market in North Africa.

4.7 Geographical Location

Libya is a North African country that lies on the south coast of the Mediterranean Sea with a coastline of about 1,900 kilometers. Apart from the Mediterranean Sea coast, Libya has frontiers with six Arabic and African countries: Algeria and Tunisia on the west; Egypt on the east; Sudan on the southeast; and Chad and Niger on the south.

The country has a small population of around 6 million residents occupying, relatively, a very large area of about 1,760,000 square kilometers, the fourth largest country in Africa, and seven times bigger than Great Britain and Northern Ireland (Wright, 1969).

Three main regions comprise Libya: Tripolitania in the west; Cyrenaica in the east; and Fezzan in the south.

The majority of the population lives in the coastal regions of Tripolitania and Cyrenaica, where the density reaches about 50 persons per square kilometer, but this falls to less than one person per square kilometer elsewhere.

This might be due to the fact that most of the land is desert, which forces about 90 percent of the people to live in just 10 per cent of the land.

4.8 The Libyan Political System

After Independence in 1951, the three areas of Libya were gathered under a federal monarchy of the United Kingdom of Libya. Farley (1971) summarised the unifying elements in the constitution: Islam as the religion of the state; equality before the law and personal liberty; freedom of the press; freedom of association; the right to education for every Libyan; the inviolability of property; the right to work and to fair pay; the vesting of sovereignty in the nation and the nation as the source of all powers; provision for a hereditary monarchy and for succession; a parliament with a house of representatives elected on the basis of universal adult suffrage; the subordination of provincial determinations to parliament; and Arabic as the official language.

In April 1963, the political system in Libya was transformed from federal to unitary, in which all government departments were put under the direct control of ministries of the central government; the official name of the country was also changed to the Kingdom of Libya (Farley, 1971). The aid and close ties with the US and the UK during the monarchy had influenced and shaped the western political orientation of Libya.

On 1st September 1969, the monarchy was abolished by Colonel Muammar Al Gadhafi, proclaiming the country as the Libyan Arab Republic. The first several years of the new government were consumed with efforts to eradicate corruption and symbols of Western imperialism (Anderson, 1987).

Consequently, the US and the UK military bases were displaced in 1970, the remaining descendants of Italian colonists were expelled, some oil companies were nationalised and agreements were made with others to provide greater Libyan participation. Additionally, the government took a quite successful hard-line activist stance in international negotiations over oil-pricing policies (Anderson, 1987).

The socialist anti-Western government had developed strong relationships with the former Soviet Union but tensions with the West, especially the US and the UK. These unpleasant relationships reached their worst point when the US imposed economic sanctions on Libya in the 1980s. However, the oil industry played the principal role in Libyan-European relationships, as most of the European nations tried to keep reasonable relations with the country in order to ensure a steady supply of oil. As a result, the majority of countries overlooking the Mediterranean Sea such as Italy and Spain had the advantages of exploiting this situation.

Different sanctions were imposed on Libya by the US and the UN. The US forbade imports of Libyan crude oil in 1981 and extended it later to include direct trade, commercial contracts, and travel activities.

The UN embargo began in 1992 after the accusation of two Libyan citizens of involvement in the crash of an American aero plane in Scotland in 1988. The UN embargo was eased in 1999 and completely ended in 2003 after the country accepted responsibility for the crash, while the US embargo was ended by the closing stages of the same year (Alkizza, 2006).

Since the late 1980s, Libya has been trying to enhance its international reputation. These efforts were disrupted by the UN sanctions imposed on the country following the accusation of Libyan government involvement in the above mentioned crash.

As a result of international efforts, the UN sanctions were suspended in 1999, which helped Libya to redevelop ties with all countries, including the West. Although there are still tensions between Libya and the US, the relationship between the two countries has recently made remarkable progress.

In addition, the Libyan authority has focused on developing closer ties with Africa and proposed a transformation of the continent into a single nation, the United States of Africa. The efforts in Africa were appreciated and crowned with the announcement of the formation of the African Union in 1999, replacing the Organisation of African Unity (OAU).

4.9 The Changes in the Libyan Economy

The situation of the Libyan economy can be explained through the following phases:

4.9.1 The Economic indicators

Independence was a great achievement for the Libyan people and ended a very long period of foreign domination. Nevertheless, several challenges had appeared after independence was gained. There were no adequate economic resources; a lack of education; the war damage had to be repaired; and so forth. The unpleasant situation can be seen through the viewpoint of Benjamin Higgins, the United Nation's technical team leader, who reported that the Libyan economy offers discouragingly little with which to work; if Libya can be brought to a stage of sustained economic growth there is hope for every country in the world to grow and prosper (Farley, 1971). The next sections will provide more insights about the economic indicators and growth.

4.9.1.1 Oil and Gas

Oil discovery and exportation have moved the country to the forefront of world economies. As a consequence, the standard of living has risen from an average income per capita LD20 per annum before 1950, about LD100 in 1960, LD600 in 1970 and LD 8,000 in 1984, while the development expenditure from 1970 to 1984 was equivalent to LD18.5 billion, or US$ 62.5 billion (Agnaia, 1996). The social and educational lives of the Libyan people have also been affected, that is, due to the growth of the oil industry, the number of schools and students have risen significantly, the illiteracy rate has decreased, the health care system has improved, many more houses have been built and many people had moved from rural agricultural to industrial urban life. In short, the hopeless, undesirable Libya had become an attractive partner with whom to do business because of the oil wealth (Alkizza, 2006).

Libya is considered a highly attractive oil region due to its low cost of oil recovery as low as US$1 per barrel at some fields, the high quality of its oil and its nearness to European markets (Country Analysis Briefs, 2007). As a result, the Libyan market is now highly competitive, with more than forty foreign companies, including the most major international companies, active in Libya (The Department of State Report, 2007).

Libya is well endowed with oil and gas resources, and the country has great potential to increase oil and gas production in the future. With relatively modest domestic demand, it also has the potential to increase exports of both fuels well into the future (The World Bank Report, 2006).

Libya would like the help of foreign companies to increase the country's oil production capacity from 1.60 million bbl/ d, 2 million bbl/ d by 2008-2010, and to 3 million bbl/ d by 2015. In order to achieve this goal, and also to upgrade its oil infrastructure in general, Libya is seeking as much as US$30 billion in foreign investment over that period.

4.9.2 Social and Economic Development Plans

Since independence, a number of development plans have been introduced in order to build up the national economy by: (1) reducing the economic dependence on the oil industry; (2) achieving a greater degree of self-sufficiency in a wide range of agricultural and industrial products; and (3) building industries based on oil and natural gas and minimising foreign manpower in favour of national manpower (Gzema, 1999).

The first comprehensive economic plan was recommended by the United Nations Mission to Libya in 1951, and the associated meeting of experts on Libyan Financial, Monetary and Development Problems (Farley, 1971). It was a six-year plan, spanning 1952-1958, financed by foreign aid mainly from the US and the UK. The plan concentrated on providing some priority services, such as health care and education, as well as developing some basic economic activities, such as agriculture and light industries.

In 1963, the second development plan was introduced. The plan focused on agriculture, forestry, education, health and communication development, aiming mainly to build up and correct the discrepancy in the Libyan economy (Saleh, 2001). The discovery of oil influenced the great expenditure on this plan for the years of 1963 to 1968. For the first time, this plan was totally financed by Libyan resources and run by Libyans. The plan was further extended for one year (Farley, 1971).

In 1973, a three-year development plan was launched aiming, among other goals, to decrease the country's dependence on the oil industry and to achieve a growth in GDP at an annual rate of (11%). More than 100 manufacturing plants were established during this period. Nevertheless, until the late 1970s, the Libyan economy was a mixture of state-owned and private enterprises, except in the fields of the oil industry, banking and insurance (Saleh, 2001).

In the subsequent 1976-1980 plan, the largest share of investment was in agriculture, 17.1% and industry 15.2% (Saleh, 2001). This plan aimed to encourage the non-oil sectors and to make the country self-sufficient in food. In addition, the transportation and communication sector received 8.8% of the total investment. State intervention in the economy increased during this period, based on the government ideology of socialism (Bait-Elmal, 1999).

On the other hand, the focus of the 1981-1985 plans was on the manufacturing industry, which received (23.1%) of the total investment. The plan aimed to improve and expand the existing industrial sites, and establish new ones. Agriculture also received (18.2%) of the total investment. More precisely, the plan's objectives were to increase the annual growth rate by (10.3%) for the non-oil sectors and (17.2%) for the whole economy (Agnaia, 1996), to satisfy internal demands for processed petroleum products and to build export-oriented manufacturing capacity (Saleh, 2001).

Finally, the 1994-1996 development plan focused on industry and agriculture, with a proposed investment of LD2.4 billion, of which only about LD1.5 billion, or 60 per cent of the total allocation, was actually invested (Saleh, 2001). This could be attributable to the UN sanctions imposed on the country in 1992. Saleh (2001) for example, reports that the actual amount spent in agriculture was only about (31%) of the proposed amount, while the actual amount spent on the manufacturing sector was about (140%) compared to its original allocated amount.

4.9.3 Public Business Domination Phase (1969-1988)

After the 1969 revolution, the state took control of almost all economic domains. Measures were enacted to restrict the activities of foreigners in commerce and industry, new agreements were negotiated with the oil companies operating in Libya to provide greater Libyan participation, and some of them were eventually nationalised. In addition, in order to forbid the private accumulation of wealth, the government issued a number of resolutions in the late 1970s illegalising private ownership of economic activities and nationalising all foreign capital operating in the Libyan market (Abusneina and Shamia, 1997).

As a result of the state policy of Labialization of the workforce, the number of foreign workers in Libya decreased from about 560,000 to about 200,000 employees between 1983 and 1987. This reduction was in the unskilled jobs that many Libyans could fill (Anderson, 1987). Moreover, workers were encouraged to take over control in both the state-owned and private enterprises in which they worked. Based on this encouragement, the ownership of many private companies was changed in 1979 to become state-owned (Derwish, 1997). Bait-Elmal (1999) states that by the end of 1981, with the exception of the agriculture sector, all private ownership in Libya was abolished, housing ownership was restricted to one house per family, business enterprises were replaced by government agencies, and workers took over private and public factories. The running of enterprises by workers made effective management almost impossible and enterprises had no clear role in the economy, since workers committees rarely accepted economic efficiency or profitability as valid objectives.

Alqadhafi (2002) describes how the state-owned sector had dominated economic activities in Libya. First, the role of the public sector grew under the umbrella of socialist transformation obtained through overall planning, centralisation and bureaucratic procedures. Second, the laws and resolutions issued in the 1970s and early 1980s established the full control of the state over the Libyan economy. Third, the state-owned companies were protected by the state regardless of their economic or financial feasibility.

Badi (1997) argues that the state-owned sector in developing as well as developed countries always suffers from poor performance and operational ineffectiveness. For instance, productivity of the state-owned sector in the UK is (20%) less than that of the private sector.

In Egypt, the state-owned sector losses reached 500 million Egyptian Pounds in 1987. In addition, Badi (1997) argues that studies on 12 Western African nations conclude that (62%) of the state-owned firms made losses in 1985.

This could be applicable to the case of Libya. That is, since the 1980s, many state-owned enterprises have failed to produce enough surpluses to recover the capital spent on their establishment (Alqadhafi, 2002). This failure can be attributed to the misuse of economic resources (Alqadhafi, 2002), the failure to achieve reasonable actual production rates compared to production capacities, and to production costs being high compared to importing costs (Alqadhafi, 2002; Elhossade, 2002).

In addition, most of the state-owned enterprises are suffering from financial problems caused by an increase in costs and a decrease in price levels, which these firms have never faced in the past, and also from the influence of the change in the foreign currency exchange rates (Alqadhafi, 2008).

These administrative and financial problems could, in turn, be attributed to the unavailability of adequate economic and technical studies, a shortage of training programmes, a lack of attention to cost accounting systems, the elaboration of appropriate budgets, bureaucracy, centralization of management (Alqadhafi, 2008), the high cost of capital, a lack of related knowledge and skilled manpower, and the restricted autonomy of management in making decisions (Elhossade, 2002).

It is argued that the reform of the economy from a centralised to a market-based system can solve the above-mentioned economic problems but that this may take some time (Knipe and Venditti, 2005).

4.9.4 Market Economy Phase (1988 onwards)

Since the mid 1970s, the Libyan authorities have invested a substantial amount of investment in different economic activities aimed to create variation in the income resources and decrease the level of oil dependence (Alfarsi, 2003).

These objectives have not been achieved and the Libyan economy still relies too heavily on the oil industry as a main source of foreign currency (Abusneina and Shamia, 1997).

As mentioned above, during the years of the 1970s and 1980s, the Libyan economy had been dominated by the state-owned sector. This domination had led to major economic crises that prompted the government to open the door to the private sector and start a policy of privatisation of a large number of state-owned companies (Bait-Elmal, 1999).

Sharif (2000) demonstrates that since the late 1980s, a number of laws and resolutions have been issued, aiming to transform the Libyan economy from a centrally planned system to a more productive and flexible market-based economy by encouraging the private sector and reducing the role of the state, to be limited to some public activities such as health, education and security, by privatising the state-owned companies, and by giving priority to those projects that use domestic raw materials.

In this respect, the World Bank Report (2006) has summarised the main features and structural reforms initiatives taken by the Libyan authorities to promote the private sector development as follows:

1. The liberalization of foreign investment, with the passing of Law (5) / 1997 and its amendments, and the creation of the Libyan Foreign Investment Board, acting as a one-stop-shop for foreign investors.

   Also, allowing 100% foreign ownership in Libyan companies is certainly a positive development that potential foreign investors would welcome. Libya has also concluded a number of international conventions on investment (such as the MIGA Convention and a number of bilateral investment treaties).

2. The creation of almost all legal forms of modern enterprise, like holding companies, agency firms etc.

3. The simplification of the process of enterprise creation for domestic investment with time-bound automatic approval, simplified procedures and the reduction of possibilities of discretionary refusals of applications by the administration, which are now based on a declarative basis to local authorities through a notary public. This should translate in much easier and faster business creation, even if implementation of these rules will need to be assessed at the local level.

4. The reduction of the minimum number of shareholders in larger firms (Musahamat) to 10, a number much closer to international standards compared to 25 or 500 which were in effect in the past. (Law 21/ 2002 amended by Law 1/ 2004).

5. The trade liberalization, and its corollary, the unification of the exchange rate. In 2002 the multi-tiered exchange rate system was unified in effect through a devaluation of the Libyan Dinar.

6. A privatization programme was initiated in 1987 with the sale of about 150 productive industries, whose ownership was transferred to employees. In 2000 a privatization committee was established and the government has announced plans to implement a more comprehensive privatization programme.

   The passing of the privatization decree (313/ 2002): a strong commitment to embark on full privatization of 360 public enterprises from all competitive sectors, in a fixed timeline. To conduct this programme, a dedicated agency reporting directly to the Secretariat of the General People's Committee has been created, with a clear mandate and dedicated budget.

   The ownership of some of these SOEs, probably the smaller ones, will be transferred to workers while others will be publicly offered; it is likely that some preference be given to employee ownership, at least for a percentage of the shares; however, foreign participation is not excluded a priori. This new phase of the privatization programme could in fact be pro-actively used by Libya to attract more FDI into the country.

7. The reduction of the number of subsidized products and number of state import monopolies, and the reduction of regulated activities to a minimum list, comparable to what is practiced elsewhere (e.g. health, education, security, hydrocarbon sector, and environmentally sensitive activities).

8. The reduction of the marginal corporate tax rates, with the upper-income bracket rate reduced from 60% to 40%. Also, significant cuts in personal taxes.

9. A Commercial Agency Law and Free-zone Law were enacted. The free zone is under development and is not yet operational.

10. The planned reform of the labour code, which could allow for regular labor contracts between employers and employees of Musahamat firms (shareholding companies).

11. The planned reforms of the laws governing property and rentals, allowing for lease contracts on property with no obligation to buy, which de facto closely mimic formal rental contracts.
    Moreover, it is now possible for public administrations and public enterprises to rent out land and buildings to private operators.

4.9.5 The Growth of the Private Sector

Recent reform initiatives and the growing size of the private sector, the early stages of Libya's economic transition, have witnessed a withdrawal of the State from economic activity and gradual opening for increased private investment participation. Major bottlenecks to private sector activity that were in effect for a long time are progressively being lifted with an acceleration of the process recently. The pace and decisiveness of the changes indicate a commitment of the authorities to further much needed reforms (The World Bank Report, 2006).

These reforms have contributed to increasing the role of the private sector in economic activity. This is indeed reflected in the number of registrations that took place in recent years, most of them being Fardi, Usari and Tasharuki micro-enterprises, as opposed to larger Musahamat firms (The World Bank Report, 2006).

Still, the size of the Small and Medium Enterprises (SME) sector remains small and the private sector is still overwhelmingly dominated by small micro-enterprises, traders and artisans. Among registered private Libyan enterprises, around 98.6% are micro-enterprises of the Fardi, Usari or Tasharuki type, the rest are mostly shareholding companies (Musahamat). Most of the potential for further private sector growth lies ahead in particular with the development of the small SME sector - as many areas are clearly underexploited, particularly in services (The World Bank Report, 2006).

The introduction of the private sector was launched by issuing Act number 8-1988, which allowed for private ownership of economic activities. However, what was achieved during the period 1988-1993 was limited to privatising only small units in the field of clothing and textiles (Alqadhafi, 2002). In 1992, Act number 9 was issued, aiming to regulate and enhance the role of the private sector in all dimensions of the economy, agriculture, industry, commerce, tourism, transport and finance (Bait-Elmal, 1999).

The General People's Committee decision number 300 for the year 1993 recommends that joint enterprises could be sold to the private sector. Consequently, 124 state-owned business units were privatised, and about 10,250 collective-ownership companies were established in different sectors between 1993 and 1997 and numerous companies were liquidated or merged with other companies (Alsharif, 2002).

Table 20 Private Sector Growth in Libya

Business sector	1984	1995	Difference
State-owned units	10,310	7,624	(-) 2,686
Private units	18,649	107,481	(+) 88,832
Foreign units	2,246	2,766	(+) 520

Source: Alsharif (2002)

The table above shows the growth in the private sector in Libya between 1984 and 1995. This indicates that the number of state-owned enterprises decreased from 10,310 to 7,624 units during the mentioned period, whereas the number of private units (including small businesses) sharply increased from 18,649 to 107,481 units during the same period. This means that 88,832 private business units were introduced into the Libyan market as a result of the new economic policies. In addition, the number of foreign firms increased from 2,246 to 2,766 units. An increase of 520 businesses can be considered substantial taking into account the UN sanctions imposed on Libya between 1992 and 1999.

4.9.6 The Changes in the Banking Sector

The Libyan banking sector remains predominantly in the hands of the public sector, which represents (90%) of Libya's banking business. The government, through the Central Bank of Libya (CBL), fully owns three banks: the National Commercial Bank; Umma Bank; and Jamhouria Bank; and has a majority share in the capital of Wahda Bank (87%) and Sahara Bank (82.7%, before the start of privatisation). The private sector owns four banks and 48 small regional banks (The International Monetary Fund Report, 2006; The Department of State Report, 2007).

The Central Bank also owns the Libyan Foreign Bank, which operates as an offshore bank, with responsibility for satisfying the international banking needs of Libya (apart from foreign investment). In addition, there are four specialised banks owned by the General People's Committee for Finance: the Agricultural Bank; Real Estate Investment Bank; Development Bank; and Reefi Bank.

The Libyan banking sector has been changed as a result of the economic policies in the country. In December 1969, the Libyan government required all banks operating in Libya to be under State control. By 1970, all banks became state-owned enterprises, including foreign banks whose names were also changed. For instance, Barclay's became Al-Jamahiriya and Banco Di Roma became Al-Ummah Bank.

During the period of 1969-1992, there were no private banks in Libya. The Central Bank of Libya sets the monetary policy and acts as a bank of the banks (commercial and specialised banks). The monopoly of the state-owned banks over the Libyan banking system and the absence of competition in the sector led to poor financial services (Fayad, 2003).

The issuing of Act Number 1 for the year 1993 allowed for the establishment of private commercial banks and foreign banks to open branches, agencies or have representatives in Libya. Based on that, a number of private commercial banks were established; of them, the most important are the National Banking Institution and the Bank of Commerce and Development. The National Banking Institution was established in 1996 with an estimated capital of LD20 million. Under the supervision of the National Banking Institution, there are 44 small national banks distributed across the country.

Moreover, the Bank of Commerce and Development was also established in 1996 and currently have several branches and agencies in diverse regions in Libya. This bank is considered to be the fastest growing bank in Libya, with advanced technology and services crowned by the issuing of Visa Cards for the first time in the country in 2005 (Alkizza, 2006).

Despite government efforts to build a strong financial sector that could support private investment initiatives (Venditti, 2005); the Libyan banking sector plays no significant role in improving the economy and is still in its very early stages compared to those of developed countries (Alkizza, 2006). However, this liquid industry is very promising for foreign investors as it generates US$60 to US$70 billion in revenue every year (Venditti, 2005).

The banking sector in Libya represents the backbone of the Libyan financial system. The Government is in the process of performing a program of financial sector reforms. A particular focus of the program would be the restructuring of state-owned banks and, for some of them, an adjustment in ownership structure to include or increase private sector participation in the capital of such banks.

There is acknowledgement of the importance of updating and strengthening the financial sector's legal, regulatory and supervisory environment. These initiatives should go in parallel with the efforts aimed at restructuring the banking system and addressing the portfolio problems besetting state-owned banks (The World Bank Report, 2006).

The Libyan banking system is currently undergoing a substantial modernisation program to upgrade available services/products, deal with large numbers of non-performing loans, establish a functioning national payments system, facilitate the use of non-cash payment instruments and institute new standards of accounting and training (The Department of State Report, 2007).

One of the modernisation programmes was the integration of the two largest Libyan banks, the Central Bank of Libya announced the integration of the two banks in October 2007 in a step aimed at developing the banking sector and the establishment of a national bank which would be the first among local and regional banks in terms of the ability to achieve high growth rates, provide excellent services to customers and to compete against other foreign banks.

This step was taken to strengthen the role of the banking sector in the process of competition and openness to global and international banks

Additionally, the Central Bank gave the approval to opening several national and international private banks and financial institutions that would provide the required banking services as a further step towards the development of the banking sector and financial and economic infrastructure in the country.

4.9.7 The Establishment of the Libyan Stock Market (LSM)

In order to develop Libyan economic infrastructure and to create the suitable economic environment for foreign investments in Libya, the Libyan Authority established the Libyan Stock Market under the decree of the secretariat of the General People's Committee (No. 105) for the year 2005.

Since that date the Libyan authority has tried to develop all sorts of economic activities related to the financial infrastructure. In doing so, the general director of the Libyan Stock Market signed official agreements with a number of the lead financial institutions in the world such as the American Stock Market and London Stock Exchange, in addition to the Egyptian Stock Market, Tunisian Stock Market, Amman Stock Market and Dubai Stock Market. Furthermore, another commodity market agreement was signed with the Indian Commodity Market to create the Libyan Commodity Market. All these steps have been taken as a serious attempt from the Libyan authorities to accelerate the movements towards an open market economy[18].

4.9.8 Changes in Tourism and Electronic Commerce sectors

In terms of electronic commerce in Libya, it could be said that electronic commerce is very limited in Libya at the present time.

The Secretariat of Economy, Trade and Investment issued Decision number 642 of 2006 to establish a committee to study current Libyan commercial legislation and to make suggestions regarding the requirements of e-commerce (The Department of State Report, 2007).

[18] Interview with the general director of the Libyan Stock Market Tripoli / November 2007

Regarding the growth of the tourism industry it can be said that the Government of Libya plans by 2010 more than one million tourists will visit the country annually. Libya is known for its Roman and Greek archaeological sites (Roman ruins at Leptis Magna, Sabratha, Yefren, Gharyan, and Jadi), Greek sites (Teuchira, Cyrene, Appolonia, Ptolemais, and Berenice), and 1900 km of scenic coastline.

The ‘Pre-Saharan’ Ghadames and Ghat, once centers for the Saharan caravan trade, host yearly festivals, whose attendance has risen noticeably over the past several years, among these are the annual festivals in Murzuq (January), Nalut (March), Derg (September), Ghadames (late September/early October), and Ghat (Late December). The Paris-Dakar rally has in the past included Libyan segments (The Department of State Report, 2007).

Several new tourist areas were announced by the Libyan government in 2006 including the Andalus Tourist Center in Tripoli ($200 million USD, 600 beds), Ghazala Tower in Tripoli (5-star hotel), and tourist developments in Nalut, the Jefara Plain, Janzur, the area around Zuwara Island and Abu Kammash. In February 2007, the Libyan Authority for Tourist Development and the French Agency for Tourist, Observation, Development and Engineering (ODIT) concluded an agreement for the development of tourist investment zones in the coastal regions of Tobruk and Sabratha (The Department of State Report, 2007).

The annual report issued in 2007 by an investment promotion in the workshop which was held in Tripoli International Fair activities at its seventh session under the slogan (domestic and foreign investment dividends to the national economy) that the tourism sector registered the highest rates of investment opportunities in Libya hailed the volume of investment projects in the tourism sector (The Libyan Foreign Investment Board Report, 2007).

4.9.9 The Changes in Foreign Direct Investment in Libya

In 1997, Law number five was issued, aiming to encourage the investment of foreign capital in the Libyan market (The Libyan Official Gazette, 1997). Some of the objectives behind issuing this law were to train Libyan nationals technically, to vary the income resources and to improve national products to help Libya's entry into international markets. Based on article five of this law, the Libya Investment Board (LIB) was established. This corporation is authorised to promote foreign investment through different means, such as: study and propose plans to organise foreign investment; conduct economic studies relevant to potential investments in order to determine those projects that can make a contribution to the economy; take the proper actions to attract foreign capital; and recommend exceptions facilities or other benefits for the projects that are considered important for the development of the national economy.

In addition, the investment project may not be nationalised, seized, frozen or subjected to actions of the same impact except through the passing of a law or by a court decision.

Finally, this law is not applicable to foreign capital invested in oil projects. This law and its clarifications provide the base for large international corporations to open branches and buy shares in the Libyan market. Thus, it is now very noticeable to observe the existence of famous international companies in Libya and hardly a day passes without a foreign company opening an office in Tripoli the Libyan Capital (Knipe and Venditti, 2005).

Broadly speaking, this promising market contains great investment opportunities (The Department of State Report, 2007). Several business opportunities are available in this market such as: oil and gas industries, refining, transport, construction, electricity generation, information technology, desalination and water treatment, and finally agriculture opportunities. These opportunities encourage and motivate foreign investors to enter this promising market.

As a result of these policies, the number of foreign businesses interested in the Libyan market has risen to ninety new foreign companies, over 817 new branches and eighty business representation offices (the General People's Committee of the Economy, Trade and Investment Report, 2009). The figures below indicate these opportunities over the last seven years.

Table 21 FDI in Libya in Libyan Dinar (2000-2007)

Sector/ Investment	Foreign Investments in Libya in Libyan Dinar (2000 - 2007)	Percentage
Industry	15518804381	46%
Tourism	8247217224	24%
Services	6384811921	19%
Construction	3112347556	9%
Health	497441884	1%
Agricultural	5808730	1%
Total	33766431696	100%

Source: The Libyan General People's Committee

The table above explains the growth of FDI over the years (2000-2007). The most dominant investments are in the following sectors: industry (46%), tourism (24%) and services (19%). The figures explain the growing trend in different commercial sectors in Libya during the transition period.

4.9.10 Changes in Libyan Trade (Libyan Trading Memberships)

The Libyan Government has taken several steps towards promoting and accelerating the pace of openness to foreign trade. For instance, licenses were abolished, tariffs eliminated on all goods, except cigarettes for health purpose.

This is a unique case in the region and very rare worldwide (only Hong-Kong, Macao, Singapore and Switzerland have currently set tariffs to zero).

There are four products for which imports are reserved to State enterprises: raw gold, tobacco, veterinary medicines and vaccines (besides oil and security related products). Import bans also remain for 18 items (down from 31 in 2003). While some are for religious, health, ecological and ideological considerations, others are aimed at protecting local industry (The World Bank Report, 2006).

In this direction, the Libyan authorities have taken several steps to be a member in some regional and international entities. For example, Libya is a member of the 1989 Arab Maghreb Union (AMU) linking Tunisia, Algeria, Morocco, Mauritania and Libya.

The AMU's stated objectives include the encouragement of free movement of goods and people, revision and simplification of customs regulations, and movement towards a common currency. Nominally, AMU mandates duty-free trade among its members.

Libya is also a founding member of the Community of Sahel-Saharan States (CEN-SAD). CEN-SAD's Secretariat and the CEN-SAD Bank for Investment and Trade are both headquartered in Tripoli. CEN-SAD is dedicated to creating an economic union among its (23) member states, although it has not made great progress toward this goal.

Citizens of CEN-SAD member countries are afforded the use of dedicated immigration stalls upon arrival at Libya's major airports (The Department of State Report, 2007).

In addition, Libya is a part of the Greater Arab Free Trade Area (GAFTA, also called PAFTA, Pan Arab Free Trade Agreement) and the Euro-Med Partnership (EMP), also known as the "Barcelona Process", a dialogue between the European Union and (12) Mediterranean countries.

The Barcelona Declaration on 27th November 1995 outlined goals of reducing political instability and increasing commercial integration. In 1999, (27) EMP partners agreed to admit a Libyan contingent on Libya's accepting the Barcelona agreement conditions. In February 2004 Libya announced its intention to join the Barcelona process in full (The Department of State Report, 2007).

Recently, (October, 2004) Libya has applied to be a member of the World Trade Organization (WTO). Realising the vital role of being a member of the World Trade Organization (WTO), the Libyan government has been an observer since that time and once it becomes a member Libya will be more open to the world, and the world will be more open to Libya also. Then the two-way openness will reduce entry-exit barriers for international businesses and make business easier.

As a result, the flow of commodities, people, capital etc. will be more frequent and smooth. The introduction of international competition will help in improving the efficiency of industry, service, trade, quality, and cut down operational costs.

In addition to what has been mentioned, the Libyan Authorities have established the Libyan Free Zone according to the General People's Committee decision number 20 for the year 1999 aiming to fulfill a number of obligations, such as developing international and transit trade and export industries, examining laws, regulations and resolutions relating to local and foreign investments in the free zones, and providing all modern means of communication, transport and all services necessary for the running of businesses within the free zones. Enterprises permitted establishment in the free zones, and the profits thereof, enjoy the exemptions and privileges provided by the above-mentioned law number 5 for the year 1997.

Profits arising from the business of enterprise also enjoy these exemptions if reinvested and investors may carry forward to succeeding year's losses sustained by the enterprise during the years of exemption (Alkizza, 2006).

4.10 Overview of the Libyan Economy (1969 Onwards)

This part of this chapter presents a brief summary to the comprehensive features and characteristics of the Libyan economy over a four decade period of time whose features have been summarised in four main sections.

The first one deals with the government behaviour, the second talks about the behaviour of companies, the third one focuses mainly on marketing practices and consumer behaviour and the last one gives a description of the Libyan market.

The following table provides a breakdown of those comparisons before and after the economic reforms took place in Libya.

Table 22 Overview of the Libyan Economy (1969 Onwards)

Item / Phase	1969 – 1988	1988 Onwards
The Behaviour of the State	Adoption of the socialist ideology.	Orientation towards capitalism ideology.
	Businesses are running by the state.	Private businesses in the market.
	The public sector was subsidised by the state.	Gradual removal of the state-owned business subsidises.
	The economy worked under highly centralised bureaucratic system.	The economy is working under less centralized bureaucratic system.
	The prohibition of the sole individual ownership.	Stimulating and encouraging the private and the foreign businesses.
	Tax has to be fully paid with some facilities for the public sector.	Tax exemptions and decreasing the tax tariff s to zero for more than 3,500 products. This applies to both sectors.
	Only public banks in the market.	Establishing the Libyan Financial Market and reforming the banking sector.
	Full food subsidises.	The gradual removal of food subsidises.
	No free zones area.	Establishing of the free zones area.
	No trade agreements.	Applying for trade agreements in 1989, 1998 and 2004.
	Only public sector in the market.	State-owned companies, foreign businesses and private businesses are all working in the market. Competition is growing and intensifying in some industries.
Business Behaviours	The focus was placed on achieving the pre-determined production plans and then distribution.	The focus is moving towards the market requirements: production, quality, sales and marketing.
	Demand exceeded supply	Supply is exceeding demand in many markets.
	Orientation was towards the government and the planner and the ultimate goal is to satisfy them.	Orientations are towards the following stakeholders: competitors, government, customers, debtors, shareholders, distributors and suppliers.
	Social objectives such as creating job vacancies and training local people were dominated.	Profitability and growth objectives are the most dominant objectives.
	Fixed standard of product quality.	Different levels of products' quality exist in the market.
Marketing Practices and Consumer Behaviours	No attention was given to customers' preferences.	Greater attention is being given to the preference of consumers.
	No choices are available for the consumers. As a result, Marketing had no role to play.	Huge number of products and services are obtainable and hence, choices are available. Marketing is playing an extremely vital role.
	Stronger purchasing power for consumers.	Limited purchasing power for consumers.
	Quick purchasing buying decision by consumers.	Careful consideration to buying decision by consumers.
	Fixed and pre-determined prices.	Different price policies are adopted in the market.
	Production and distribution were dominated.	Sales, quality and marketing concerns have been the focus.
Market Behaviour	There is no competition in the market.	Competition is growing intensively in some industries.
	Limited technological advances.	More advanced technology.
	Market and consumer circumstances are to a great extent stable.	The market and consumer circumstances are changeable.

Source: Created by the researcher

The table above summarises the changes in Libyan society over a period of around four decades. It is clear that the economic reforms have had a great reflection on changing the behaviour of consumers and their consumption patterns. They also had a clear impact on corporate behaviour and how it interacts with the consumer in the market. Furthermore, the economic changes have had an impact on the nature of the Libyan market itself, which is characterised by the existence of a state of growing competition that did not exist before. These changes have had the greatest impact on businesses operating in Libya and forced them to adopt certain managerial and marketing strategies. The figure below depicts parts of those changes.

Figure 6 the Libyan Economic Reforms

<table>
<tr><th rowspan="2">Years</th><th colspan="8">Economic Reforms Aspects over the Period (1987 – 2008)</th></tr>
<tr><th>Privatization</th><th>Agreements</th><th>FDI</th><th>Tax</th><th>Subsidizes</th><th>Exchange Rate</th><th>Free Zones</th><th>Banking Reforms</th></tr>
<tr><td>1987</td><td rowspan="7">Selling a number of small businesses in textile and cloths industries to employees</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>1988</td><td></td><td></td><td></td><td></td><td rowspan="15">Decrease the exchange rate in favour of the state-owned businesses</td><td></td><td></td></tr>
<tr><td>1989</td><td rowspan="10">Arabic Agreement for free trading</td><td></td><td></td><td></td><td></td><td></td></tr>
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<tr><td>1991</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>1992</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>1993</td><td></td><td></td><td></td><td></td><td rowspan="12">Emerging of the new private banking sector</td></tr>
<tr><td>1994</td><td rowspan="4">Selling larger businesses to the private sector</td><td></td><td></td><td></td><td></td></tr>
<tr><td>1995</td><td></td><td></td><td></td><td></td></tr>
<tr><td>1996</td><td></td><td></td><td></td><td></td></tr>
<tr><td>1997</td><td rowspan="12">The emergence of the foreign business in the Libyan market</td><td></td><td></td><td></td></tr>
<tr><td>1998</td><td rowspan="5">Continuing in the privatisation strategy</td><td></td><td></td><td></td></tr>
<tr><td>1999</td><td rowspan="5">Mediterranean Agreement for free trading</td><td></td><td></td><td></td></tr>
<tr><td>2000</td><td></td><td></td><td></td></tr>
<tr><td>2001</td><td></td><td></td><td rowspan="8">Establishing of the Libyan Free Zones</td></tr>
<tr><td>2002</td><td></td><td></td></tr>
<tr><td>2003</td><td rowspan="6">Strategic plan to privatising the vast majority of the Libyan businesses</td><td></td><td rowspan="6">Left of subsidised to commodity and services</td><td rowspan="6">Equalising the exchange rate between both sectors: public and private.</td></tr>
<tr><td>2004</td><td rowspan="5">Application for joining the WTO</td><td></td></tr>
<tr><td>2005</td><td rowspan="4">Tax reduction to a great number of commodities</td><td rowspan="4">Privatising of the state-owned banks</td></tr>
<tr><td>2006</td></tr>
<tr><td>2007</td></tr>
<tr><td>2008</td></tr>
</table>

Source: Designed by the researcher

Figure above explains the economic reforms that the Libyan economy has been undergoing since the year 1987. Many aspects of those changes can be clearly seen started from privatising small businesses in 1987 to privatising public banking in 2008.

Within this range of years, numerous changes took place such as trade agreements, tax reduction, and growth of FDI etc.

These changes, in fact, has created new Libyan business environment characterised by the presence of new small businesses and foreign companies. In addition, the competition element has been taking place especially in some industrial and trading sectors such as food industries and electronics.

4.11 Summary

Chapter Four focuses on the key aspects or characteristics of the Libyan transitional business environment. This chapter emphasises features which have played a vital role in changing the conditions of the Libyan market from a centrally planned economy to a more open market. Different aspects relating to the market transition process are discussed. Historical, political and economical facts in relation to the Libyan context are also detailed in this chapter.

This chapter explained in further details how the transitional process in Libya is influencing businesses orientations and practices during the transition period (1989 onwards). The chapter concludes by explaining the key characteristics of the Libyan business environment during the transition process.

Finally, after reviewing the relevant literature in previous chapters and discussing the nature of the Libyan transitional business environment in this chapter, the next chapter will be dedicated to discuss all methodological issues relating to this research.

Chapter Five: Research Methodology

5.1 Introduction

Since the previous chapters focused on reviewing the relevant literature required for conducting this research, the current chapter gives an overview of the research methodology in general and then explains the research methodology adopted in the current research.

In doing so, this chapter was divided into three key sections: section one gives an overview of research philosophy. Section two deals with data collection methods and finally section three is dedicated to discuss the current research design.

5.2 Research Philosophy

In social sciences, it is essential for researchers to have a clear idea about the implications of the research philosophy concept. Saunders et al (2003), for example, describe research philosophy as the way one thinks about the development of knowledge, while Easterby et al., (2002), observe that the relationship between data and theory is an issue that has been hotly debated by philosophers for many centuries.

They took it a step further when they considered how the failure to think through philosophical issues such as this can seriously affect the quality of management research.

In their views, Easterby et al (2002) mentioned the following major reasons that justify the importance of philosophical assumptions in scientific research: "*It can help to clarify research design, this not only involves considering what kind of evidence is required and how it is to be gathered and interpreted, but also how this will provide good answers to the basic questions being investigated in the research to recognize which designs will work and which will not. It should enable the researcher to avoid going up too many blind alleys and should indicate the limitations of particular approaches. Third, knowledge of philosophy can help the researcher identifies, and even creates, designs that may be outside his or her past experience. And it may also suggest how to adopt* *research designs according to the constraints of different subject or knowledge structures*" (P.27).

The talk about research philosophy necessarily brings us to consider other related concepts. Ontology and epistemology stances are crucial in social and behavioural research and it is essential to choose the ontological and epistemological positions that suit a particular research.

In this respect, different assumptions regarding research ontology and epistemology have been proposed (Burrell and Morgan, 1979). These assumptions have been seen to have direct implications on the research methodology adopted, the way in which investigations will be conducted, and how the required data in the social world will be obtained.

5.2.1 Ontology

Ontology is the nature of reality and being (Hooper and Powell, 1985; Crotty, 1998). Ontology is the starting point of all research, after which one's epistemological and methodological positions logically follow.

The ontological debate is related to the structure of reality and questions whether reality exists in hard, tangible and relatively immutable structures (realism) or whether it is the product of individual consciousness (nominalism) (Crotty, 1998; Burrell and Morgan, 1979). Ontological assumptions are at the core of the phenomena (Burrell and Morgan, 1979).

5.2.2 Epistemology

The choice of research methodology and methods depends to some extent on the epistemological stances adopted (Crotty, 1998). Epistemology is one of the core branches of philosophy. This concept was derived from the Greek words episteme (knowledge) and logos (reason) which refer to *"the theory of knowledge embedded in the theoretical perspective and thereby in the methodology" (p.3).*

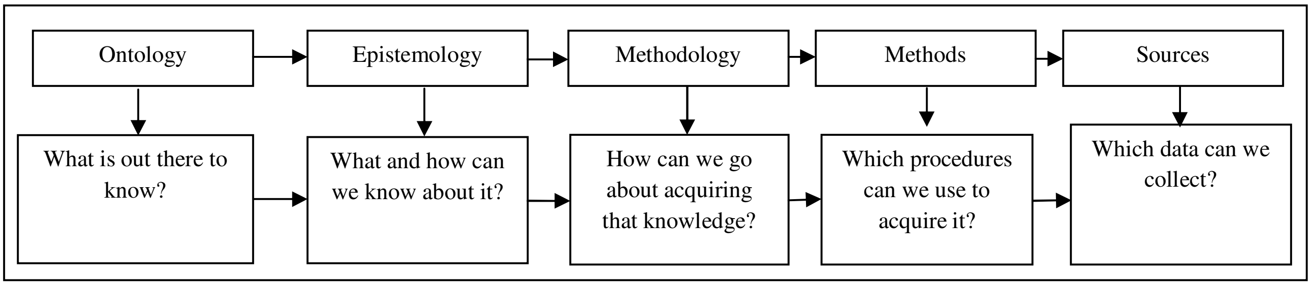
Therefore, epistemology is concerned with assumptions about the nature and the grounds of knowledge (Burrell and Morgan, 1979) and is related to the meanings attached to reality (Crotty, 1998). Different epistemological stances have been identified in Social Science literature (positivism, interpretivism, etc). Objectivist epistemology for instance, is based on the notion that knowledge exists independently of any consciousness. Subjectivism, in contrast, is based on the notion that knowledge is imposed on the object by the subject (Crotty, 1998). Embedded in these and other epistemological stances are different approaches for conducting research and acquiring knowledge. The ontological and epistemological stances of researchers can lead to different views of the same social phenomena.

5.2.3 Ontology and Epistemology

It is of crucial importance that the researcher understands how a particular view of the world affects the entire research process. By setting out clearly the inter-relationship between what a researcher thinks can be researched (his ontological stance), linking that to what he can know about it (his epistemological stance) and how to go about acquiring it (his methodological approach), the researcher can begin to understand the impact his ontological position can have on what and how he decides to investigate.

Ontology is often wrongly mixed with epistemology, with the former seen as simply a part of the latter. Whilst the two are closely related, they need to be kept separate, for all research necessarily starts from a person's view of the world, which itself is formed by the experience one brings to the research process. More details are reflected in the figure below.

Figure 7 Ontology, Epistemology, Methods and Resources



Source: Adapted from Hay, 2002

The figure above depicts the relationship among the five key terms: ontology, epistemology, methodology, methods and resources. It also gives clear definitions to the meaning of each of the involved terms during the research process.

5.2.4 Research Paradigm

The research philosophical assumptions mentioned previously are very closely related to what is known as research paradigm or the worldview stance (Guba and Lincoln, 1994; Tashakkori and Creswell, 2007).

Paradigms are social constructions, historically and culturally embedded discourse practices. Senge (1990, p. 8) for example, defines paradigms "*as mental models*" and describes them as*: "…deeply ingrained assumptions and generalizations that influence how people see the world and behave"*.

Byrne and Humble, (2006) look at paradigms as they reflect the basic belief systems or worldviews of researchers that involve ideas around how knowledge is established and how change can be accomplished or facilitated.

These differences in looking at how knowledge can be obtained have created different schools of thought and created what is known as the paradigm war that lasts for several decades of academic debate with regard to the best way to conduct research. The table below outlines the key paradigms in the literature.

Table 23 Key Social and Behavioural Research Paradigms

Paradigm	Positivism	Post-positivism	Pragmatism	Constructivism
Methods	Quantitative	Primarily quantitative	Quantitative + Qualitative	Qualitative
Logic	Deductive	Primarily deductive	Deductive + Inductive	Inductive
Epistemology	Objective point of view. Knower and known are dualism.	Modified dualism. Findings probably objectively true.	Both objective and subjective points of view.	Subjective point of view. Knower and known are inseparable.
Axiology	Inquiry is value-free	Inquiry involves values, but they may be controlled.	Values play a large role in interpreting results.	Inquiry is value-bound
Ontology	Naive realism	Critical or transcendental realism.	Accept external reality. Choose explanations that best produce desired outcomes.	Relativism
Causal Linkages	The Real causes temporarily precedent to or simultaneous with effects.	There are some lawful, reasonably stable relationships among social phenomenon. These may be known imperfectly. Causes are identifiable in a probabilistic sense that changes over time.	There may be causal relationships, but we will never be able to pin them down	All these entities simultaneously shaping each other. It's impossible to distinguish causes from effects.

Source: Tashakkori and Teddlie, (1998, p. 23)

From the above table it can be said that there have been three main philosophical orientations: The first being the purist stance, in which people argue against mixing paradigms. This orientation is represented by the two extremist - positivism and constructivism - paradigms. Second, the post-positivism paradigm that believes in a lesser degree of reconciliation between the previous two extremists. Third, the pragmatic stance considers paradigms as compatible models and hence they can coexist and be used in a complementary way as useful conceptual constructions. This paradigm bases practical methodological decisions on contextual responsiveness and relevance thereby often including diverse methods. Finally the dialectical stance, in which people view paradigms as vital guides for practice and regard the inevitable tensions invoked by juxtaposing diverse paradigms as potentially generating more complete, more insightful, even transformed evaluation understandings (Greene and Caracelli, 1997). The next section discusses this further.

5.2.4.1 The Positivism Paradigm

This paradigm also called the logical positivism. Historically, this paradigm arrived with the Enlightenment era of the eighteenth century. It was first introduced into the philosophical vocabulary by the Comte De Saint-Simon. As developed by Auguste Comte, Ernst Mach, and others, the positivistic school had great influence in philosophy in the 20th century.

This paradigm can be clearly understood by the description provided by Easterby et al., (2002):

1. *Independence: the observer must be independent from what is being observed.*
2. *Value-freedom: the choice of what to study, and how to study it, can be determined by objective criteria rather than by human beliefs and interests.*
3. *Causality: the aim of social sciences should be to identify causal explanations and fundamental laws that explain regularities in human social behavior.*
4. *Hypothesis and deduction: science proceeds through a process of hypothesizing fundamental laws and then deducing what kinds of observations will demonstrate the truth or falsity of these hypotheses.*

5. *Operationalization: concepts need to be operationalized in a way which enables facts to be measured quantitatively.*
6. *Reductionism: problems as a whole are better understood if they are reduced into the simplest possible elements.*
7. *Generalisation: in order to be able to generalize about regularities in human and social behavior, it is necessary to select samples of sufficient size, from which inferences may be drawn about the wider population.*
8. *Cross-sectional analysis: such regularities can and must easily be identified by making comparisons of variations across samples" (pp.28-29).*

5.2.4.2 The Constructivism Paradigm

This paradigm has also been known in the literature under different names such as the naturalist, constructivist, phenomenologist or Interpretivist paradigm. The key basis of the constructivism paradigm is that the meaning of an individual's behaviour and those around them is something they perform. In other words, it is an interpretation and not something given to them. Silverman (1993) pointed out that research conducted from the base on this approach is concerned with observation and description and, at best, generating hypotheses. Gill and Johnson (1991) reported that this paradigm seeks to understand how people make sense of their worlds, with human action being conceived as purposive and meaningful.

Lincoln and Guba (1985), and Tashakkori and Teddlie, (1998) summarised the key features of the constructivism paradigm in the following points:

1. Ontology: Naturalists believe that there are multiple constructed realities.
2. Epistemology: the knower and the known are inseparable.
3. Axiology (the role of values in inquiry): Naturalists believe that inquiry is value-bound.
4. Generalisations: time and context free generalisations are not possible.
5. Causal linkages: it is impossible to distinguish causes from effects.
6. Inductive logic: there is an emphasis on arguing from the particular to the general, or an emphasis on grounded theory.

5.2.4.3 The Pragmatism Paradigm

This paradigm has emerged due to the long emotional debate regarding the best methodology that should be followed (Easterby et al. 1991; Reichardt and Rallis, 1994). Traditionally, qualitative methods have dominated and become popular since the late 1970s. Many advocates of qualitative methods have argued forcefully that this paradigm should replace quantitative methods as a new dominant methodology (e.g. Guba and Lincoln, 1989). This view has been strongly opposed by the quantitative camp (e.g. Sechrest, 1992). In addition to this intense debate, there have recently been a growing number of scholars advocating for evaluation approaches that combine both quantitative and qualitative methods (e.g. Greene et al.; 1989; Tashakkori and Teddlie, 1998; Creswell and Clark, 2007; Greene, 2008). Due to the power and attractiveness of mixed paradigms, some proponents have argued that this approach should constitute the dominant methodology for the future (Data, 1994; Creswell and Clark, 2007; Greene, 2008).

This new trend means that the era of methodological sole pluralism in applied social science (e.g. Interpretivist, positivist, activist, literary, feminist) has diluted and softened to a reasonable degree by continuing endeavors to embrace multiple methodologies within the same study (e.g. Cook, 1985; Howe, 1985; Mark and Shotland, 1987; Bryman, 1988; Howe, 1988; Brewer and Hunter, 1989; Firestone, 1990; Fisherman, 1991; Reichardt and Rallis, 1994; Shadish, 1995; Maxwell, 1996; Creswell and Clark, 2007; Greene, 2008).

For the pragmatist, existing philosophical assumptions are logically independent and can therefore be mixed and matched, in conjunction with choices about methods, to achieve the combination that most suits a given inquiry problem. Moreover, these paradigm differences do not really matter very much to the practice of social inquiry, because paradigms are best viewed as descriptions of, not prescriptions for, research practice.

From the pragmatism paradigm, what is more crucial, and what should drive all methodological decisions in social inquiry, are the practical requirements of the inquiry problem. Therefore, “inquirers should be able to choose what will work best for a given inquiry problem in a particular context without being limited or inhibited by philosophical assumptions" (Patton, 1988, p. 117).

The pragmatism paradigm has a number of logical and rational arguments that have been attracting more proponents throughout the last three decades (e.g. Patton, 1988; Denzin, 1989; Tashakkori and Teddlie, 2003; Creswell and Clark, 2007; Greene, 2008). Michael Patton (1988) for example, is a leading proponent of the pragmatic movement and he introduces the following arguments that support his view:

1. *"Pragmatic differences are real in that they describe much research practice. Interpretivist typically uses qualitative methods, post positivists typically use quantitative methods, and these two types of studies typically vary along such dimensions as induction-deduction and context specificity-generalizability" (p. 118).*

2. *"Such distinctions and linkages are not logically required, however, and therefore need not be prescribed. Rather, the purpose of describing alternative research paradigms is to sensitize researchers and evaluators to the ways in which their methodological prejudices, derived from their disciplinary socialization experiences, may reduce their methodological flexibility and adaptability. The purpose of describing how paradigms typically operate in the real world is to free evaluators from the bonds of allegiance to a single paradigm" (p.118).*

3. *"Moreover, descriptions of alternative paradigms represent ideal types that contrast opposing ends of what are actually methodological continua, for example, objectivity-subjectivity. Seldom do actual studies exemplify all the ideal characteristics of either paradigm. There is a lot of real world space between the ideal-typical endpoints of paradigmatic conceptualization" (p. 113).*

4. *"Finally, even if one acknowledges that different paradigms contain incompatible assumptions, pragmatism can overcome such seemingly logical contradictions (p. 127).*

This is true because pragmatism does not require that any such contradictions be resolved before one uses diverse methodologies, but rather grounds its rationale for mixing methods in situational responsiveness and a commitment to an empirical perspective (Greene and Caracelli, 1997).

Other scholars have also supported this orientation when they state that the pragmatism paradigm appears to be the best paradigm for justifying the use of mixed method and mixed model studies (Howe, 1988; Tashakkori and Teddlie, 2003; Creswell and Clark, 2007).

This is true because quantitative and qualitative methods are compatible (Howe, 1988). Thus, because the paradigm says that these methods are compatible, investigators could make use of both of them in their research. Brewer and Hunter, (1989) made essentially the same point:

"However, the pragmatism of employing multiple research methods to study the same general problem by posing different specific questions has some pragmatic implications for social theory. Rather than being wed to a particular theoretical style … and at its most compatible method, one might instead combine methods that would encourage or even require integration of different theoretical perspectives to interpret the data".

Reichardt and Rallis, (1994) have gone even further in their analysis of the compatibility of what they call qualitative and quantitative inquires. They contend that *"there are enough similarities in fundamental values between the QUANs and the QUALs to form an enduring partnership"* (p. 85).

These similarities in fundamental values include belief in the value-ladenness of inquiry, belief in the theory-ladenness of facts, belief that reality is multiple and constructed, belief in the fallibility of knowledge, and belief in the under-determination of theory by fact.

Furthermore, some of the most noted warriors Guba and Lincoln, (1994) have signalled an end to the paradigm wars, stating:

“The metaphor of paradigm wars described by Gage (1989) is undoubtedly overdrawn. Describing the discussion and altercations of the past decade or two as wars paints the matter as more confrontational than necessary. A resolution of paradigm differences can occur only when a new paradigm emerges that is more informed and sophisticated than any existing one. That is most likely to occur if and when proponents of these several points of view come together to discuss their differences” (P. 116).

Other proponents Tashakkori and Teddlie, (1998) have considered this paradigm as appealing for the following reasons:

“because it gives us a paradigm that philosophically embraces the use of mixed method and mixed model designs, it eschews the use of metaphysical concepts (Truth, Reality) that have caused much endless (and often useless) discussion and debate, and it presents a very practical and applied research philosophy: study what interests and is of value to you, study it in the different ways that you deem appropriate, and use the results in ways that can bring about positive consequences within your value system” (p. 30).

In addition, Greene et al. (1989) in an extensive literature review identified five reasons that justified using the mixed method designs:

“triangulation, or seeking convergence of results; complementarily, or examining overlapping and different facets of a phenomenon; initiation, or discovering paradoxes, contradictions, fresh perspectives; development, or using the methods sequentially, such that results from the first method inform the use of the second method; and expansion, or mixed methods adding breadth and scope to a project.

Currently, most researchers use whatever method is appropriate for their studies, instead of relying on one method exclusively (e.g. Tashakkori and Teddlie, 1998; Creswell and Clark, 2007).

5.3 Data Collection Methods

In social sciences there have been several methods that can be used to collect the required data and these methods mainly follow the deductive approach on one hand (quantitative or explanatory research), in which the researcher develops a theory and hypothesis (or hypotheses) and designs a research methodology to test the hypothesis; or the inductive approach on the other hand (qualitative or exploratory research), in which one would define the problem, collect data and develop theory as a result of data analysis (Saunders et al 2003).

The inductive approach tends to proceed from data to theory, while the deductive approach to research tends to proceed from theory to data. In other words, an inductive approach involves moving from observation of the empirical world to the construction of explanations and theories about what has been observed (Gill and Johnson, 1997). A deductive approach, in contrast, entails the development of a conceptual and theoretical structure prior to its testing through empirical observation.

Deciding on the right approach whether it be quantitative or qualitative is a complicated and hard task and it is not straightforward to say which one is the best in absolute terms as a general approach to conduct a research (Kinnear and Taylor, 1996). O'Leary (2004) for example, comments that collecting credible data is a tough task, and it is worth remembering that one method of data collection is not essentially better than another.

Therefore, deciding on which approach should be used would depend upon the research goals, advantages and disadvantages of each approach (O'Leary, 2004); and also depend on the research paradigm and its ontological, epistemological and methodological assumptions.

Finally, it is worth distinguishing between two interchangeable words when discussing data collection methods: research method and research methodology. Research methods, tools and techniques are deemed to be the way that data can be collected (Silverman, 1993; Collis and Hussey, 2003).

On the other hand, research methodology and research strategy are seen to be synonymous with reference to the overall research approach adopted (Remenyi et. al., 1980; Saunders et. al., 2003; Collis and Hussey, 2003).

5.3.1 Quantitative and Qualitative Methods

Several authors have attempted to distinguish between the nature of the qualitative and the quantitative data. Bryman (1993) for example, summarised the key differences between these two types of data as appear on table below.

Table 24 Quantitative and Qualitative Approaches

Dimension	Quantitative	Qualitative
Researcher and subject relationship	Distant	Close
Stance of the researcher in relation to subject	Outsider	Insider
Relationship between theory and research	Confirmation	Emergent
Research strategy	Structured	Unstructured
Scope of findings	Nomothetic	Ideographic
Image of social reality	Static and external to actor	Processual and social constructed by actor

Source: Bryman (1993, p. 94)

This table shows that the relationship between the qualitative researcher and the subject is close and the researcher is considered an insider. Bryman (1993) suggested that qualitative researchers can better view the world by getting close to their subjects and becoming an insider within the research setting. In contrast, this relationship is usually brief or non-existent between the quantitative researcher and the subject where the researcher is seen as an outsider (Bryman, 1993). The role of theory and concepts within the two approaches is different. Theories are the starting point for investigations within the quantitative approach whereas developing a theory is the concern of qualitative research (Bryman, 1993).

Research methods adopted in quantitative research tend to be more structured than those adopted in qualitative research. Quantitative research is structured in the sense that sampling determination and data collection instruments, for instance, are designed prior to the data collection process (Bryman, 1993). In relation to research findings, a distinction is made between quantitative and qualitative methodologies in terms of nomothetic and ideographic modes of reasoning.

The reality quantitative researchers convey is static and exists independently of the researcher. It is based on the notion that there is only one social reality out there. On the other hand, qualitative researchers believe that social reality is constructed by the actor and can be changed. Qualitative researchers try to preserve the multiple realities that may exist.

In the same way, it is worth discriminating between some interchangeable confusing terms widely used in the literature. For example, method, tool, instrument, technique, approach, strategy and methodology, mixed method, mixed model, mixed methodology methodological mixes, and triangulation are examples of those confusing terms. Silverman, (1993) and Crotty, (1998) for example, have made a distinction between the meaning of methodology and method.

Crotty (1998) describes methodology as the strategy, plan of action, processor or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes. Methodology, therefore, is a research design that guides the researcher in choosing the techniques or procedures to gather and analyse data related to his research. Upon the methodology adopted, data can be collected through the use of protocols and procedures that derive from the natural science (nomothetic approach) or through emphasising the penetration of meaning systems (ideographic approach) (Burrell and Morgan, 1979).

5.3.1.1 Interviews

Interview is one of the key methods widely used in qualitative research. This tool is most appropriate when exploratory work is required (King, 1994). Interviews can be classified into three main types: unstructured, semi-structured and structured interviews.

Byrne, (2004) for instance, emphasises the significant role of interviews when he said:

"Qualitative interviews are particularly useful as a research method for accessing individuals' attitudes and values – things that cannot necessarily be observed or accommodated in a formal questionnaire. Open-ended and flexible questions are likely to get a more considered response than closed questions and therefore provide

better access to interviewees' views, interpretation of events, understandings, experiences and opinions … qualitative interviewing when done well is able to achieve a level of depth and complexity that is not available to other, particularly survey-based approaches" (p. 182).

Sarantakos (1998) also identified several advantages of using interviews as a research method:

"It provides researchers with a means of flexibility, which enables them to deal with several diverse situations. It results in a high response rate. It is easy to administer. It enables the researcher to observe non-verbal behavior. It is perceived as a co-operative venture rather than a one-sided exercise. It enables the researcher to control the conditions under which the questions are answered, and to channel the reactions and comments to the researcher. There is an opportunity to correct any misunderstanding by respondents. It allows the interviewer to control the order of the questions.

It provides the interviewer with the opportunity to record spontaneous answers. It allows the interviewer to be sure of the identity of the respondent. It guarantees the completeness of the interview. It allows the interviewer control over the time, date, and place of the interview. It enables interviewers to use more complex questions because their presence can assist in clarifying any question; and finally, it permits in-depth investigations."

For these advantages, the number of authors and researchers that support using interviews is rapidly growing in different fields and disciplines especially in management and marketing research.

Semi-structured interviews are one of the most widely used interviews. The researcher has a list of key themes, issues, and questions to be covered. In this type of interview, the order of the questions can be changed depending on the direction of the interview. An interview guide is also used, but additional questions can be asked. Corbetta (2003) explains semi-structured interviews as the order in which the various topics are dealt with and the wording of the questions are left to the discretion of the interviewer.

Within each topic, the interviewer is free to conduct the conversation as he thinks fit, to ask the questions he deems appropriate and the words he considers best, to give explanation and ask for clarification if the answer is not clear, to prompt the respondent to elucidate further if necessary, and to establish his own style of conversation.

Additional questions can be asked that had not been anticipated before commencing the interview. Note taking, tape recording and documents are very useful when conducting interviews. This type of interview gives the researcher opportunities to probe for views and opinions of the interviewees. Probing is a way for the interviewer to explore new paths which were not initially considered (Gray, 2004).

5.3.1.2 Questionnaire Survey

Questionnaire survey is one of the most widely used techniques to collect the required quantitative data in social sciences to empirically investigate the characteristics and interrelations of sociological and psychological variables.

Surveys can be distinguished from other research methods in social sciences by the form of the data collected and the analysis methods. Questionnaire survey, as a method, has been widely used in business and management research (Saunders et al, 2003) and also in the vast majority of market orientation literature. Using this technique has also been supported by Churchill (1995) who stated that the survey is probably by far the best known and most widely used research technique for collecting primary data in the marketing field.

The Drop-and-Collect survey, which is often known as drop-off survey, allows researchers to personally deliver and subsequently collect the questionnaire either directly to the target respondent or indirectly through a gatekeeper.

Lovelock et al., (1976) and Ibeh et al., (2004) indicated that this method guarantees higher response rates than normal mail survey. This approach is more appropriate in the case of developing countries that lack reliable postal and communication services. Although this approach is costly and time consuming, the benefit obtained by this approach justifies its use to increase respondent response rate.

In addition, it is recommended in transition economies studies to resort to collaboration with local researchers and academic agencies as a key means of obtaining reliable and valid information (Hoskisson et al., 2000).

5.4 The New Movement: Mixed-Methods Design

This approach of data collection is a new and growing trend in social and behavioural sciences (Tashakkori and Teddlie, 1998).

This attitude also has been supported by Greene, (2008) when she stated: *"I believe that the mixed methods approach to social inquiry has the potential to be a distinctive methodology within the honored traditions of social science" (p.20)*

The logic of this trend is based on the principle that: *"no single method ever adequately solves the problem"* (Denzin, 1978, p. 28) and using only one method is more vulnerable to error linked to that particular method (Patton, 1990; Sekaran, 2003).

The qualitative and quantitative approaches should not be thought of as being mutually exclusive and research scientists sometimes work with both (Remenyi, et al., 1980; Saunders et al 2003; Collis and Hussey, 2003).

Brewer and Hunter, (1989) described mono-method designs as: *"A diversity of imperfection"* in the following quote: *"Social science methods should not be treated as mutually exclusive alternatives among which we must choose….Our individual methods may be flawed, but fortunately the flaws are not identical. A diversity of imperfection allows us to combine methods to compensate for their particular faults and imperfections"* (pp. 16-17)

In other words, the use of different methods in studying the same phenomenon should lead to a greater validity and reliability than a single methodological approach (e.g. Denzin, 1970; Jicn, 1979; Collis and Hussey, 2003; Saunders et al., 2003).

5.4.1 Definition of Mixed Methods

There have been several definitions for mixed methods in the literature, however, there is no agreement even on both the name and the definition given to mixed methods as Tashakkori and Creswell, (2007) stated: *"The field of mixed methods is still developing and much more remains to be achieved, this means that it is essential to keep the discussion open about the definition of mixed methods"* (p. 3).

Despite this, a general trend in defining mixed methods design can be made as follows. The first stream: this trend confines mixed methods design to the process of collecting and analysing the qualitative and quantitative data (e.g. Greene et al., 1989; Creswell et al., 2003; Onwuegbuzi and Teddlie, 2003).

The second stream: this stream defines mixed methods as a full integration between the qualitative and quantitative data through the whole research. Rocco et al., (2003) for example, considers mixed methods research as theoretical and/or technical aspects of quantitative and qualitative research within a particular study.

Tashakkori and Teddlie, (2007) have tried to give a broader definition to the mixed methods definition when they say: *"mixed methods is a research in which the investigator collects and analyzes data, integrates the findings, and draws inferences using both qualitative and quantitative approaches or methods in a single study or a program of inquiry"* (p. 4).

They add more when they say: *"It is necessary to distinguish between mixed methods as a collection and analysis of two types of data (qualitative and quantitative) and mixed methods as the integration of two approaches to research (quantitative and qualitative). On the surface, the two seemed interchangeably. "However, on more careful examination, a distinction differences were made between them with the former more closely focused on methods and the later on methodology" (p. 4).*

Johnson and Onwuegbuzie, (2004) also define mixed methods research as *"the class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study*" (p.17).

The third stream: This group of scholars distinguishes between mixed methods and mixed model methodology. For instance, mixed methods, mixed model, mixed methodology, methodological mixes and triangulation are examples of the names given to this method of data collection.

Tashakkori and Teddlie, (1998) have tried to discriminate between mixed methods and mixed model on the basis that mixed methods combine qualitative and quantitative approaches in the methodology of a study (such as a data collection stage), while mixed model combines these two approaches across all phases of the research process (such as conceptualisation, data collection, data analysis, and inference). Later on, and following the recent developments in conceptualisation of mixed methods, they abandon this distinction. Instead, they place mixed methods studies in two broad families of mixed studies and quasi-mixed studies.

The latter identifies studies in which a serious integration of the findings/inferences does not occur (Teddlie and Tashakkori, 2006; Tashakkori and Creswell, 2007).

Cobb, (1998), and Creswell and Clark, (2007) have made an effort to discriminate between mixed methods and mixed model on the basis that mixed model research is the name given to a category of sophisticated, quantitative, statistical techniques that take into account both fixed and random effects during quantitative data analysis and parameter estimation. Therefore, "*this approach does mix models (fixed and random) during analysis, but it does not mix quantitative and qualitative approaches and data, as mixed methods does*" Creswell and Clark, (2007, p. 169).

In conclusion, the pragmatically oriented theorists and researchers have an agreement in that the mixed methods should contain elements of both the quantitative and qualitative approaches although there is no agreement on the level of integration of using both approaches (e.g. Brewer and Hunter, 1989; Patton, 1990; Orton, 1997; Greene, 2008).

5.4.2 Sequential Mixed Method Design

In the methodology literature there have been several mixed methods designs from which to choose. Tashakkori and Teddlie, (1998) have presented a detailed summary of mixed methods designs. All these designs were summarised and presented in the table below.

Table 25 Methodological Approaches in Social Sciences

Period I: The Mono-method or "Purist" Era (circa the nineteenth century through 1950s) A. The Purely Quantitative Orientation 1. Single Data Source (QUAN). 2. Within One Paradigm/Model, Multiple Data Sources a. Sequential (QUAN/QUAN) b. Parallel/Simultaneous (QUAN + QUAN) B. The Purely Qualitative Orientation 1. Single Data Source (QUAL) 2. Within One Paradigm/Model, Multiple Data Sources a. Sequential (QUAL/QUAL) Parallel/Simultaneous (QUAL + QUAL)
Period II: The Emergence of Mixed Methods (circa the 1960s to 1980s) A. Equivalent Status Designs (across both paradigms/methods) 1. Sequential (i.e. two phase sequential studies) a. QUAL/QUAN b. QUAN/QUAL 2. Parallel/Simultaneous a. QUAL + QUAN b. QUAN + QUAL B. Dominant-Less Dominant Designs (across both paradigms/methods) 1. Sequential a. QUAL/quan b. QUAN/qual 2. Parallel/Simultaneous a. QUAL + quan b. QUAN + qual Design With Multiple Use of Approaches
Period III: The Emergence of Mixed Model Studies (circa the 1990s) A. Simple Application Within Stage of Study 1. Type of Inquiry – QUAL or QUAN 2. Data Collection/Operations – Qual or Quan 3. Analysis/Inferences – Qual or Quan B. Multiple Applications Within Stage of Study 1. Type of Inquiry – QUAL and/or QUAN 2. Data Collection/Operations – Qual and/or Quan Analysis/ Inferences – Qual and/or Quan

Source: Tashakkori and Teddlie, (1998, p. 15).

One of the available options in the table above is the sequential mixed methods design. In the sequential mixed methods design, the researcher conducts a qualitative phase of a study and then a separate quantitative phase, or vice versa. This design is called the two-phase design (Creswell, 1995; Creswell and Clark, 2007).

In the QUAN/QUAL sequence, the investigator starts with a quantitative method and then proceeds with a follow-up qualitative study. In the QUAL/QUAN sequence, on the other hand, the investigator starts with qualitative data collection and analysis on a relatively unexplored topic, using the results to design a subsequent quantitative phase of the study.

This approach is a common type of sequencing because in most quantitative survey research, the quantitative closed-ended instruments are developed after exploratory qualitative interviews have been analysed or narrative data have been content analysed. Of course, this process of sequencing qualitative/quantitative data collection or of using inductive/deductive logic is iterative and can go through several cycles. Also, other creative combinations of the two approaches are possible (Tashakkori and Teddlie, 1998).

5.4.3 Advantages of Mixed Methods

Mixed methods design is very powerful in data collection. Maxcy, (2003) summarises the main advantages of this approach of data collection in the following:

"Mixed method research provides more comprehensive evidence for studying a research problem. Mixed methods research helps answer questions that cannot be answered by qualitative or quantitative approaches alone. Mixed methods encourage researchers to collaborate across the sometimes adversarial relationship between quantitative and qualitative researchers. Mixed method research encourages the use of multiple worldviews or paradigms rather than the typical association of certain paradigms for quantitative researchers and others for qualitative researchers. It also encourages us to think about a paradigm that might encompass all of quantitative and qualitative research, such as pragmatism, or using multiple paradigms in research. From a mixed methods perspective, however, it is seen as perfectly logical

for researchers to select and use different methods, mixing them as they see the need, applying their findings to a reality that is at once plural and unknown" (p. 59).

Creswell and Clark, (2007) add:

"Mixed methods research is practical in the sense that the researcher is free to use all methods possible to address a research problem. It is also practical because individuals tend to solve problems using both numbers and words; they combine inductive and deductive thinking (pp. 9-10).

Thus, a specific research issue or social problem determines the type of methodology of a particular context rather than a philosophical position (Niglas, 1999, as cited in Greene and Caracelli, 2003). Moreover, "*mixed methods researchers point out those paradigms, similar to other discourses, are socially constructed, and are thus neither inviolate nor unchanging"* (Greene and Caracelli, 2003, p. 95). As such, "*how researchers think about the relationship between paradigms and methodology can continue to evolve"* (Byrne and Humble, 2006, p.2).

5.5 Overview of the Current Research Design

For the purposes of achieving the objectives of this research, it has been found that using both qualitative and quantitative approaches will be extremely valuable in this study. This combination falls into what is known as the pragmatism paradigm. This paradigm uses mixed methods that reconcile the two extremist paradigms: the positivistic paradigm (or the pure quantitative) and the constructivist paradigm (or the pure qualitative).

Based on that, research objectives, hypotheses and methods were designed. Semi-structured interviews and questionnaire surveys were conducted sequentially.

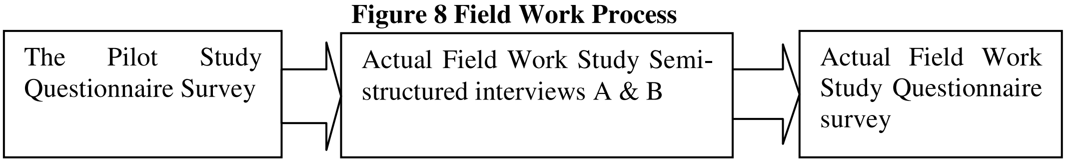
This design was adopted to overcome the deficiencies of relying exclusively on the sole positivistic approach as is the case in the vast majority of previous market orientation studies[19].

[19] See appendix 10.

In addition to that, there is very little known about the Libyan market which necessitates using such mixtures of research design to explore other important aspects about the source of business success.

In the current study, the sequential design has been adopted as it appears below:

Figure 8 Field Work Process



Source: created by the researcher

The above figure gives an overview of the three main steps followed to collect the required research data. The study started with a pilot study conducted on June (2006) followed by semi-structured interviews (A&B) and questionnaire survey performed between October and January (2007/ 2008) as will be explained further later on in this chapter.

5.5.1 Sampling Issues

Sampling issues such as the nature of the population and the required number of respondents are among the main issues discussed in depth in the literature.

The main population of this study consists of 380 businesses, involved in different types of economic activities in Libya. These businesses are distributed throughout the three main Libyan cities: Tripoli; Benghazi; and Misurata. These cities were chosen for the following reasons: the concentration of all types of services, commercial and industrial, in these cities; more than half of the Libyan population lives in these cities; and finally, the limited time and funds available for the researcher to target all businesses available in other cities. Thus, the businesses were contacted and requested to take part in the study.

Out of 380 businesses, a good representative sample of 53 different businesses were investigated and the rest were excluded for the following reasons: 140 businesses were excluded because they are very new and too young to be studied (less than three years of age); 111 businesses refused to take part in the study particularly in the private sector; 45 businesses were excluded in the oil and construction sectors; 16

businesses were excluded due to their administrative instability and there were some challenges in obtaining information concerning their current managerial position; and finally, 15 businesses were excluded due to inaccuracy in their address and phone numbers.

After all these steps, the research population was classified according to the type of sector, name of business, type of ownership, number of employees, age of business and finally, the positions of the interviewees within their business[20].

After classifying the research population, another step was taken which necessitated classifying the businesses according to their tax payments details. In doing so, the researcher visited several official Libyan authorities such as: The Libyan Ministry of Businesses' Monitoring; The Libyan Ministry of Economy; The Libyan Ministry of Finance; and The Libyan Taxation Department.

All these visits revealed that there is no classification in this format. As a result, the researcher used unpublished financial reports, financial statements, and taxation reports of the businesses, obtained from the Libyan authorities mentioned previously, to classify and create a list of successful and unsuccessful businesses.

This approach has been widely used in previous research to judge successful and unsuccessful businesses (e.g., Reese and Cool, 1978; Burke, 1984; Saunders and Wong, 1985; Buckley et al., 1988; Kotabe, 1990; Wong and Saunders, 1993).

After these details were collected, the researcher classified the respondent businesses into successful and unsuccessful businesses based on their profit and tax payments[21]. These details were used as an objective performance indicator in this research.

Following this classification, all the (380) businesses were contacted and (53) companies from different sectors responded to the researcher.

As discussed in Chapter Two, it should be pointed out that on the decision for the research population went through two main steps. The first was reviewing the literature to make some inferences regarding the most appropriate population to be

[20] See Appendix 7.
[21] See Appendix 6.

targeted. The second step was consulting a number of worldwide scholars on market orientation and performance measurement (e.g. Brennan, Matsuno and Meidan).

Based on that, and taking into account the nature of the Libyan market, it was decided that the two different business natures (manufacturing and services) and the four types of ownership (private, privatised, under privatisation and public) would be compared in this research.

5.5.2 Measurement Issues

To achieve the research objectives and test its hypotheses, it was necessary to design the research measurements and scales required to evaluate all variables under consideration in the current research. Market orientation, business success and success factors scales will be discussed in the next sections in further details.

5.5.2.1 Market Orientation measurement

The market orientation literature reveals that several studies have attempted to define and develop a scale to measure market orientation (e.g. Narver and Slater, 1990; Jaworski, Kohli, and Kumar, 1993; Deng and Dart, 1994; Wrenn, 1997; Deshpande and Farley, 1998), however, there is no agreed universal construct that best measures the market orientation domain (Matsuno, 2005).

For the purposes of this research, market orientation was measured by a 15-item Likert scale developed by Narver and Slater (1990). This influential construct conceptualises market orientation with three components: customer orientation; competitor orientation; and inter-functional co-ordination. This scale ranged from 1 = strongly disagree to 5 = strongly agree.

In market orientation literature there have been two dominant constructs: Narver and Slater's construct; and Kohli and Jaworski's construct. All following constructs have tried to add new dimensions to measure market orientation, with heavy reliance on one or both of the two dominant scales. In other words, very little advancement has been achieved and no agreement has as yet been reached among market orientation authors concerning the perfect construct.

In this research, Narver and Slater's construct was chosen and this choice was made based on two key reasons. First, the main focus of the current research is on business success in the Libyan market more than market orientation. Second, the nature of the Libyan market precludes many other options.

In addition, there are further reasons for precluding other market orientation constructs as follows:

1. Lafferty and Hult (2001) reviewed market orientation literature and they came to the conclusion that there is an agreement among market orientation scholars on the importance of the following dimensions in measuring the level of market orientation of a company: customer information; interfunctional co-ordination; and finally, taking the appropriate action.

   All these aspects have been covered by the Narver and Slater construct (1990) in addition to emphasising the importance of competition in the market.

2. In his study, Farrell, (2002) discussed all market orientation developed after the year 1989 and came to the conclusion that all scales are derived from Narver and Slater (1990), and Kohli and Jaworski (1990) and no significant advancement was made by new measures.

   The only exception to the best of the researcher's knowledge is that construct developed by Matsuno (2005) which expanded the area of market orientation to include many elements; however, there is no general agreement among scholars on adopting this scale.

3. This scale has received widespread support in the literature for its reliability and validity (Oczkowski and Farrell, 1998; Chan and Ellis, 1998; Kumar et al., 1998; Van and O'Connor, 1998; Hooley, 2000; Cynthia, et al., 2004).

4. The three dimensions of the scale are considered to be robust across varying country groupings and organisational types (Mavondo and Farrell 2000; Chen and Quester, 2005; Ward, et al., 2006).

5. The literature suggests that Narver and Slater's approach may be preferable in terms of conceptualisation (Wrenn 1997), scale development (Gabel 1995), applicability (Chang and Chen 1998; Singh, 2003) and generalisability (Mavondo and Farrell 2000). Narver and Slater's construct is considered to be the most robust measure of market orientation available in the literature (Mavondo, 1999).

6. In Sub-Saharan African economy, Chelariu et al., (2002) examined the validity of market orientation scales of Kohli and Jaworski, and Narver and Slater and emphasised the applicability of both scales with emphasis on Narver and Slater's scale performed better in that context.

7. Although there is a big overlap between Narver and Slater's construct and Kohli and Jaworski's scale, the evidence shows that Narver and Slater's scale outperforms Kohli and Jaworski's scale in terms of explaining variance in business performance (Oczkowski and Farrell, 1998). In addition, conceptual and statistical factors may explain a stronger relationship between market orientation and business performance when Narver and Slater's scale is used.

8. Given that developing new constructs or scales of measurement is a complex task, the use of pre-tested constructs from past empirical studies that have provided high validity and reliability seems to be more practical (Prajogo and Sohal, 2004).

9. In the Libyan context, preference was given by the pilot study participants to Narver and Slater's construct for two reasons: the focus of the Kohli and Jaworski construct was based on information generation and dissemination regarding customers and it is rare to find a database concerning customers in Libya. Second, the time for completing both questionnaires was shorter for Narver and Slater's construct in comparison to that developed by Kohli and Jaworski.

To lend more credence to the utilised construct, a number of leading marketing scholars were consulted as to whether the Narver and Slater construct is appropriate in the Libyan context.

The feedback received offered no objection to the use of the Narver and Slater construct in the Libyan context (e.g. Narver, Jaworski, Hooley, Diamantopoulos, Matsuno, Singh, Kaplan, Brennan, Meidan and Theodoridis)[22].

Instead, some of those scholars suggested keeping this construct and if possible adding some other factors that might be more relevant in the Libyan case.

For instance, Brennan states that:

"*Your plan is to use well-established measurement instruments from the literature to measure the dimensions of market orientation and business performance. I expect that Narver and Slater (1990) will be the seminal reference that you are using*".

Theodoridis suggested that:

"*Probably it is better to simplify your model to market orientation, business performance and some variables from your list of your Transitional factors describing in a great degree the picture of your country".*

Singh also has similar view as he suggested:

"If possible, include sales orientation and stakeholders orientations as they are applicable in Libya. In case a relationship between market orientation and business performance is not detected, at least we will know that Libyan markets are still in sales mode".

These valuable comments helped in shaping this research and focusing on studying the market orientation-business success relationship in Libya taking into account other influential factors that influence business success in the Libyan market.

[22] See Appendix 11 for more details about experts' comments.

5.5.2.2 Measuring Business Success

Performance measurement is an important issue in the area of management and marketing as these measurements provide managers with great insights into planning, controlling, and improving the organisational performance. Measuring business success is always fraught with difficulties and no agreement has been reached among scholars on certain items to be used at all times (e.g. Dess and Robinson, 1984; Rhyne, 1986; Chakravarthy, 1986).

In market orientation literature, business performance can be measured subjectively and objectively. Subjective measures of performance are frequently used in marketing research and have been found to be reliable and valid (e.g. Dess and Robinson, 1984; Pearce et al. 1987; Narver and Slater 1990; Jaworski and Kohli 1990; Singh, 2003).

Although it is not ideal to use the subjective approach to judge performance assessments, several obstacles required its use (Matsuno et al., 2005). Objective measures of performance are difficult to obtain, historically oriented, and insufficiently reliable. Some authors have pointed out the poor reliability of secondary sources, and the difficulty of obtaining such data directly from organisations because of both the refusal to disclose such information, the issue of privacy or the lack of interest and time on the part of managers (e.g. Caruana, et al., 1998, 1999; Caruana, et al., 1995).

Moreover, the subjective approach facilitates the measurement of complex dimensions of performance, such as brand equity, business reputation and customer satisfaction, etc.

Subjective measurement also facilitates cross-sectional analysis through different sectors, businesses and markets because performance can be quantified in comparison to objectives or competitors (Hooley et al., 1999). Judgmental assessments also make it easier to bear in mind lagged effects and the particular strategy of the organisation (Jaworski and Kohli, 1993).

Giving weight to performance measures in the form of questions has also been supported by Kotler (1988) on the basis that no performance measure is really significant unless the top management of that business consider it to be important.

Despite this, previous studies have pointed out that the analysis of the relationship between market orientation and subjective performance might be biased by the issue of a halo effect. The response style or the interest in giving a positive picture can lead to a false relationship between both concepts when a single respondent is used.

This situation would incorrectly reinforce the estimated relationship between market orientation and subjective performance. In an attempt to resolve this issue, some studies have targeted different respondents rather than relying on a single informant for measuring market orientation and business success (e.g. Deshpande et al., 1993; Pelham, 1997; Siguaw, et al., 1998; Deshpande and Farley, 1999; Slater and Narver, 2000; Salomo, et al., 2003; Farrelly and Quester, 2003; Jones et al., 2003; Benito and Benito, 2005).

In the current study, business success was measured by asking respondents to assess their businesses' performance in comparison with their rivals using nine scale items. Those items were measured subjectively by high level senior directors or their nominees. A five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree, was adopted to identify how those respondents perceive their business success in comparison to their competitors over the last five years. This approach has been used in market orientation literature (e.g. Hooley, et. al, 1999).

The nine items of the scale were developed based on four key related phases. Review of the relevant literature, consultation with leading experts in performance measurement, discussions with a number of Libyan PhD students in the UK and finally, conducting semi-structured interviews with managers and business owners in Libya.

Review of market orientation literature revealed that no agreement has been reached among marketing scholars concerning certain performance indicators to be used with all companies as those indicators can be influenced by a number of factors in addition to the nature of the company and the nature of its market. However, some indicators are observed to be common in the literature such as return on investment, growth and market share.

Contact with marketing and business performance experts was also an important step in the choice and development of the business success scale[23]. Several of those experts suggested using items from the balanced scorecard (BSC), or some elements of that measurement, to measure business performance in Libya.

For instance, Brennan mentioned that:

"Probably you will want to explore the balanced scorecard approach to business performance measurement (Kaplan and Norton 1996) - such items as customer retention and customer satisfaction, I think, fall into the balanced scorecard category".

Kaplan also has a similar view as he said:

"You are correct that the BSC can be applied productively in SMEs so investigating its use for Libyan companies should be a productive area for your research".

Matsuno also in support of this view stated:

"The balanced score card might be a good one, but a potential problem for the balanced score card is that it is not valid across different organisations – the BSC and what should be measured to arrive at such a score should be unique to different organisations. If you could, somehow, develop a broadly acceptable and standardised BSC, then that would be meaningful".

Discussing performance measurement with a number of Libyan PhD students in the UK was the third step in the scale development process. The discussion is intended to identify and clarify all issues related to business performance in the Libyan market.

The choice of these respondents was made based on several facts: first, many of those students work as lecturers in Libyan educational institutions. Second, few of them work with the Libyan governmental offices such as the Ministry of Finance and

[23] See Appendix 11 for more details about experts' comments.

Economy. Finally, a number of those students worked, in previous years, with some of the Libyan companies. Therefore, asking this group of students is rational and reasonable.

Interviewing managers in Libya was the fourth important step in developing the business success scale. A number (16) of semi-structured interviews with the Libyan official authorities' executives, responsible for business activities, and a number (53) of semi-structured interviews with high level senior directors in businesses in Libya were conducted. In addition, a number (5) of semi-structured interviews were also conducted with key Libyan wholesalers and retailers.

The interviews revealed that six main performance indicators are widely-used in the Libyan market. These six items were combined with another three items taken from market orientation and business performance literature to form a comprehensive scale of nine items to measure business success in Libya.

In addition, the items were discussed with Professor Heiner Evanschitzky from the Department of Marketing at the University of Strathclyde whose suggestion was to divide the scale into financial performance items and market performance items and to test the correlation among the following three scales (the 9 items of comprehensive scale of business success, the 3 items of financial performance and the 6 items of market performance).

It was also suggested to use hard financial data of tax payments[24] as another external performance indicator and check its correlation with the three previous scales (comprehensive scale, financial performance and market performance). This step was taken to lend an external validity to the scale.

Following data collection, the analysis process explained that strong positive correlations were detected among the four performance measurements indicating that the nine items scale is valid and reliable to measure business success in Libya as presented below.

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[24] Businesses that pay tax are considered successful and those who did not pay tax are considered unsuccessful taking into account those who have an exemption as an incentive from the Libyan Authorities.

Table 26 Tax, Financial Performance, Market Performance and Business Success

Items		Tax Payment	Business Success	Financial Performance	Market Performance
Tax Payment	**Pearson Correlation**	1.0	0.74**	0.65**	0.74**
	Sig. (2-tailed)		0.00	0.00	0.00
	N	233.000	233	229	228
Business Success	**Pearson Correlation**	0.74**	1.0	0.92**	0.98**
	Sig. (2-tailed)	0.00		0.00	0.00
	N	233	233	229	228
Financial Performance	**Pearson Correlation**	0.65**	0.92**	1.0	0.82**
	Sig. (2-tailed)	0.00	0.00		0.00
	N	229	229	229	224
Market Performance	**Pearson Correlation**	0.74**	0.98**	0.82**	1.0
	Sig. (2-tailed)	0.00	0.00	0.00	
	N	228	228	224	228

** Correlation is significant at the 0.01 level (2-tailed)

From the above table strong positive correlations can be detected among the four performance measurements mentioned in this research. These correlations have, statistically, many implications since the use of one of those indicators would be sufficient to assess business success.

It is noteworthy, here, that the results of this analysis are in line with previous studies that found a positive correlation between subjective and objective performance assessments (Dess and Robinson, 1984; Pearce et al., 1987; Hart and Banbury, 1994; Covin, et al., 1994; Slater and Narver, 1994; Dawes 1999).

In addition, several studies have effectively used the subjective approach (e.g. Anderson and Zeithmal, 1984; Douglas and Rhee, 1989; Narver and Slater, 1990, 1991; Jaworski and Kohli, 1993; Slater and Narver, 1994; Ngai and Ellis, 1998) and empirical evidence has shown the self-assessed to be consistent with peer evaluation (Dess and Robinson, 1984; Slater and Narver, 1994; Dawes, 1999), objective measures of performance and published sources (Venkatraman and Ramanujam, 1986).

5.5.2.3 Success Factors Measurements

Factors associated with business success have been pervasive topics in the management, marketing and entrepreneurship literature for decades (e.g. Bruno, Leidecker, and Harder, 1987; Narver and Slater, 1990; Terpstra and Olson, 1993). These factors are diverse in nature and can be affected by several internal and external factors (Lussier 1996).

Despite this, no agreement has, as yet, been reached among scholars on certain factors applicable to all businesses. Hence, there is no universal construct which can be used to measure success factors. This variance stems from the fact that for each company and market there are certain characteristics that apply only to that market or that company.

Also, economical and cultural differences between developed and developing countries play a vital role in determining the number and the nature of those success factors.

For the purposes of the developing success factors scale in this research, it was necessary to survey the relevant literature as a first step as will be explained below.

1. **Studies Identified a Mixture of Success Factors**

To identify success factors in the literature, it was necessary to survey the relevant literature. For instance, Kirpalani and Macintosh (1980) in the U.S and Canada found that internal factors such as involvement of top management, R&D, technology, marketing mix and production function determined business success in international marketing.

Peters and Waterman (1982) established three key traits of successful companies: superior quality and services to customers; new products and services development; and to stay very close to their customers.

In their study, Hooley and Lynch (1985) found that the more successful companies, called the high-fliers, shared three common characteristics: a genuine market orientation; strategic sensitivity and responsiveness; and particular emphasis on product quality and design to a larger extent than on price.

Bruno, Leidecker, and Harder (1987) in analysing business failures cited the following factors: poor timing, product design problems, inappropriate distribution strategy, unclear business definition, over reliance on one customer, assuming debt too early, financial problems, concept of teamwork, and human resource problems.

Steiner and Solem (1988) investigated factors crucial for success of manufacturing companies; they found that relevant managerial background and experience, flexibility in operations, availability of labour, and possession of identifiable competitive advantages are by far the most significant factors in determining business success.

In their study, Baker and Hart (1989) explained that successful British companies have greater commitment to strategic planning, add value to their products and were more actively involved in market research, information gathering, market segmentation and promotion.

The research carried out by Hills and Narayana (1990) enumerated a total of twenty-three items identified as important to business success. These items include high quality products and services, a good reputation, appropriate response to customer desires and requests, hard work and devotion to business, high employee devotion and spirit, and good management/ employee relations.

Vesper (1990) created a checklist of success factors. His list includes the basic feasibility of the business, competitive advantages of the business, buyer decisions, marketing of the goods and services, production of the goods and services, decision making, control and finance.

Torstar and Olson (1993) classified business problems in areas such as: external financing, internal financial management, sales and marketing, product development, production and operations management, general management, human resource management, leadership, economic environment, and regulatory environment.

In his research, Yusuf (1995) studied 220 small businesses in the South Pacific region and he listed nine factors that would contribute to business success; although the most critical factors were good management, access to financing, personal qualities and satisfactory government support.

Zacharakis, Meyer, and DeCastro (1999) cited poor external marketing conditions, poor management strategy, lack of management skill, and lack of capitalization as the leading causes of business failure.

In another study, Eid et al., (2002) conducted research to identify the critical success factors for B2B international internet marketing as one of the key drivers in sustaining an organisation's competitive advantage. The findings of their study identified twenty-one critical success factors grouped into five main groups: marketing strategy factors; web sites factors; global factors; internal factors; and external related factors.

In the early work by Levitt (1960) and a recent work by Karatko and Hodgetts (2003), a number of factors were mentioned. They cited lack of objective evaluation of the business, no real insight into the market, inadequate understanding of technical requirements, poor financial understanding, lack of business uniqueness, and ignorance of legal issues as leading to business failures.

In his review, Rogoff et al. (2004) found that internal and external factors are critical determinants to business success. The former refers to the characteristics of the owner or entrepreneur and business; whilst the later deals with factors beyond the control of the owner. Among other internal factors are size and years in business, the ability to attract outside capital investment, management, financing, planning, experience, and skill to implement any identified projects. The external or environmental factors are sales tax rates, infrastructure expenditure, university research, corporate debt, and credit market condition, and business opportunity, availability of resources, economic conditions, competition, and government regulation.

Abdul Kader, et al., (2004) studied success factors in the Malaysian context and came to the conclusion that there are eight determinants of business success. Generally, many external factors, including government assistance in training and extension services, the external environment, market support by the government, market accessibility and networking, were seen as highly important by the entrepreneurs for their business success.

The most important internal success factor was entrepreneurial quality. The other internal factors, such as pricing, delivery and services and human resource contributed least to the explanation of small business success.

In a recent study in China, Huang et al., (2007) addressed the key success factors of Chinese electronic commerce companies. They came to the conclusion that there are several different success factors for Chinese electronic commerce. Leadership, strategy, organisation, management, IT, customers, comprehensive functions of website and customer-oriented functions were the key factors identified to have the greatest impact on business success.

2. Studies Emphasised Certain Success Factors

This part of the review summarises the key papers in the literature that focused on certain factors of business success as follows.

A. Planning Factors

Planning factors refer to one aspect of management tasks that have been examined in the literature and demonstrated their positive influence on business success (Mintzberg, 1994; Castrogiovanni, 1996; Parnell, Lester, and Menefee, 2000; Hoorn, 2002). Effective planning allows the company to be more pro-active and less reactive to environmental change.

Planning provides vision, goals, focus, guidance, and benchmarking for the business (Chaston, 1992; Lussier, 1995). In addition, best businesses consider business planning as a continuous activity, setting both long-term and short-term goals and objectives.

Successful businesses were found to have invested more time in the planning stage than unsuccessful ones (Dun and Bradstreet Corporation, 1981; Bruno and Leidecker, 1988; Gartner, et al., 1989; Venkataraman, et al., 1990; Duchesneau and Gartner, 1990; Huang and Brown, 1999; Cooper, 1999; Perry, 2001; Rovenpor, 2003). Smallbone, Leig, and North (1995) and McMahon (2001) revealed that well-planned business is significantly linked to better business performance.

Others have emphasised the importance of planning factors such as corporate mission and plans as key determinants to business success (e.g. Peters and Waterman, 1982; Hooley and Lynch 1985; Kamath et al., 1987). Planning activities were also considered as a source of business success in other studies (Cunningham and Spiegel, 1971; Meidan, 1975; Ursic and Czinkota, 1984; Cooper and Kleinschmidt, 1985; Schlegelmilch and Ross, 1987; Dichtl, Koeglmayr and Mueller, 1990).

B. Organisational Factors

Organisational factors refer to factors related to the organisation process in the company such as organisational structure, job descriptions and specifications, staff authorities and responsibilities and organisational communication that help the company to grow and prosper.

These factors are reported in some research as important factors for business success. For instance, in the export industry, the existence of an independent organisational department responsible for products' export is seen to be associated with successful exporters (e.g. Kriplani and Macintosh, 1980; Bilkey, 1982; Diamantopoulos and Inglis, 1988; Koch and Kok 1999).

C. Leadership Factors

Leadership factors mainly refer to the personal characteristics of the business' founder and top management team. These factors were reported critical to business success or failure (e.g. Hand, Sineath, and Howle, 1987; Duchesneau and Gartner, 1990).

Leadership is a process by which one person influences the thoughts, attitudes, and behaviours of others. Leaders set a direction for the company. Effective leadership makes a business successful.

Furthermore, the absence of effective leadership is equally dramatic in its effects. Without leadership, organisations move too slowly, stagnate, and lose their way (Mills, 2005).

In their research, Cooper (1993), Bates (1995) and Wijewardena and Tibbits (1999), found that the success of new businesses was attributed to entrepreneurial, managerial, or other personality attributes of owners and managers. Entrepreneurial characteristics, such as gender, education, age, managerial skills, experience (e.g. Kallerberg and Leicht, 1991; Rowe et al. 1993; Masuo et al., 2001), as well as physical have been considered important factors that influence business success.

Ibrahim and Goodwin (1986) stressed that inadequate management skills was a common cause for business failure. Entrepreneurial quality, innovativeness, hardworking, self-confidence and self reliance were also identified as critical factors for business success Chaganti and Chaganti (1983); Ibrahim and Goodwin (1986); Bird (1989); Yusuf (1995); Wijewardena and Tibbits (1999).

Dyke, Fischer, and Reuben (1992) and Beckman and Marks (1996), Kolvereid (1996) found that individuals with prior experience had significantly higher entrepreneurial intentions than those without such experience. Conversely, Mazzarol, et al. (1999) found that respondents with previous government employment experience were less likely to be successful founders of new businesses.

A research by Charney and Libecap (2000) found that entrepreneurship education increases the sales growth rates of new firms.

In their study among Norwegian and Indonesian respondents, Kriatinsen and Indarti (2004) found a significant correlation between self-efficacy and business success. In Indonesia, Kristiansen, Furuholt, and Wahid (2003) also found that entrepreneurial readiness was linked significantly to business success.

In the export sector, top management characteristics was observed as the most critical requirement for the export sector (e.g. Simposon and Kujawa, 1974; Bilkey, 1978; Madsen, 1978).

D. Human Resources Factors

Human resources factors refer to some critical factors related to employees' characteristics that have been reported in the literature to be critical for business success or failure (e.g. Itami and Roehl, 1987; Hornsby and Kuratko, 1990; Castanias and Helfat, 1991; Spender, 1993; Terpstra and Olson, 1993; Cooper, Gimeno-Gascon, and Woo1994, Carter, et al., 1994, Lei and Hitt, 1995; Conner and Prahalad, 1996; Bamford, Dean, and McDougall, 1996; Nucci, 1999; Chandler and McEvoy, 2000). These factors represent some personal characteristics of employees such as their motivations to work, their knowledge, enthusiasm and behaviour.

E. Financial Factors

Financial factors refer to factors of a financial nature that stand behind business success and reported in the literature for their significant influence on business success or failure (Reynolds and Miller, 1992; Lussier, 1995; Bates, 1995; Castrogiovanni, 1996; Korgaonkar, and O'Leary, 2006).

Access to capital is one of the typical obstacles to new businesses, not least in developing economies with weak credit and venture capital institutions. Several empirical studies have concluded that the lack of access to capital and credit schemes and the constraints of financial systems are regarded by new companies as main hindrances to business success in developing economies (e.g. Marsden, 1992; Robinson, 1993; Meier and Pilgrim, 1994; Steel, 1994).

A study among Vietnamese SMEs revealed that one of the internal limitations hindering SMEs to succeed is capital shortage (Swierczek and Ha, 2003). Hence, capital flexibility is a factor determining business success (Kristiansen, Furuholt and Wahid, 2003).

McMahon (2001), in Australia, discovered that greater dependence upon external finance was associated with better business success. In Indonesia, Kristiansen, Furuholt, and Wahid (2003) found that financial flexibility was significantly correlated to business success.

Real economic growth, stock market performance, and money supply growth were identified as contributing to the success or failure of a new business in a study by Birley (1986). Businesses that require larger amounts of capital were found to have a higher bankruptcy rate (Watson, 1999). The financial strength of a firm as well as the cost of operations were factors to consider in the success or failure of a business in several studies (e.g. Grossi, et al., 1987; MacMillan, et al., 1987; Huff and Wade, 1999; Watson, 1999; Honjo, 2000).

F. Production Factors

There is a debate in the literature concerning the expected influence of production factors on business success (e.g. Chaganti and Chaganti, 1983; Parnell, Carraher and Odom, 2000; Dedrick, Gurbaxani, and Kraemer, 2003). Early studies conducted during the 1980s revealed no direct connection between technology and productivity (e.g. Roach, 1991; Solow, 1987; Strassman, 1990).

During the mid-1990s, however, more comprehensive studies began to reveal greater links between advanced technology utilisation and productivity (Dedrick, et al., 2003).

Previous study has revealed that lack of equipment and outdated technology are among hindrances of SME development (Swierczek and Ha, 2003). In their study in the US, Gundry, Kickul, Welsch, and Posig (2003) disclosed that technological change innovations had a significant relationship with growth. A study in Ireland unearthed that technological posture, automation, and process innovation were significantly linked to return on investment (Gibbons and O'Connor, 2003).

O'Neill and Duker (1986), and Hofer and Sandberg (1987) indicated that businesses that were successful had higher quality products and services. Larson (1987) also illustrated the positive impact of quality, innovation, and operating efficiency on business success.

Many other studies have emphasised the importance of production elements such as quality, production line flexibility and innovativeness as a source of business success and building competitive advantages. Production quality was seen as a source for business success (e.g. Daniels and Robles, 1982; Johansson and Nonaka, 1983; Porter, 1985; Sriram, Neelankavil and Bakker, 1989; Madsen, 1989; Brown and Cook, 1990; Douglas, 1993).

Innovativeness and R&D activities are also mentioned as sources of business success in Latin America (Ong and Pearson, 1982; Cooper and Kleinschmidt, 1985 Dominguez and Sequeira, 1993). Flexibility of production lines is also considered a source of business success in other studies (Beamish and Munro, 1986; Christensen et al., 1987; and Jaff, Nebenzhall and Pasternak, 1988; Diamantopoulos and Inglis, 1988).

G. Marketing Factors

Marketing factors have been repeatedly mentioned in the literature to be a significant drive to business success. Poor marketing has always been recognised as a problem faced by new businesses (e.g. Narver and Slater, 1990; Kohli and Jaworski, 1990; Salleh, 1990).

Saunders and Wong (1985) and McBurnie and Clutterbuck (1988) noted that successful companies are those that have made marketing the foundation of their business.

Pricing, as one aspect of marketing factors, was also observed as a source for business success in some businesses. The success of Japanese companies, for example, has been attributed to their skills in managing price elements in combination with other marketing-mix, product-mix in particular (Johansson and Nonaka, 1983; Williamson, 1991).

In their study, Wong et al., (1988) refuted any explanations that attributed Japanese success in international markets to factors other than marketing.

H. Purchasing Factors

Purchasing factors refer to an element of success related to the process of buying and storing the required materials of the business. These factors were reported in the literature for their influence on business growth.

Effective management to the purchasing and inventory activities have been considered a critical source of business success in the study by Chawla, Pullig, and Alexander, (1997).

I. Business Environment Factors

Business environment factors refer to some critical local factors such as economical circumstances, the legal and administrative environment that stands behind business success or failure (Korgaonkar, and O'Leary, 2006).

In their study, Kotler et al., (1985) described Japanese companies as world champion marketers and summarised the Japanese success into four key factors: the socio-cultural environment; the government-business environment; the competitive environment; and the organisational environment.

The legal aspect in developing countries such as Indonesia is probably a hindrance to success among SMEs. In many cases, dealing with legal aspects has forced businesses to allocate significant amounts of financial resources to bribery practices. The legal aspect is often also used in selection operating decisions in order to ensure future business success (Mazzarol and Choo, 2003). Unsuitable legislation is also found to be an obstacle faced by Slovenian businesses (Duh, 2003).

A number of studies also emphasised the critical role of market information and business environment knowledge for business success (e.g. Johanson and Vahlne, 1977; Christopher, McDonald and Wills, 1980; Deshpande and Zaltman, 1982; Johanson and Nonaka, 1983; Kohli and Jaworski, 1990; Diamantopoulos and Peterson, 1990; Cooper, 1993; Castrogiovanni, 1996; Chawla, Pullig, and Alexander, 1997; Mead and Liedholm, 1998; Kristiansen, 2002; Duh, 2003; Swierczek and Ha, 2003). Other studies have emphasised the importance of market stability as a key determinant to business success (Kristiansen et al., 2003).

J. Stakeholders Factors

Stakeholders' factors have been considered, in previous research, as source of business success. The study of entrepreneurship has increasingly reflected the general agreement that companies must engage in networks in the local market to survive (Huggins, 2000).

The social network consists of a series of formal and informal ties between the company and other key players in the market through which companies acquire access to the necessary resources for business finance, growth and success (Kristiansen, 2003).

Networks represent a means for business to reduce risks and transaction costs and also to improve access to business ideas, knowledge and capital (Aldrich and Zimmer, 1986).

In his study in Tanzania among garment and carpentry industries, Kristiansen (2003) found that social networking has a significant impact on business success.

Researchers such as Cadbury (1987), Henderson (1982), Kuratko and Hodgetts (2003), have also made a strong case for the inclusion of a key concern related to ethics and social responsibility - as a factor in the success or failure of a business.

Understanding and complying with government regulations are also identified by Reynolds, Day, and Lancaster (2001) to be source of business success or failure faced by UK companies.

Maintaining good supplier/ customer relationships, hiring good people and good treatment of employees, creating suitable business environments were revealed to also be a source for business success (Hills and Narayana; 1990, Zetlin, 1994).

K. External (Foreign) Support Factors

External support factors refer to some specific factors of support that the company can acquire in the local market. The importance of government assistance, local agencies and universities' support, and market potential are reported as success factors in a number of studies.

Sarder, et al. (1997) conducted a study of 161 small companies in Bangladesh and found that companies receiving support services, such as marketing, management education and training, technical, extension and consultancy, information, and common facilities from public or private agencies experienced a significant increase in sales, employment and productivity. Yusuf (1995), however, found that government assistance was more critical for the success of small local companies than foreign ones.

On the contrary, some studies found that government assistance was unimportant to business success. Mambula (2004), in a case study on three manufacturing firms in Nigeria, found that those firms receiving credit and other forms of assistance did not perform better than those less privileged firms.

In their studies, Chaston, 1992; Mulhern, 1996; Patrianila, 2003 explained that many governments in the world have been paying more attention to business development in order to strengthen national economy and the lack of governmental financial support is considered a hindrances of SME development in other research (e.g. Nicholls et al., 1989; Fonfara and Collins, 1990; Mead and Liedholm, 1998; Swierczek and Ha, 2003).

The support that the company can acquire from professional advisors is also reported in the literature as a source of business success. In a study by Reynolds and Miller (1992) and Lussier and Corman (1995), it was noted that successful firms used better professional advisers than did non-successful ones, and it made a significant difference in their performance.

The presence of foreign manufacturing firms in the local market is deemed a success factor to speed up and facilitate the transfer of technology. It is widely acknowledged that foreign firms operating in a developing country are superior in their marketing management (e.g. Sin, 1973; Hosni, 1991; Aosa, 1992).

Market demand conditions or market potential has been considered also as factor for business success or failure (e.g. Dubini, 1989; MacMillan, et al., 1987; Larson, 1987).

A growing market attracts competitors and competition has been offered by many studies as a key determinant of success or failure (e.g. Birley, 1986; MacMillan, et al., 1987; Dubini, 1989; Gartner, et al., 1989; Venkataraman, et al., 1990; Mead & Liedholm, 1998; Watson, 1999; Grossi, et al., 2000; Swierczek and Ha, 2003).

Smallbone, Leig, and North (1995), in their study in UK, found that the vast majority of high growth businesses had identified and responded to new market opportunities.

New market opportunities included finding new products or services to offer to existing customers and obtaining new customers for existing product or services.

In his study, Madsen (1989) found that good sales and profit potential markets are associated with a Danish firm's success. In studying Canadian, Japanese and Korean new products' success, Cooper and Kleinschmidt, (1987), and Song and Parry, (1996) and Mishra et al., (1996) concluded that market potential and growth was a critical success factor for those businesses in those markets.

L. Special Factors

Special factors refers to some exceptional factors related to the characteristics of the company such as size, geographical location and age (e.g. Kraut and Grambsch, 1987; Kallerberg and Leicht, 1991; Cooper, 1993).

Bates and Nucci (1989) and Boyle and Desai (1991) for example, pointed out that statistics have shown that the longer a business has been in operation, the better the chance that it will stay in business. Kristiansen, Furuholt, and Wahid (2003) found that length of time in operation was significantly linked to business success.

Size of business reflects how large a company is in employment terms. Bates and Nucci (1989), Hornsby and Kuratko (1990), and McMahon (2001) found that company size is significantly linked to better business performance. Larger companies were found to have a higher level of success.

The geographical location of the company was also considered critical for business success in the literature (Chawla, Pullig, and Alexander, 1997).

3. The Choice of Likert Scale

The Likert scale is one of the most common scales widely used in management, marketing and entrepreneurship literature. This scale has been adopted in the current study to measure market orientation, business success and success factors. The choice of this scale was based on several justifications as will be discussed in this section.

The Likert scale is one of the most widespread methods of scaling for assessment of the beliefs, attitudes and opinions of participants, in social sciences studies (e.g. Narver and Slater, 1990; Devellis, 2003; Glenn, 2007; Dawes, 2008).

This scale has gained wide support for several reasons. For instance, some scholars perceive this scale to be more appropriate for social research studies for its simplicity, ease of usage, effectiveness and reliability (e.g. Tittle, et al., 1967; Fink and Kosecoff, 1998; Maurer and Andrews, 2000; Torkzadeh and Dyke, 2001). Others perceive that the Likert Scale is fairly strong and very interesting for respondents who often enjoy completing a scale of this nature (Robson, 1993; Devellis, 2003).

Despite the agreement regarding the significant role of this scale among social science scholars, survey of the literature revealed that there is huge debate among scholars concerning whether the scale should be in odd or even numbers format. Also, there is no agreement regarding the rate that should be given to the scale.

For example, there are few researchers who support using the even numbers format based on the argument that including a neutral position is a choice that attracts many respondents who do not have strong feelings on an issue or who may prefer to avoid giving an opinion about a particular issue (Kress, 1988).

On the other side, there are great numbers of authors who support using the 5-point odd numbering format (Kress, 1988; Alwin and Krosnick, 1991; Sclove, 2001; Devellis, 2003; and Dawes, 2008). This stream stated that it is crucial to have a neutral point as some respondents might be indecisive.

Therefore, forcing respondents to choose a negative or positive response is distorting the reality for which we are looking (Kress, 1988). Hence, using even numbers could reduce the reliability of the scale rather than improve it as the results will not necessarily be true (Dumas, 1999).

Other researchers within the “odd numbers” stream suggest using the 7-point scale as that will increase the reliability of the scale (Churchill and Peter, 1984; Alwin and Krosnick, 1991). However, other scholars, in a relatively recent study, replied by saying an increase in the rate of the scale to seven or nine will not increase the reliability of the scale (Sekaran, 2003).

This claim has also been supported by a more recent study by Dawes (2008) who found that the 5- and 7-point scales produced the same mean score. However, the 10-point format tended to produce slightly lower relative means than either the 5- or 7-point scales.

Cultural differences, highlighted by some authors, should not be overlooked. For example, Barry (1969) observed that in some countries, a 7-point scale is more sensitive than a 4-point scale in eliciting unbiased responses and other scholars found that a 5-point or 7-point scale may make no difference in the United States, but could make a big difference in other countries (Sekaran and Martin, 1982; Sekaran, 2003).

To conclude, in this research a 5-point scale has been adopted for three main reasons: for its reliability; for its commonality in the marketing literature; and finally, for its appropriateness to the Libyan culture as the pilot study findings revealed that the respondents suggested using the 5-point scale rather than the 7-point scale as the 7-point scale did not help respondents to make clear discrimination among the seven available choices.

4. Success Factors Scale Development Process

In the current research, a success factors scale was developed based on several sequential steps as explained below:

A. As a first step in the success factors scale development, a discussion took place with the supervisors and thesis committee members at the Department of Marketing, University of Strathclyde, concerning the nature and content of questions that should be included to reflect and cover the domain of success factors.

B. Review of the relevant literature to choose suitable items to be included in the scale was a vital step in the scale development process (e.g. Peters and Waterman 1982; Dickenson et al, 1984; Saunders and Wong, 1985; Kotler et al., 1985; Hooley and Lynch, 1985; Kamath et al., 1987; McBurnie and Clutterbuck 1988; Wong et al., 1988; Baker and Hart 1989; Pollalis et al, 1993; Avlonitis and Gounaris, 1997; Hamill, 1997; Eid et al., 2002; Bastic, 2004; Chrusciel and Field, 2006; Huang et al., 2007).

C. It was also necessary to refer to key references concerning scale development in marketing research (e.g. Tull and Hawkins, 1987; Clark and Watson, 1995; Devellis, 2003) in order to inform the researcher's thinking in the process of developing a success factors scale.

D. Discussion of the possible success factors in the Libyan market with a number of Libyan PhD students in the UK was another significant phase in the scale development process. The discussion is intended to identify and determine all sources of business success in the Libyan market. The choice of PhDs was based on a number of facts: first, many of those students work as lecturers in Libyan educational institutions. Second, few of them work with Libyan governmental offices such as the Ministry of Finance and Economy. Finally, a number of those students worked, in previous years, with Libyan companies. Therefore, asking this group of students is rational and reasonable.

E. Conducting semi-structured interviews with the business owner, decision maker and some of the Libyan authorities' representatives (e.g. the manager of the Libyan financial stock market, representatives from Ministry of Finance, Ministry of Economy) to obtain more information in relation to the source of business success in the Libyan market. Eliciting the views of managers and business owners on success factors has been supported and recommended in the literature (e.g. Rockart, 1979, Bergeron and Begin, 1989) as those factors are very broad, flexible, diverse in nature and vary according to the type of company and the nature of its market in which it operates (e.g. Ein-Dor and Segev, 1978; Griffin, 1995).

F. As a result, a list of 96 items of success factors emerged and was discussed with two experienced academics from the Management and Marketing Departments at Garyounis University in Libya to ensure content validity of the scale and its suitability to the Libyan market nature. The feedback suggested making some changes in terms of removing similar and repeated items, modifying other items, adding new items and finally grouping those items in groups based on shared characteristics among the scale items as studying all single items will not be possible unless they are put into independent groups.

G. As an extra step, to ensure validity of the scale items and their suitability to the study's nature, the entire questionnaire (including the success factors scale) was discussed with experts from the Department of Marketing at the University of Strathclyde. Dr. Jim Hamill; Dr. Steven Tagg; Thesis Committee experts and PhD students were targeted to give feedback on the questionnaire items. Some necessary changes were also made based on the feedback received in terms of wording and modification of items of groups.

H. As a result of these efforts, a newly-developed scale consisting of 60 items emerged. A careful examination of these items found that they could be consolidated into 12 different factors, each representing one acknowledged source of business success. These factors are: planning factors, organisational factors, leadership factors, human resource factors, financial resource factors, production factors, and marketing factors, business environment factors, purchasing factors, stakeholder factors, external support factors and special factors.

Each group has a number of items to cover the domain of that factor ranging from two items measuring purchasing factors to twelve items measuring marketing factors.

I. The final step in the scale development process was assessing the scale reliability to purify and validate the scale items following data collection. This step went through several statistical procedures which will be explained in further details in the next chapter.

5.5.3 The Field Work Structure

For the purposes of this research, the field work phase consisted of two stages: pilot study stage; and the actual field work stage.

5.5.3.1 The Pilot Study

At this point, the researcher translated the two most prominent market orientation constructs developed by Narver and Slater, and Kohli and Jaworski in the early1990s and, in June 2006, distributed a sample of 100 questionnaires to some Libyan business directors and business owners. The translation was made with the assistance of two senior Libyan lecturers majoring business studies at Garyounis University in Libya[25].

The main purpose of the pilot study was to achieve the following main goals: to identify the extent of applicability and transferability of these scales in the Libyan business environment; to test the level of cooperation and response rate in the Libyan context; to test the quality of the provided information; to collect more information to help in making the necessary adjustments to these scales to suit the research objectives; and finally to choose one of these scales to be used in the actual field study at a later stage.

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[25] Faculty of Economics/ Management Department/ Garyounis University – Libya http://www.garyounis.edu/

The researcher then consulted some Libyan PhD students, who were doing their PhD Degrees at British and Scottish Business Schools, and circulated a sample of the questionnaires to gain some feedback on the questionnaire in terms of design, wording, translation, length of the questionnaire in addition to some other comments concerning the performance measurement system more applicable in the Libyan context. All the participants (PhD students) have experience in the Libyan market as researchers, lecturers, employees, or consultants, in addition to being customers to businesses in Libya.

5.5.3.2 The Semi-structured Interviews (A)

At this stage, the researcher conducted a number (16) of semi-structured interviews with a number of Libyan official Authorities responsible for businesses operating in Libya and a number (5) of semi-structured interviews with the most powerful wholesalers and retailers in Libya.

The Libyan Ministry of Finance (Taxation Section), the Libyan Ministry of Economy, the Libyan Stock Market (LSM), the Libyan Export Promotion Centre, The General Libyan Peoples Committee for Public Businesses monitoring, Libyan Foreign Investment Board, the General Board for Privatizing Public Sector Businesses. All these authorities were visited by the researcher.

The main purpose at this stage was to achieve the following objectives: Identify a list of the most successful businesses operating in the three main Libyan cities: Tripoli-Benghazi-Misurata; classify businesses based on their degree of success; identify the official performance measurement system applied in Libya; identify the noticeable changes in Libyan business environment since economic reforms took place in 1988.

The main purpose of this step also was to discover the most acceptable products and brands by consumers in the Libyan consumption market and to obtain a general view concerning the level of sales volume for each of those products and brands widely accepted by consumers.

All collected details and feedback assisted the researcher in adjusting and developing his semi-structured interview protocol and the research questionnaire.

5.5.3.3 The Semi-structured Interviews (B)

At this point, the researcher conducted (53) semi-structured interviews[26] with high level senior executives in businesses working in Libya. This number of interviews is considered to be appropriate as some scholars in previous research have suggested that twenty interviews can be considered to be sufficient to provide a good understanding of a particular topic (e.g. Griffin and Hauser, 1993; Zahay et al., 2004).

The main purpose of this stage was also to obtain a clear answer in relation to all areas of inquiries included in the interview protocol. In addition, some necessary amendments were made to the questionnaire based on the insights gained at this stage.

All interviews conducted with the Libyan Official Authorities, senior level executives, wholesalers and retailers revealed that there are a number of common performance indicators being used to measure the degree of success of the Libyan businesses.

5.5.3.4 Questionnaire Survey

Subsequent to conducting the semi-structured interviews, large number of 400 questionnaires was directed to senior level executives in businesses in Libya. 278 questionnaires were returned. Out of this number, 233 questionnaires were considered to be valid for the data analysis phase. This number yields a high response rate of (69.50%) returned with (58.25%) analysed.

The researcher implemented the drop and collect instrument as a second data collection method by using a self-administered questionnaire. This method was used because it is the most appropriate tool to suit the Libyan environmental conditions which characterised with very weak postal, telecommunication and internet services.

The questionnaires were directed to high level executives or their nominees in businesses in Libya.

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[26] See appendices 1 & 2

Collecting data from multiple respondents in this way is broadly supported to increase the reliability and validity of the research findings (e.g. Hooley, 1990; Singh, 2003).

It is also worth motioning at this stage that the researcher sought help from a number (8) of lecturers and postgraduate students at Garyounis University in Libya in the following: reviewing his questionnaire in terms of wording, content, design and length of the questions; and then distributing and collecting those questionnaires in Benghazi City.

This method of collecting the field work data in the developing and transitional countries is widely recommended and supported in the literature to increase the response rate and the level of response quality for the collected data (e.g. Lovelock et al. 1976; Hoskisson et al., 2000 and Ibeh et al., 2004).

5.5.3.5 Summary of the Field Work Phase

Following the completion of the field work study, a general summary was prepared concerning the key research issues as follows:

5.5.3.6 Challenges of the Field Work Phase

In conducting this research, the researcher encountered a number of obstacles. These obstacles can be explained as follows:

1. From the outset, the researcher was hoping to obtain a list of all businesses operating in Libya classified based on the degree of success, their financial status, their geographical locations, their address, etc. However, such classification was not available.

   This situation forced the researcher to contact several official bodies in the State to create an objective database suitable for the purposes of the study.

2. The way of thinking of people in charge of businesses in Libya and how they perceive the concept of the scientific research was another critical issue. A large proportion of them did not seem interested in revealing the required details.

Some were worried and nervous regarding the potential of information leakage, which could constitute a source of risk to their positions in those businesses.

The researcher resolved the issue by providing all the necessary guarantees and assurances required for those respondents. The experience of the researcher in teaching and undertaking research in Libya for a period of around 10 years assisted him at this time.

In this respect, the researcher agreed that the voices of the interviewees would not be recorded and there was no requirement for them to sign the consent form provided27. This step was taken in order for interviewees to feel comfortable in divulging the necessary and relevant information.

3. The businesses under investigation were distributed among three geographic regions: Tripoli the capital; Benghazi the second biggest city; and Misurata.

   The distance between Benghazi and Tripoli is 1000 square kilometers; this created some tension for the researcher as travel between regions is not always straightforward.

4. Among the problems faced by the researcher during the field work phase was the problem of inclement weather creating un-navigable roads. Such circumstances prevented the researcher from having access to a number of businesses in remote regions.

5. The researcher was faced with limited financial resources. Field trip expenses incurred were estimated to be in the region of £5000.

27 See appendix 1

5.5.3.7 Tackling the Field Work Difficulties

Despite the difficulties encountered by the researcher before and during the conduct of the field work study, the researcher used a strategy suited to Libyan culture and the circumstances that he faced. This strategy could be explained as twofold:

1. The researcher contacted the Department of Graduate Studies at Garyounis University and asked them to issue a formal letter[28] addressed to the following official Libyan bodies: The Libyan Ministry of Economy; The Libyan Ministry of Finance; The Libyan Ministry of Businesses' Monitoring; and the Libyan businesses requesting them to cooperate with the researcher as a postgraduate student studying abroad and in the phase of collecting the field work data. The letter stated that this data was an essential part of the requirements of the study. It should be noted here that according to Libyan law there is an article requiring public bodies to cooperate with students during the period of conducting their research. This comes as a part of the training strategy adopted by the Libyan Authorities for local people. However, this law does not apply to the private sector.

2. Due to the difficulties in accessing the private sector, the researcher followed another successful strategy. The researcher sought help from his colleagues and friends at Garyounis University in Libya, as well as the well-trained undergraduate students at Garyounis University. In addition, the researcher sought the assistance of some of his relatives in obtaining the required information. The role of those parties (e.g. relatives, friends, colleagues) was to offer guarantees and give promises to the private business owners that such information would only be used for the purposes of the scientific research by the researcher and would not be disseminated to any other parties. This approach was extremely successful and had a significant influence on the response rate.

3. In addition, another step taken by the researcher was that he sought the assistance of his colleagues, working with the Ministry of Economy and the

[28] See appendix 5

Ministry of Finance in Libya, facilitating communications with a number of business managers in both the private and public sectors. Personal relationships played an extremely significant role in accessing and obtaining the necessary information for the researcher. In other words, social networking was of great importance as an effective tool during the field work process. This emphasises the key importance of social networking and informal communication in data collection phases in developing countries.

5.6 Data Analysis Procedures

Data analysis refers to the search for meaning in the collected information. The desired information, in this case, concentrated on the relationship between market orientation and business success in the Libyan business environment within the wider context of the range of factors influencing business performance. For the purpose of this research, two different approaches were used to analyse the collected data as follows:

5.6.1 Analysing Questionnaire Data

A quantitative data analysis procedure was followed in this research and went through several steps as will be explained below.

5.6.1.1 Questionnaire Survey Administration

After identification of the participating businesses, the researcher, with a group of assistant researchers working at Garyounis University in Libya, circulated 400 questionnaires to the respondent businesses in the three cities.

All respondents were given approximately two weeks to complete the questionnaires. Within that period several phone calls were made to remind and expedite the process to fill in the questionnaires and provide all relevant information.

Next, the researchers started collecting the questionnaires and more time was given to those who had been unable to complete the questionnaires for whatever reasons.

The researcher used a successful policy to conduct the fieldwork study. This policy consisted of two main aspects. Firstly, relying on the researcher's social network[29] to introduce the researcher to the respondent businesses, especially in the private sector where the main task of the social networks was to provide some assurance to the business owners, and high level directors, with regard to their anonymity.

Secondly, the researcher used a culturally acceptable incentive in Libyan society to fill in the questionnaires. All questionnaires were put in an attractive carrier with The Department of Marketing, Strathclyde Business School; University of Strathclyde logo on both sides and included a pen denoting the same details. All other incentives such as prize draws and gifts are culturally and religiously unacceptable in Libyan society and, for some respondents, may have been considered as a bribe. Hence, the researcher preferred not to use the traditional incentives used in other contexts to increase the response rate.

As a result of those efforts, 278 questionnaires were returned with 233 considered valid for the analysis process to give a good response rate of 58%. This high rate of response meant that more robust statistical analysis could be made as the better the response rate, the more representative the survey will be of the population which, in turn, brings more confidence and reliability to the results.

5.6.1.2 Preparing Data for Analysis

The analysis procedure of questionnaires started with a check of the questionnaires' information. Each completed questionnaire was checked prior to computer entry to discover any problems.

The Statistical Package for Social Science (SPSS) version 16 was used in this research as follows. (1.) All the variables were assigned with names and coded for computer entry. (2.) All the responses were coded to facilitate computer data input. (3). In order to obtain composite scores for items on a scale, target variables were computed. (4). Data files were carefully screened in order to minimise the data entry errors. In this connection, frequencies for each variable were checked in order to

[29] This social network consists of friends, relatives and previous students who were taught by the researcher when he was teaching at Management Department, Garyounis University – Libya.

detect the out-of-range values and values entered that were greater than 5 were rectified after reconciling with the questionnaires. (5.) Following this, it was necessary to choose a unit of analysis, key variables in the study and the more appropriate techniques that should be used to analyse the gathered data.

5.6.1.3 The Choice of Unit of Analysis (Respondents)

In terms of the unit of analysis in this research, there have been two possible sampling units: individuals; and businesses. The study comprises a sample of 400 individuals across 53 businesses.

If one considers that the basic sampling unit is the business then answers from all respondents in that business would be averaged to give one single response per business. If, however, the individual is considered to be the unit of analysis then all 400 responses would be analysed.

In this study it was decided to use the individual as the unit of analysis for a number of reasons. Firstly, the study is concerned with perceptions of market orientation, business success and success factors by individuals within the target businesses in Libya. It is by no means clear that these perceptions would be consistent across all respondents within an organisation.

Different people in different functions at different levels of a business may view the business differently. By aggregating all these differing views into one average figure it would dilute the richness of the data, reducing scope for insights into the key relationships under study.

Secondly, on a more technical note, it would seriously reduce the sample size, therefore decreasing the power of any statistical tests and thus reducing the capability of the study to give good quality statistical results.

Against this must be balanced the fact that the individual responses within a business may not be strictly independent of one another.

However, as argued above, this is of lesser importance than the assumption that they are completely dependent which is, effectively, what would be implied by aggregating all responses within a business.

5.6.1.4 The Choice of Analysis Techniques

Ideally, the analysis of the collected data in this research would focus on the three important variables: ownership type; nature of business; and business age. As has been presented in Chapter Six, a percentage (47%) of responses was from the private sector, 44% from the public sector, including those being currently privatised, and 9% were from the privatised sector.

Also, 47% of those responses were from the manufacturing sector and 53% were from the service sector. In addition to that, 34% of the responses were from businesses with ages between 5 and 9 years old and 66% were from businesses that were 10 years old and more.

The following table gives a breakdown of those responses by ownership, nature of business and age.

Table 27 Ownership Type by Age of Business and Nature of Business

Nature of Business	Ownership Type	Age of Business		Total
		5-9 Years	10 Years and More	
Manufacturing	Private	8	6	14
	Public/ Being Privatised	0	6	6
	Privatised	0	5	5
	Total	8	17	25
Services	Private	9	2	11
	Public/ Being Privatised	1	16	17
	Privatised	0	0	0
	Total	10	18	28
	Total responses	18	35	53

As a result of this, the distribution of responses across the categories of these three key pillars was not consistent. In particular, there was no response from young businesses (in the 5-9 Years range) in the manufacturing sector under either public or privatised ownership.

Furthermore, there was only one response from businesses aged 5-9 in the service sector under public ownership and none in the privatised area. This has a number of implications for any possible statistical analysis of the data. Firstly, analysing all these three variables together will not be possible.

For example, a three way analysis of variance using ownership, nature of business and business age as independent factors would not be possible as there are a number of blank cells. Secondly, (94%), 17 responses from businesses aged 5-9 are in the private sector and (63%), 22 responses from older businesses in the public sector so that in effect any analysis by age would be effectively indistinguishable from an analysis by sector.

Thirdly, analysis of both ownership and nature of business together can only be carried out if the privatised sector is excluded as; again, there are no responses from privatised businesses in the service sector.

Accordingly, the subsequent statistical analysis of market orientation, business success, and success factors will be carried out as follows: (1.) One-way analysis of variance tests will be conducted on each of the pillars of ownership and nature of business separately.

And since there are only two levels in the Nature of Business variable an independent sample t-test would be sufficient. However, in order to maintain consistency across all results, a one-way analysis of variance will be carried out. (2) In order to consider the interaction effects of both the nature of business and the ownership type a two-ways analysis of variance tests will be conducted using ownership type and nature of business as two independent factors.

Nevertheless, in this case privatised businesses will have to be excluded. (3.) Techniques such as analysis of variance are suitable for testing fairly simple relationships between variables.

However, the main research hypotheses in this thesis relate to complex relationships between a number of constructs such as business success, market orientation and success factors. Different statistical techniques are required to test and estimate complex causal relationships.

Hierarchical regression and path analysis can be used due to their suitability to the study's nature with preferences given to path analysis as will be explained later on.

5.6.1.5 Choices for Testing the Research Hypotheses'

In order to test the research hypotheses two alternatives suit the research nature and its variables were suggested: Hierarchical Regression and Path Analysis.

These two suggestions came from a number of experts in data analysis that were consulted during the data analysis phase to ensure using the more appropriate technique to analyse the collected data.

Prof. Heiner Evanschitzky from the Department of Marketing, Strathclyde Business School; Dr. Steven Tagg from the Department of Marketing, Strathclyde Business School; Dr. Mario Hair from Statistics Department, University of the West of Scotland; Dr. Xin Guo from Statistic Department, University of the West of Scotland, Dr. Luisa Hassan from St-Andrews Business School, University of St-Andrews, and finally Dr. Bill Gardiner from Department of Mathematics, Glasgow Caledonian University were all consulted at different academic events [30]attended by the researcher during the process of developing this research.

Hierarchical Linear Modeling (HLM), Hierarchical Regression, Sequential Regression and Multi-level Analysis are a more advanced form of simple regression and multiple linear regressions.

Multi-level analysis allows variance in outcome variables to be analysed at multiple hierarchical levels, whereas in simple linear and multiple linear regression all effects are modeled to occur at a single level. Thus, HLM was one choice to be used in this study.

Path Analysis was the second choice to be used in the current research to test the research hypotheses. Path Analysis is an extension of the regression model that requires the usual assumptions of regression.

[30] Several academic events were attended by the researcher such as: theses committee meetings, Doctoral Research Day and data analysis sessions held in The Department of Marketing, The University of Strathclyde; The Annual Scottish Doctoral Management Conference (SDMC), University of St Andrews; University of the West of Scotland, data analysis sessions and finally, Glasgow Caledonian University, quantitative data analysis sessions.

5.6.1.6 Suitability of Path Analysis

Path Analysis has been observed as a statistical technique for testing and estimating causal relationships using a combination of statistical data and qualitative causal assumptions (Haavelmo, 1943; Simon, 1953; Pearl, 2000). It was also observed as a collection of statistical techniques that allow a set of relationships between one or more IVs, either continuous or discrete, and one or more DVs, either continuous or discrete, to be examined. Both IVs and DVs can be either factors or measured variables. It is also referred to as causal modeling, causal analysis, simultaneous equation modeling, analysis of covariance structures, and confirmatory factor analysis (Tabachnick and Fidell, 2001).

Path Analysis was preferred in the current research due to the fact that this technique is both more rigorous and more flexible than the traditional technique based on multiple and hierarchical regression (Kelloway, 1998). This technique is extensively used in previous research (e.g. Cadogan et al., 2002; Sandvik and Sandvik, 2003) and the main reasons behind its popularity are: (1) it has a unique ability to evaluate models holistically; (2) it is ideally suited for examining the causal relationships among multiple dimensional constructs simultaneously; and it allows the analysis of relationships between latent variables (Kelloway, 1998); (3) the use of path analysis overcomes a number of problems associated with first generation techniques, such as multiple regression, principal components analysis and cluster analysis.

Chief among these problems was the inability of these earlier methods to deal with measurement error, which is often left unexplained or included a residual error term.

Accordingly, Path Analysis is opted to execute the model estimation in this research and the AMOS 5 version programme is reasonable to be applied (Hox, 1995; Kline, 1998).

The analysis procedure and outputs of Path Analysis are presented and discussed in further detail in Chapter Six.

5.6.2 Analysing Interviews Data

In terms of analysing the qualitative data collected through semi-structured interviews, content analysis has been found to be very useful, and more appropriate, in this case. This technique is widely used in social sciences studies due to its ability to reflect the actual reality of a phenomenon. It was regularly performed in the 1940s; it became a more credible and frequently used research method from the mid 1950s.

Berelson, (1952) considered Content Analysis as a research technique for the objective, systematic, and quantitative description of manifest content of communications. Others have considered content analysis as a systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding (Berelson, 1952; Krippendorff, 1980; Silverman, 2006).

Easterby, et al., (1991), and Creswell and Clark, (2007) believe that a more typical content analysis study would be the one in which the researcher collects only qualitative data and transforms it into quantitative data by counting the number of codes or themes.

Holsti (1969) offers a broad definition of content analysis as: *"Content analysis has been defined as any technique for making inferences by objectively and systematically identifying specified characteristics of messages"* (p. 14).

Under Holsti's definition, the technique of content analysis is not restricted to the domain of textual analysis, but may be applied to other areas such as actions observed in videotaped studies. In addition, Holsti (1969) insisted on the importance of quantitative content analysis when he said: *"Frequency is the only valid index of concern, preoccupation, intensity, and the like. Often this may in fact be a valid premise, but there is also ample evidence that measures other than frequency may in some instances prove more useful"* (p. 6). And he adds more emphasis in another part of his book: *"The case for designing content analysis to yield numerical data, although not necessarily solely in terms of frequency, is a powerful one" (p. 9).*

In this research, interview data went through the following steps. (1.) Reviewing the manuscripts and clarifying the unclear words and meanings. (2.) Classifying each manuscript based on themes discussed. (3.) Using tables, frequencies and percentages to analyse the frequently used words and statements. (4.) The final step was extracting the meanings from the analysed data. Details of these steps are explained in further detail in Chapter Seven.

5.6.3 Scholars Comments on the Current Research Methodology

As an important step in carrying out this research, a number of well-known experts in research methodology were consulted during the process of developing this research to feedback on the proposed steps of conducting this study[31].

Many of those experts are in favour of using a mixed methods approach as it was seen to be more appropriate for two reasons: (1.) Its appropriateness to the research objectives. (2.) Its suitability to the nature of the study in Libya. However, some variation was seen among those scholars in terms of the way research findings were presented.

Sydenstricker for example, stated that: *"Your research looks quite interesting and I am sure will provide valuable data. Any method has its own limitations and potentials. My personal approach is to use multiple methods in order to obtain better and more meaningful results. Some researchers are purists and stick with a sole paradigm/research tool I am more pragmatic - like Michael Patton - and like to combine"*.

Teddlie also has a similar view as he stated that: *"You apparently have a mixed methods study. Therefore, I believe that you should use the philosophy of pragmatism which Abbas Tashakkori and I first advocated in our 1998 book.*

Stake has this view: *"It appears that you may be doing a mixed model study. Or you could just have a project, in which part of it is quantitative and part of it qualitative without need for combining the two" (Stake).*

Wolcott suggested that: *"Why don't you just tell the reader what you learned? Perhaps first from the interviews then from the questionnaire if there is a difference, explain that. Your problem seems pretty straightforward to me"*.

[31] See Appendix 11 for more details about experts' comments.

Finally, Gummesson explained that: *"Design your own philosophy. The issue is to get access to the data that are relevant and to analyse the data in some orderly way and come up with the answer. Write about what you have done and make it credible that you have chosen a path that leads you somewhere"*.

These invaluable comments helped in shaping this research using a mixed methods approach to study the market orientation-business success relationship in Libya taking into account other influential factors that influence business success.

5.7 Summary

After previous discussions in detail concerning the key issues arisen from the literature, this chapter discusses the methodological issues relating to the collection of research data in order to provide answers to research questions raised in chapter one.

The focus of Chapter Five is to concentrate on the general methodological approach of this research. Key terms in this research such as: research philosophy, ontology and epistemology are discussed. Research paradigms, data collection methods, measurement issues, sampling selection, field work study and data analysis process are all explained in depth.

This chapter explicated how ontological and epistemological stances affect the way in which the researcher handles the research problem. Also, field work and data collection challenges in the Libyan transitional business environment were explained in further detail. The chapter concludes by presenting scholars' valuable feedback on the methodological approach adopted in this research which was of great importance to develop this research.

Progressing from the discussions of methodological issues in this chapter, the following chapter will provide a discussion on the characteristics of the sample obtained from the survey, as well as the research results derived from the data analysis procedures through the quantitative data analysis phase.

Chapter Six: Quantitative Data Analysis

6.1 Introduction

In the previous chapters, many aspects have been covered to accomplish this research such as the relevant literature and the methodological issues related to this research. In the current chapter, detailed analysis to the collected data is presented to give a complete picture with reference to the quantitative data analysis adopted.

To achieve this goal, this chapter was divided into several key themes. Sample characteristics, analysis procedure, business success, market orientation, the relationship between market orientation and business success, and success factors are all themes covered in further detail. The chapter concludes by giving summary of the key findings of the analysed data.

6.2 Sample Characteristics

This section is dedicated to analysing the main details of the participating businesses and the basic demographic details of the key informants.

6.2.1 Ownership Type

Ownership type plays a prominent role in running and managing business and this may reflect on the position of that business in the market and its ability to compete. In this study, the researcher received responses from a number (53) of different business.

The next table provides a breakdown of all responses based on their ownership type at the time of conducting this research.

Table 28 Ownership Type

Ownership Type	Frequency	Percent
Private	25	47%
Public	9	17%
Is Being Privatised	14	27%
Privatised	5	9%
Total	53	100%

From this table the dominance of private sector companies (47%) is obvious while privatised companies were the smallest proportion (9%). Also, the percentage of representation of public companies and companies under the privatisation process are (17%) and (27%) respectively.

Hence, it was felt that that there is a need to integrate the public sector companies with those under the privatization process for the sake of data analysis.

Integrating ownership types, both the public and those under the privatisation process, was made for two basic reasons: firstly, because the proportion of public companies are smaller compared to companies belonging to the private sector and this integration allowed a very appropriate proportion for analysis (44%) to be obtained, comparable with the private sector.

The second reason is that both public companies and those under privatisation are still owned and governed by the State using approximately the same administrative and managerial systems. Hence, combining both ownership types was felt to be reasonable and justifiable.

6.2.2 Nature of Business

The main aim of this component of the data analysis is to provide the reader with some basic background about the type of companies from which the researcher successfully managed to collect the data.

Nature of respondent businesses (manufacturing and services) is provided in the table below.

Table 29 Nature of Business

Nature of Business	Frequency	Percent
Manufacturing	25	47%
Services	28	53%
Total	53	100%

From the above table it is obvious that the proportion of responses obtained were, to great extent, appropriately distributed between manufacturing and service sectors, where the rate of response from manufacturing companies reached (47%), while the participation rate of the service companies was (53%). There was no representation from the trade sector in this study.

6.2.3 Type of Business

The type of business (e.g. insurance, banking, food industries) also plays a vital role in practicing some types of activities. In other words, there are some phenomena in the business world that are more legitimate in a particular type of company than in others. Therefore, it is important to investigate the type of influence that this variable (type of business) may have in practicing and pursuing some orientations in the business world. For that reason, knowing business type in this study was crucial as shown in the following table.

Table 30 Type of Business

Type of Business	Frequency	Percent
Food Industries	15	28%
Banking	9	17%
Hospitality	8	15%
Construction Materials	5	9%
Electricity and Communication	5	9%
Insurance	4	8%
Clothing and Textiles	4	8%
Air Travel	3	6%
Total	53	100%

From the table above it can be clearly seen that eight diverse industrial sectors participated in this research as follows: food industries sector (28%); Banking (17%); Hospitality (15%); Construction Materials (9%); Telecommunications and Electricity (9%); Insurance Services (8%); Textiles and Clothing Sector (8%) and finally Air Travel Services (6%). Therefore, this study succeeded in covering a wide range of business types in Libya.

6.2.4 Age of Business

Business age is considered to be among the most important variables given great importance in the literature. This variable is used when judging business size, whether it is small, medium or large. This is because of its significant impact on the type of practiced activities, and how they will be practiced.

As a consequence, businesses under five years of age were excluded. This exclusion was made for the purpose of obtaining data on business performance during the past five years. Therefore, businesses younger than five years could not be included in this research.

Table 31 Age of Business

Age of Business	Frequency	Percent
5 – 9 Years	18	34%
10 Years and Above	35	66%
Total	53	100%

From the table above it is observable that the age of the majority of the surveyed businesses (66%) is equal to, or more than, ten years, while the remainder (34%) is between five to nine years.

These age groups are appropriate for the purpose of the study in terms of obtaining data on the perceived levels of performance and success for those businesses over the last five years.

6.2.5 Number of Employees

Employees' number is also considered to be among the most important variables given great importance in the literature when considering business size.

This is due to its significant impact on the organisational structure, authorities' delegation and other organisational aspects. Details are explained in table below.

Table 32 Number of Employees

Number of Employees	Frequency	Percent
1-49 Employees	11	20%
50-249 Employees	21	40%
250 Employees and More	21	40%
Total	53	100%

From the above table it is clear that the distribution of companies according to the number of workers is largely appropriate, where the proportion of small firms reached (20%), while the large and the medium-sized firms were equal at (40%).

This classification of business size was made based on the European Standard of business size based on the number of employees' criteria[32].

6.2.6 Academic Qualifications

Employee qualifications are one of the chief indicators used to anticipate a particular level of managerial practices in the company as it is expected that high qualifications will be reflected positively in the progress of the business and success through good managerial work and practices. For this purpose, the personal details of respondents were compiled and detailed in the following table.

Table 33 Employees Qualifications

Academic Qualifications	Frequency	Percent
Bachelor	160	68.7%
Master	43	18.5%
High Level School	27	11.6%
Doctorate	2	0.9%
Other Qualifications	1	0.4%
Total	233	100

The figures above show that the surveyed businesses have a large proportion of academically qualified employees who hold university degrees such as Bachelor,

32 European Commission (2003-05-06), Recommendation 2003/361/EC: SME Definition, http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/index_en.htm

Master, and Doctorate which together constitute high proportion of 88%[33]. This high percentage of qualified employees leads us to expect good administrative and managerial practices.

These percentages were distributed as follows: Bachelor holders (68.7%), followed by a Masters' Degrees holders (18.5%) and then the holders of Doctorates Degrees (0.9%).

6.2.7 Area of Specialisation

Despite the importance of academic qualifications in the exercise of administrative and operational functions, it is also vital to obtain harmony between academic qualifications and functional specialisation appropriate for the exercise of those functions.

For that reason, this type of data was collected and shown in the following table.

Table 34 Employees Specialisations

Area of Specialisation	Frequency	Percent
Business	138	59.2%
Science	29	12.4%
Engineering	32	13.7%
Education	6	2.6%
Others	28	12%
Total	233	100%

The above figures show that the disciplines of the questionnaire fillers suit largely the nature of the study and the qualifications that they hold.

Also, the collected data reflects the three key disciplines appropriate for the purposes of this study: Business (59.2%), Engineering (13.7%) and Science (12.4%) which is all suitable for the types of companies and administrative levels targeted.

This kind of result assists in expecting enhanced administrative and operational practices in the Libyan context.

[33] Calculated as follows: (68.7% + 18.5 % + 0.9 % = 88.1%)

6.2.8 The Current Position of Respondents

The employment status or organisational positions of the questionnaire fillers constitute another indicator of good selection of appropriate individuals for the purpose of the study.

Therefore, high quality or more reliable information is expected. This data was collected and presented in the following table.

Table 35 Respondents Positions

Current Position	Frequency	Percent
Financial Officer	75	32%
Different Positions	49	21%
Administrative Officer	37	16%
Sales Manager	28	12%
General Manager	15	6%
Quality Control Officer	15	5%
Businesses' Owner	11	4%
Deputy Manager	10	3%
Marketing Manager	3	1%
Total	233	100%

It is evident from the above table that a variety of organisational positions participated in this research which comprises an advantage in this study. The dominance of the financial and administrative individuals, rather than other functions, is noted.

This may be attributed to two reasons: first, a great deal of attention is given by the Libyan Authorities to these kinds of functions, especially since the Libyan system relies heavily on cash transactions.

Second, there is a low rate of turnover of labour force in such jobs and hence it is expected that such informants will be more knowledgeable individuals to consult.

6.2.9 Experience in the Current Position

The experience of respondents is among the most prominent factors that can be relied upon to obtain high quality information. More reliable or comprehensive information about the current position of the business is expected when utilising more experienced employees.

To this end, details of experience was collected and presented in the table below.

Table 36 Respondents Current Jobs

Years of Experience	Frequency	Percent
Less than 5 Years	63	27%
5-10 Years	81	35%
More than 10 Years	89	38%
Total	233	100%

From this table reasonable and appropriate levels of expertise of the study's informants can be observed, which increases the suitability of the involved members to participate in this study.

As can be seen from the table, participants with 10 years experience and more represent (38%) of the entire sample, while those who have experience between 5 and 10 years constitute (35%). In total, both comprise a good percentage of (73%) which increases the level of confidence and trust in the collected data.

6.3 Business Success Analysis

As explained in Chapter Five, business success was measured by a nine item scale which respondents were asked to rate based on their judgment of how well their company had performed relative to its major competitors over the past five years on a five point scale ranging from 1 = amongst the lowest to 5 = amongst the highest.

The scale items are presented in the table below. As discussed in detail in Chapter Five, six items (marked with an asterisk) were derived from semi-structured interviews conducted in Libya.

The other three items were derived from the market orientation literature (e.g. Slater and Narver; Mavondo; Langerak; Singh; Pelham; Farrell; Greenley and Foxall; Deng and Dart; Sittimalakom and Hart; Gopalakrishna and Subramanian; Baker and Sinkula).

Table 37 Business Success Measurement

Items
The availability of high level of Liquidities*
The ability of paying short liabilities*
Achieving high levels of profitability (ROI)*
Gaining high volume of market share*
Reaching high levels of customer retention
Improving operating efficiencies*
Growth and penetrating of new markets*
Succeeding of the new products / services
Building a respectful image for your business

The table above shows the nine items of business success scale adopted in the current research. As also explained in the previous chapter these items cover both financial and market performance aspects, the first three are financial performance aspects while the last six are market performance aspects.

It was also a critical step in this empirical study to assess the scale consistency or reliability of the collected data. Reliability comes as a second step in the scale development process, following validity.

Reliability refers to the degree to which measurements are free from random error and, therefore, provide consistent data (McDaniel and Gates, 2002).

Reliability analysis is the most important tool used to determine to what extent the utilised construct, used to measure a particular phenomenon, is valid and reliable to measure that phenomenon.

The Cronbach alpha technique is usually used to measure internal consistency reliability which involves computing mean reliability coefficient estimates (McDaniel and Gates, 2002).

A lack of correlation of an item with other items in the scale is evidence that the item does not belong in the scale and should be omitted. Cronbach alpha coefficient is determined for the scales used in this study to assess their reliability.

Cronbach alpha coefficient is the most commonly used score to determine internal consistency of the scales in management and marketing research.

According to Nunnally (1978), and Pallant (2001), 0.70 is an acceptable coefficient score to determine reliability of data. Therefore, a Cronbach alpha coefficient of 0.7 and above is considered acceptable for this study.

Hence, the reliability coefficient alpha of the business success scale and the refinement process performed on the final performance data are explained below.

Table 38 Business Success Reliability Statistics

Cronbach's Alpha	N of Items
0.95	9

From the above table it is obvious that the overall reliability of the business success scale reached a high level of 0.95. This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70.

In addition, strong correlation was noticed among these 9 items (Correlated Item-Total Correlation) as presented below.

Table 39 Reliability Analysis of Performance Relative to Competitors

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
High level of Liquidities	25.83	65.50	0.55	0.96
The ability of paying short liabilities such as monthly wages and salaries	25.39	60.24	0.82	0.95
ROI	25.20	57.45	0.88	0.94
Gaining high volume of market share	25.67	57.86	0.86	0.93
Reaching high levels of customer retention	25.79	58.64	0.80	0.95
Improving operating efficiencies	25.94	61.75	0.79	0.95
Attaining high levels of growth and penetrating of new markets	25.83	56.93	0.90	0.94
Succeeding of the new products / services	26.01	58.05	0.83	0.95
Building a respectful image for your business	25.81	56.54	0.84	0.95

A high degree of correlation can be seen among the 9 items of the business success scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be achieved by making any further changes to the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure business success using data collected from the Libyan market.

As an extra step, the reliability analysis of the financial performance (the first 3 items of the scale) and the market performance (the remaining 6 items) was also estimated as explained below.

Table 40 Financial Performance Reliability Statistics

Cronbach's Alpha	N of Items
0.86	3

The financial performance indicators reached a high level (0.86). This value highly exceeded the satisfactory, widely-accepted in social sciences research, cut-off value of 0.70.

In addition, strong correlation was detected among these 3 items (Correlated Item-Total Correlation) as explained below.

Table 41 Reliability Analysis of Financial Performance

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The availability of high level of Liquidities all times	7.29	4.48	0.62	0.86
The ability of paying short liabilities such as monthly wages and salaries	6.85	3.40	0.86	0.67
Achieving high levels of profitability (ROI)	6.66	3.22	0.74	0.80

From this table it can be seen that a high degree of correlation exists among the three items of the financial performance scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure financial performance using data collected from the Libyan market.

Regarding the market performance scale, the reliability analysis was also estimated and presented in the table below.

Table 42 Market Performance Reliability Statistics

Cronbach's Alpha	N of Items
0.95	6

From the above table it is obvious that the overall reliability of the market performance scale reached a high level of (0.95). This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70.

Furthermore, strong connection was detected among these six items (Correlated Item-Total Correlation) as shown in the table below.

Table 43 Reliability Analysis of Market Performance

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Gaining high volume of market share	15.32	26.534	0.84	0.94
Reaching high levels of customer retention	15.43	26.969	0.79	0.93
Improving operating efficiencies	15.58	28.817	0.81	0.94
Attaining high levels of growth and penetrating of new markets	15.48	25.828	0.89	0.93
Succeeding of the new products / services in the served market	15.66	26.323	0.84	0.94
Building a respectful image for your business	15.45	25.376	0.85	0.94

From this table it can be seen that a high degree of correlation exists among the 6 items of the market performance scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach’s Alpha if Item Deleted) which means that the scale is valid and reliable to measure market performance using data collected from the Libyan market.

As mentioned in Chapter Five, a tax payment indicator was used as an external performance indicator. It is demonstrated that strong positive correlations were detected among business success, financial performance, market performance and the tax payment indicator.

This implies that using one of these scales would be sufficient to measure business success in this study.

Additionally, to ascertain whether there is a difference between the average scores of business performance for two groups of businesses[34]: businesses that pay tax and those who do not pay tax, T-Test was also used.

The difference between the average scores of performance (business success, financial performance and market performance) was significant as shown in the table below.

Table 44 Difference in Mean Scores

Measurement	Tax Payments	Mean	SD	N
Business Success	**Business Did not Pay Tax**	1.78	0.41	45
	Business Pay Tax	3.57	0.68	188
Financial performance	**Business Did not Pay Tax**	2.24	0.45	45
	Business Pay Tax	3.76	0.75	184
Market performance	**Business Did not Pay Tax**	1.54	0.45	44
	Business Pay Tax	3.47	0.74	184

The above table shows that the averages of the three performance indicators (business success, financial performance and market performance) for the companies that did not pay taxes are much lower than those that pay taxes.

The difference between them is also statistically significant as is shown in the following table.

[34] These groups were tested based on real financial data obtained from the Libyan Ministry of Finance (Tax Departments).

Table 45 T-Test Independent Sample

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval	
									Lower	Upper
Business Success	Equal variances assumed	9.46	0.002	-16.92	231	0.00	-1.80	0.11	-2.01	-1.59
	Equal variances not assumed			-22.87	111.19	0.00	-1.80	0.08	-1.95	-1.64
Financial performance	Equal variances assumed	11.78	0.001	-12.96	227	0.00	-1.52	0.12	-1.75	-1.30
	Equal variances not assumed			-17.41	111.89	0.00	-1.52	0.09	-1.69	-1.35
Market performance	Equal variances assumed	9.58	0.002	-16.66	226	0.00	-1.93	0.12	-2.16	-1.70
	Equal variances not assumed			-22.36	106.81	0.00	-1.93	0.09	-2.10	-1.76

The data in this table clearly supports that there is significant difference ($t<0.01$) between the mean difference scores of business performance (-1.80, -1.52 & -1.93) for both businesses who pay tax and those who do not.

Also those mean scores fall within the range of the confidence interval of 95% (-1.64 & - 1.95) (- 1.35 & - 1.69) (- 1.76 & - 2.10)[35].

To summarise, business success was measured by the comprehensive nine item scale. The other measures such as financial performance, market performance and tax payment indicator were only used to lend more validity to the utilised nine items scale.

6.3.1 Business Success and Ownership Type

Since this study has targeted four types of business ownership, this section of the chapter is dedicated to identifying whether there is a difference between these types of ownership in terms of their performances.

The mean and standard deviation of scores on the business performance scale for the three major ownership types is given in table below.

[35] More figures can be found in Appendix 10 (figures 1 to 6).

Table 46 Business Success and Ownership Type

Ownership Type	Mean	SD	N
Private	3.83	0.43	91
Public/ Being Privatised	2.96	0.99	122
Privatised	2.14	0.73	20
Total	3.23	0.96	233

From the above table it is observed that privately owned companies were judged the most successful (3.83)[36], while privatised businesses were the least successful (2.14).

Public and under privatisation businesses were judged better than the privatised ones with an average score of performance equal to (2.96). This indicates that the Libyan Authorities have started the privatisation programmes with unsuccessful businesses.

Analysis of variance[37] with business performance as the dependent variable and ownership as the single independent factor showed that there was a significant difference in mean performance scores between ownership types { $F (2,230) = 50.96$, $p < 0.01$}.

The difference was also clear through Post Hoc Tests[38]. From the Post Hoc Bonferroni multiple comparison tests table it is clear that all three ownership types were significantly different from each other at the 5% significant level which means that the performance and level of success for the three ownership types is significantly different.

6.3.2 Business Success and Business Nature

This section of the analysis will identify whether business performances can be different based on the nature of the business.

The mean and standard deviation of score on the business performance scale for the two major businesses included in this study is given in the table below.

36 The criteria in this research is that if the average score was three out of five based on Likert scale then a company can be considered successful. In this case, (3.83 out of 5) points are equals to (77%) which means that the private companies are successful.
37 See appendix 10 table 1
38 See appendix 10 table 2

Table 47 Business Success and Ownership Nature

Nature of Business	Mean	SD	N
Manufacturing	2.98	1.11	100
Services	3.41	0.77	133
Total	3.23	096	233

From the above table it is evident that service companies were judged to be more successful (3.41) than those in manufacturing (2.98) and to ensure that there is a difference in business performance based on the nature of business dimension, analysis of variance has been used[39].

Analysis of variance with business performance as the dependent variable and business nature as the single independent factor showed that there was a significant difference in the mean performance scores between business nature {$F(1,231) = 12.380$, $p < 0.01$}.

This emphasises the fact that the services businesses are more profitable than those in the manufacturing sector.

6.3.3 Business Success, Ownership Type and Business Nature

This part of the analysis shows in more detail how business performance is different based on the two pillars: ownership type; and nature of business.

The mean performance scores by nature and ownership type are shown in the table below.

Table 48 Business Success, Ownership Type and Business Nature

Ownership Type	Business Nature	Mean	SD	N
Private	**Manufacturing**	3.96	0.35	50
	Services	3.67	0.47	41
Public/ Being Privatised	**Manufacturing**	1.91	0.62	30
	Services	3.30	0.85	92

From this table it is clear that the private sector performs much better than the public sector both in: the services sector (3.67 against 3.30) and the manufacturing sector (3.96 against 1.91).

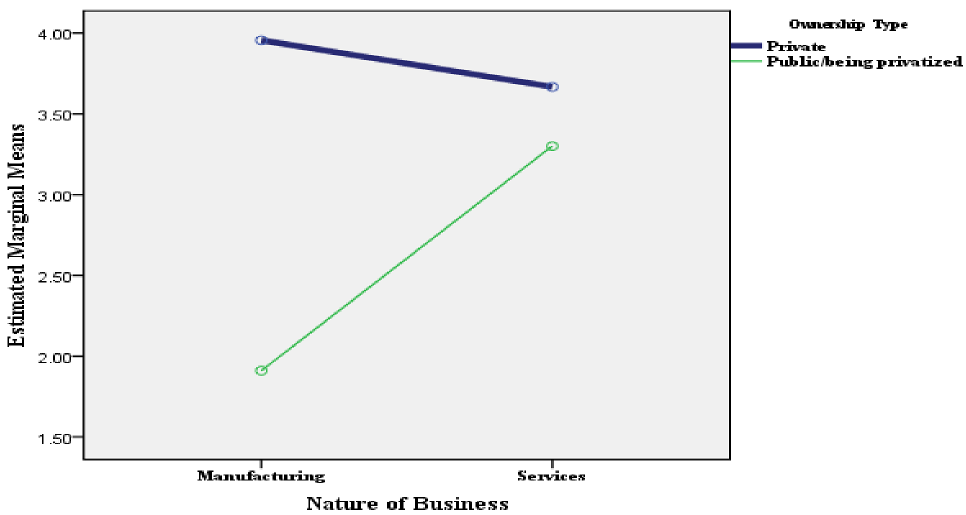
[39] See appendix 10 table 3

To clarify, a two-way analysis of variance[40] with business performance as the dependent variable and both nature of business and ownership type as independent factors was carried out. As discussed earlier it was not possible to include privatised companies in the analysis so that both factors are two levels.

The two-way analysis of variance showed that there was a significant main effect of ownership on business performance {F (1,209) = 150.231, p< 0.01} and a significant main effect of business nature on business performance {F (1,209) = 31.036, p< 0.01}. However there was also a significant interaction effect {F (1,209) = 72.817, p< 0.01}.

To see, visually, the differences between private and public sector performances, a graphical figure has been generated for that purpose.

Figure 9 Business Success, Nature of Business and Ownership Type



From the chart above it is clear that there is an interaction effect. In manufacturing sector there is a very large difference between the public and private sectors with the private sector having a substantially higher score (3.96 compared to 1.91).

However in the service sector while the private sector is still more successful, the difference had narrowed (3.67 to 3.30).

[40] See appendix 10 table 4

Specifically the effect of business nature on business performance differed by ownership. In the private sector manufacturing companies had higher performance scores while in the public sector the opposite occurred; service companies were more successful than manufacturing companies.

6.4 Overall Market Orientation

As noted in Chapter Five, market orientation was measured using Narver and Slater's (1990) construct.

The market orientation construct employed in this study consists of 15 items (see Table 6.4.a for the items used) measured by asking respondents to rate agreement on a number of statements on a five point scale ranging from 1 (not at all) to 5 (to a great extent).

Although this study uses the Narver and Slater (1990) well-established scale of market orientation in the literature, an attempt was made to evaluate its reliability and appropriateness using data from the Libyan context.

The scale refinement process performed on the survey data, applying reliability analysis using coefficient alpha is explained below.

Table 49 Market Orientation Reliability Statistics

Cronbach's Alpha	N of Items
0.93	15

From the above table it is clear that the overall reliability of the market orientation scale reached a high level of 0.93.

This value highly exceeded the satisfactory, widely-accepted in social sciences, research cut-off value of 0.70.

Additionally, strong association was detected among all the items of the scale (Correlated Item-Total Correlation) as shown below.

Table 50 Reliability Analysis of Market Orientation Scale

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We show commitment to customers	41.26	86.24	0.71	0.92
We create products / services that offer value for customers	40.65	89.33	0.61	0.93
We fully understand customers needs	41.35	91.13	0.63	0.93
We consider customers satisfaction as a major objective	41.46	89.99	0.71	0.93
We regularly measure customers satisfaction	42.68	90.39	0.61	0.93
We provide after-sales service for customers	42.44	84.79	0.75	0.92
Our salespeople share competitor information	42.03	84.19	0.76	0.92
Our salespeople respond rapidly to competitors' actions	41.93	78.13	0.77	0.92
In our business, top management discuss competitors' strategies	41.51	83.32	0.71	0.93
In our business, top management target opportunities to creating competitive advantage	40.68	82.55	0.73	0.92
In our business, different units work closely together to meet customers' needs	41.26	89.98	0.68	0.93
In our business, various units share business information with each other	40.81	90.47	0.65	0.93
In our business, business strategies are integrated among various units	40.75	90.97	0.55	0.93
All functions in our business work together and contribute to customer value	40.74	89.48	0.65	0.93
In our business, resources are shared among business units	40.60	90.52	0.58	0.93

From the above table it can be seen that a high degree of correlation exists among all the different items of the market orientation scale (Correlated Item-Total Correlation) and no improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach’s Alpha if Item Deleted) which means that the scale is valid and reliable to measure overall market orientation using data collected from the Libyan context.

6.4.1 Market Orientation and Business Success

To identify the degree of correlation between market orientation and business success, Pearson correlation coefficient was used as explained in the table below.

Table 51 Market Orientation and Business Performance (Success)

Factors	Coefficient	Performance against competitors	Market orientation
Performance against competitors	Pearson Correlation	1.00	0.58**
	Sig. (2-tailed)		0.00
	N	233	233
Market orientation	Pearson Correlation	0.58**	1.00
	Sig. (2-tailed)	0.00	
	N	233	233

** Correlation is significant at the 0.01 level (2-tailed).

Table above shows that there is a significant moderate to strong correlation between market orientation and perceived business success as $r = 0.58$ and $p < 0.01$. This demonstrated that overall market orientation has a positive influence on business success using data collected from the Libyan market.

6.4.2 Market Orientation and Ownership Type

The primary purpose of this part of the analysis is to identify the influence of the ownership type of a company on the degree of implementation the concept of market orientation. The mean and standard deviation of market orientation scores for the three major ownership types is given in table below.

Table 52 Market Orientation and Ownership Type

Ownership Type	**Mean**	**SD**	**N**
Private	3.54	0.51	91
Public/being privatized	2.53	0.32	122
Privatized	2.62	0.56	20
Total	2.93	0.65	233

From the above table it is obvious that the privately owned companies scored highest in being market-oriented (3.54).

A very small difference is noted between privatised (2.62) and public (2.53) businesses with the privatised scoring slightly higher.

Analysis of Variance[41] with market orientation as the dependent variable and ownership as the single independent factor showed that there is a significant difference in the mean market orientation scores among ownership types ($F(2,230) = 151.15$, $p < 0.01$), indicating the influence of ownership type on market orientation adoption.

The Post Hoc Bonferroni multiple comparison tests[42] showed that while private companies were significantly different from both public and privatised at the (5%) significance level there was no significant difference between public and privatised companies. This result is consistent with the previous result reached by analysis of variance.

6.4.3 Market Orientation and Business Nature

This section of the analysis explores the impact of the role of the nature of business, whether it is in the manufacturing sector or in the service sector, on the adoption of the market orientation concept.

The mean and standard deviation of market orientation scores for the two major businesses' nature is given in table below.

Table 53 Market Orientation and Business Nature

Nature of Business And Market Orientation	Mean	SD	N
Manufacturing	3.12	0.86	100
Services	2.79	0.38	133
Total	2.93	0.65	233

From the table above it is clear that the degree of adopting the concept of market orientation in the manufacturing sector (3.12) is much higher than that in the service sector (2.79), which means that the nature of business has an influence on adopting the concept of market orientation.

An analysis of variance[43] with market orientation as the dependent variable and business nature as the single independent factor showed that there was a significant

[41] See appendix 10 table 5
[42] See appendix 10 table 6
[43] See appendix 10 table 7

difference in the mean of market orientation scores between the surveyed businesses where (F(1,231) = 16.36 and s value < 0.01).

6.4.4 Overall Market Orientation, Ownership Type and Nature of Business

The aim of this part of the analysis is to identify the impact of the type of ownership of the company and the nature of its activity on the level of embracing the concept of market orientation. The table below provides more details.

Table 54 Market Orientation, Ownership Type and Nature of Business

Ownership Type	Nature of Business	Mean	SD	N
Private	**Manufacturing**	3.86	0.40	50
	Services	3.15	0.34	41
	Total	3.54	0.51	91
Public/being privatized	**Manufacturing**	2.23	0.24	30
	Services	2.62	0.28	92
	Total	2.53	0.32	122
Total	**Manufacturing**	3.25	0.87	80
	Services	2.79	0.39	133
	Total	2.96	0.65	213

From the table above it is clear that the private sector, both manufacturing (3.86) and service (3.15), enjoy a higher degree of market orientation, while the public sector is characterised by a weak market orientation degree for both industrial (2.23) and service (2.62) activities.

To identify whether there is a real difference among these dimensions, a two-way analysis of variance with market orientation as the dependent variable and both nature and ownership as independent factors were used[44] to see whether there were any interaction effects.

As discussed earlier it was not possible to include privatised companies in the analysis so that both factors are two levels.

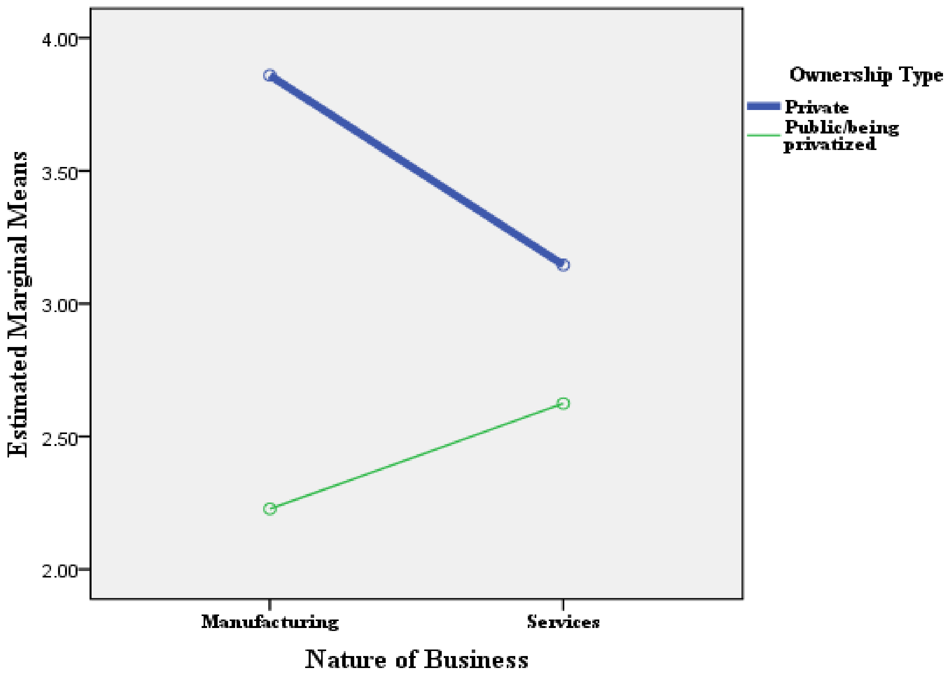
Analysis of variance suggests that the type of ownership of the company, the nature of its business and the interaction between have an influence on the degree of embracing the market orientation concept in Libya as all (p) values are < 0.01.

[44] See appendix 10 table 8

There is significant main effect of ownership on market orientation ($F(1,209) = 519.891$, $p < 0.01$) a significant main effect of business nature on market orientation ($F(1,209) = 11.24$, $p < 0.01$).

However there was also a significant interaction effect ($F(1,209) = 138.48$, $p < 0.01$). A clearer picture can be obtained from the plot below.

Figure 10 Overall Market Orientation, Business Success and Ownership Type



The plot of estimated marginal mean market orientation scores by ownership and nature shows this interaction effect.

In the manufacturing sector there is a large difference between the public and private sectors with the private sector having a substantially higher score (3.86 compared to 2.23).

However in the service sector, while the private sector is still more successful, the difference had narrowed (3.15 to 2.62). Specifically the effect of nature of business on market orientation differed by ownership.

In the private sector manufacturing companies had a higher market orientation score[45], while in the public sector the opposite occurred, service companies score higher market orientation than manufacturing companies[46].

Therefore, this chart supports the previous conclusions reached by ANOVA and Post Hoc Tests.

6.4.5 Market Orientation, Ownership Type and Nature of Business

This part of the analysis focuses on understanding the contribution of each component of the market orientation construct as indicated in the following table.

Table 55 Market Orientation, Business Nature and Ownership Type

Nature of Business	Market Orientation	Private			Public/being privatized			Privatized		
		Mean	SD	N	Mean	SD	N	Mean	SD	N
Manufacturing	Customer Orientation	3.43	0.52	50	1.94	0.38	30	2.32	0.52	20
	Competitor Orientation	4.25	0.44	50	1.83	0.56	30	2.70	0.98	20
	Interfunctional Cooperation	4.06	0.44	50	2.89	0.40	30	2.92	0.43	20
	Overall Market Orientation	3.86	0.40	50	2.23	0.23	30	2.62	0.56	20
Services	Customer Orientation	2.85	0.36	41	2.44	0.34	92	-	-	-
	Competitor Orientation	2.96	0.76	41	2.02	0.53	92	-	-	-
	Interfunctional Cooperation	3.66	0.46	41	3.35	0.50	92	-	-	-
	Overall Market Orientation	3.15	0.34	41	2.62	0.28	92	-	-	-

It is noticeable that private companies score more highly on all three orientations and that public companies score lowest across all orientations.

[45] This might be attributed to the increase in the number of competitors from private manufacturing businesses.
[46] This might be attributed to the increase in the number of competitors from public services businesses.

However this difference is smaller in the service sector than in the manufacturing sector. To determine whether there is an association among them, a correlation analysis was conducted.

Table 56 Success, Customer, Competitor and Interfunctional Coordination

Dimension	Customer Orientation	Competitor Orientation	Interfunctional Cooperation
Performance against competitors	0.62**	0.30**	0.66**
Customer Orientation		0.67**	0.71**
Competitor Orientation			0.51**
N = 233			

** Correlation is significant at the 0.01 level (2-tailed)

The table above shows the correlations between market orientation scores. There were significant positive correlations among all three scales.

The table also shows the correlations of the three dimensions with the measure of business performance.

Again all the correlations are positive and significant but the correlations between competitor orientation and business performance (success) was considerably lower than the other two dimensions indicating that an orientation towards competitors was not closely related to business success.

6.5 Market Orientation: Customer Orientation

Customer orientation is the first sub-dimension of Narver and Slater's (1990) construct used in this research.

In this part, the customer orientation reliability analysis scale was measured by a six item scale (see Table 6.5.a for the items) which respondents were asked to rate agreement on a number of statements on a five point scale ranging from (1) not at all to (5) to a great extent as is shown in the following table.

Table 57 Customer Orientation Reliability Statistics

Cronbach's Alpha	N of Items
0.87	6

The overall reliability of the customer orientation scale reached a high value (0.87) which highly exceeded the satisfactory widely-accepted value in social sciences (0.70).

In addition, strong connection was detected among all the 6 items of the scale (Correlated Item-Total Correlation) as explained below.

Table 58 Customer Orientation's Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We show commitment to customers	12.90	9.76	0.70	0.84
We create products / services that offer value for customers	12.29	10.75	0.61	0.85
We fully understand customers needs	12.98	11.23	0.69	0.84
We consider customers satisfaction as a major objective	13.08	11.03	0.74	0.83
We regularly measure customers satisfaction	14.31	11.08	0.63	0.85
We provide after-sales service for customers	14.07	9.68	0.67	0.85

From this table it can be seen that a high degree of correlation exists among the different items of the customer orientation scale (Correlated Item-Total Correlation) and no improvement to the overall reliability of the scale can be made by making any further changes to the scale items (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure customer orientation sub-dimension using data collected from Libya.

6.5.1 Customer Orientation and Ownership Type

This section of this chapter will discover to what extent ownership type differentiates between the respondent businesses in terms of the level of customer orientation adoption. Details are provided below.

Table 59 Customer Orientation and Ownership Type

Ownership Type	Mean	SD	N
Private	3.17	0.54	91
Public/being privatized	2.32	0.41	122
Privatized	2.32	0.52	20
Total	2.65	0.63	233

From the above table it is evident that privately-owned businesses have a higher level of orientation towards their customers as the mean scores was the highest (3.17) amongst the studied businesses, while public businesses (2.32) and privatised businesses (2.32) scored the lowest orientation towards their customers.

This may mean that the privately-owned businesses give relatively more attention to customers in the market than the remaining businesses.

This may be attributed to the growing level of competition in this sector and might also be attributed to the state of monopoly in some type of businesses in the public sector.

Analysis of variance[47] with customer orientation as the dependent variable and ownership type as the independent factor showed that there was a significant difference in the mean customer orientation scores among the studied businesses ($F(2,230) = 89.47$, $p < 0.01$), which means that businesses are dealing differently with their customers in the Libyan market.

Post Hoc Tests for multiple comparisons[48] shows that the private sector is significantly different from the public business, being privatised businesses and the privatised one.

At the time where all public businesses, being privatised businesses, and those already privatised have no differences among them in terms of the importance given to the customers in the Libyan market, a great importance has been given to the customers by private sector businesses.

[47] See appendix 10 table 9
[48] See appendix 10 table 10

6.5.2 Customer Orientation and Nature of Business

This part of the analysis explores the expected effect of nature of business on the level of customer orientation adoption as shown in the table below.

Table 60 Customer Orientation and Nature of Business

Nature of Business	Mean	SD	N
Manufacturing	2.76	0.837	100
Services	2.56	0.394	133
Total	2.65	0.630	233

From the table, above, it is obvious that there are many similarities between manufacturing and service businesses in the degree of weakness in terms of customer orientation where the mean score in manufacturing businesses was (2.76) and (2.56) for services businesses.

Analysis of variance[49] with customer orientation as the dependent variable and business nature as the independent factor showed that there was no significant difference in the mean customer orientation scores among the studied businesses ($F(1,231) = 5.86$, $p > 0.01$), which means the importance of customers is approximately the same in both the manufacturing and services sectors.

6.5.3 Customer Orientation, Ownership Type and Nature of Business

As observed previously, the type of ownership and the nature of business activities have a different influence on the degree of adopting the concept of customer orientation.

Hence, it is logical to examine the combined effect of both as illustrated in the following table.

[49] See appendix 10 table 11

Table 61 Customer Orientation, Ownership Type and Nature of Business

Ownership Type	Nature of Business	Mean	SD	N
Private	**Manufacturing**	3.43	0.52	50
	Services	2.85	0.36	41
	Total	3.17	0.54	91
Public/being privatized	**Manufacturing**	1.94	0.39	30
	Services	2.44	0.34	92
	Total	2.32	0.41	122
Total	**Manufacturing**	2.88	0.870	80
	Services	2.56	0.39	133
	Total	2.68	0.63	213

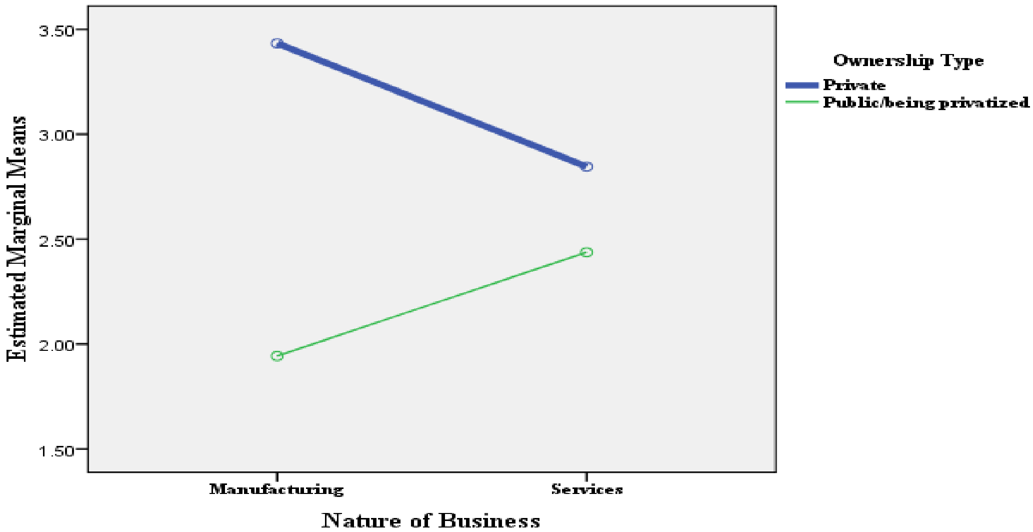
The table above shows that the private sector enjoys a high degree of customer orientation for manufacturing businesses (3.43) and slightly high for the service (2.85) businesses, while the public sector had a weak level of customer orientation for both manufacturing businesses (1.94) and service businesses (2.44).

Analysis of variance[50] showed that there was a significant main effect of ownership on customer orientation ($F(1,209) = 254.93$, $p < 0.01$) but no significant main effect of business nature on customer orientation ($F(1,209) = 0.62$, $p > 0.05$).

However there was a significant interaction effect ($F(1,209) = 82.80$, $p < 0.01$). In order to obtain a clear image regarding the influence of ownership type and business nature on customer orientation adoption, a graphical plot was drawn as shown below.

[50] See appendix 10 table 12

Figure 11 Customer Orientation, Ownership Type and Nature of Business



From the above plot it is clear that there is a big difference between private and public companies in terms of orientation towards customers. There is also a big difference between private manufacturing and service businesses. For example, the private manufacturing businesses scored a very high degree of orientation towards their customers (3.42) whereas the services businesses scored (2.84).

On the other hand, in the public sector there is quite a difference among manufacturing (1.94) and services businesses (2.44) which indicated that there is a growing trend towards customers in public services businesses rather than manufacturing businesses.

6.6 Market Orientation: Competitor Orientation

Competitor orientation is the second sub-dimension of Narver and Slater's (1990) construct used in this research.

In this section, competitor orientation reliability analysis scale was measured by a four item scale (see table 6.6 for the items) which respondents were asked to rate agreement on a number of statements on a five point scale ranging from (1) not at all to (5) to a great extent as it is shown in the following table.

Table 62 Competitor Orientation Reliability Statistics

Cronbach's Alpha	N of Items
0.92	4

The reliability analysis estimation of the competitor orientation scale reached a high level (0.92). This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70.

Additionally, strong association was seen among the 4 items of the scale (Correlated Item-Total Correlation) as shown below.

Table 63 Competitor Orientation's Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Our salespeople share competitor information	8.58	11.728	0.85	0.89
Our salespeople respond rapidly to competitors' actions	8.48	9.458	0.86	0.89
In our business, top management discuss competitors' strategies	8.06	10.807	0.88	0.87
Top management target opportunities to creating competitive advantage	7.23	11.705	0.71	0.92

A high degree of correlation among the 4 items of the competitor orientation scale can be observed for the above table (Correlated Item-Total Correlation) and no improvement to the overall reliability of the scale can be achieved if further change is made (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure competitor orientation sub-dimension using data collected from the Libyan market.

6.6.1 Competitor Orientation and Ownership Type

This section of this chapter will discover the extent to which ownership type differentiates between the studied businesses in terms of the level of competitor orientation. The mean scores of competitor orientation of respondent businesses are presented in the table below.

Table 64 Competitor Orientation and Ownership Type

Ownership Type	Mean	SD	N
Private	3.67	0.88	91
Public/ Being Privatised	1.97	0.54	122
Privatised	2.70	0.98	20
Total	2.70	1.09	233

From the above table it is evident that privately-owned businesses can be considered as being competitor-oriented as the mean score was the highest (3.67) amongst the studied businesses, while public business rated the lowest with mean scores (1.97).

This could mean that privately-owned businesses give more attention to the competition in the market than the remaining businesses due to growing competition in this sector.

Analysis of variance[51] with competitor orientation as the dependent variable and ownership type as the independent factor showed that there was a significant difference in the mean competitor orientation scores among the studied businesses ($F(2,230) = 138.83$, $p < 0.01$).

This means that businesses are dealing differently with competition in the Libyan market.

Post Hoc Analysis[52] also shows that all the studied businesses are significantly different from each other in terms of the level of the attention given to the competition in the Libyan market.

[51] See appendix 10 table 13
[52] See appendix 10 table 14

6.6.2 Competitor Orientation and Nature of Business

This part of the analysis explores the expected effect of nature of business on the level of competitor orientation adoption as is shown in the table below.

Table 65 Competitor Orientation and Nature of Business

Nature of Business	Mean	SD	N
Manufacturing	3.22	1.24	100
Services	2.31	0.75	133
Total	2.70	1.09	233

From the above table it is apparent that the competition factor is very important for manufacturing businesses as the competitor orientation scores reached (3.22) which are higher than that for the service businesses (2.31) due to the growing competition in this sector.

Analysis of variance with competitor orientation as the dependent variable and business nature as the independent factor showed that there was a significant difference in the mean competitor orientation scores among the studied businesses ($F(1,231) = 47.94$, $p < 0.01$)[53], which means that competition is more important for manufacturing than for services businesses.

6.6.3 Competitor Orientation, Ownership and Nature of Business

As observed previously, the type of ownership and the nature of business activities have, independently, an influence on the degree of adopting the concept of market orientation.

Hence, it is logical to examine the combined effect of both as illustrated in the following table.

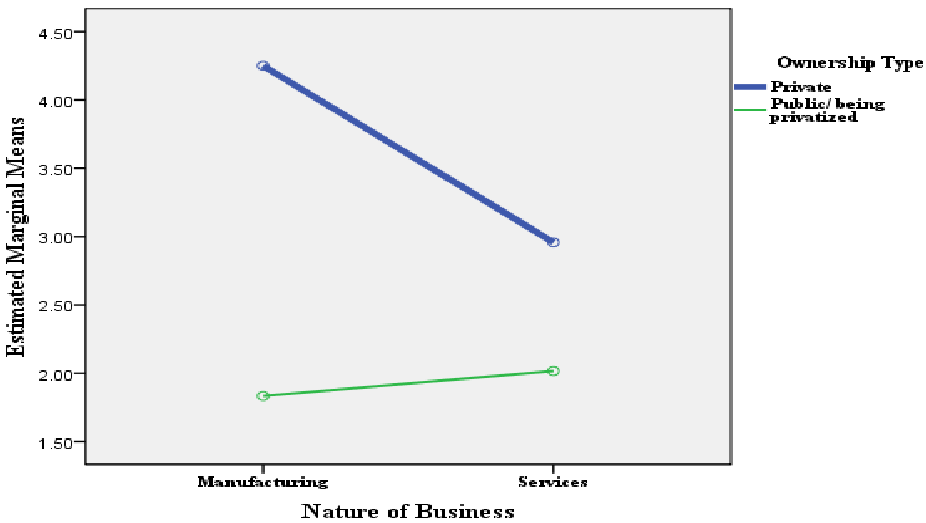
[53] See appendix 10 table 15

Table 66 Competitor Orientation and Nature of Business

Ownership Type	Nature of Business	Mean	SD	N
Private	**Manufacturing**	4.25	0.44	50
	Services	2.96	0.76	41
	Total	3.67	0.88	91
Public/being privatised	**Manufacturing**	1.83	0.56	30
	Services	2.01	0.53	92
	Total	1.97	0.54	122
Total	**Manufacturing**	3.34	1.27	80
	Services	2.31	0.75	133
	Total	2.70	1.10	213

The table above shows that the private sector enjoys a high degree of competitor orientation in both manufacturing (4.25) and service (2.96) activities, while the public sector had a very weak level of competitor orientation for both manufacturing (1.83) and service activities (2.01). This might imply that there is a very low level of competition in the public sector and it is slightly higher in the service than in the manufacturing businesses. Figure below gives more details.

Figure 12 Competitor Orientation, Nature of Business and Ownership Type



From the above plot it is clear that there is a big difference between private firms and public companies in terms of competitor orientation. There is also a big difference between private manufacturing and service businesses.

For example, private industrial businesses scored a higher degree of orientation towards competitors (4.25) than the services business (2.96).

On the other hand, in the public sector there is a very small difference among the manufacturing (1.83) and services businesses (2.02) which indicated a very weak level of competitor orientation due to the low level of competition in the market and also because of the presence of a state of monopoly for some types of economic activities restricted to public sector businesses.

6.7 Market Orientation: Interfunctional Co-ordination

Interfunctional coordination is the third sub-dimension of Narver and Slater's (1990) construct used in this research. In this section, the reliability analysis of interfunctional coordination was assessed by a five item scale (see table 6.7.a for the items) which respondents were asked to rate agreement on a number of statements on a five point scale ranging from (1) not at all to (5) to a great extent as it is shown in the following table.

Table 67 Interfunctional Coordination Reliability Statistics

Cronbach's Alpha	N of Items
0.86	5

The overall reliability of the interfunctional coordination scale reached a high level (0.86). This value exceeded the satisfactory widely-accepted in social sciences research cut-off value (0.70).

In addition, strong correlation was detected among the five items of the scale (Correlated Item-Total Correlation) as explained below.

Table 68 Interfunctional Coordination's Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
In our business, different units work closely together to meet customers' needs	14.28	6.49	0.59	0.85
Various units share business information with each other	13.83	6.17	0.69	0.83
In our business, business strategies are integrated among various units	13.75	6.03	0.66	0.83
All functions in our business work together and contribute to customer value	13.73	5.87	0.72	0.82
Resources are shared among business units	13.59	5.90	0.70	0.82

Interfunctional coordination reliability analysis shows a high degree of correlation among the different items of the scale (Correlated Item-Total Correlation) and no improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure interfunctional coordination sub-dimension using data collected from the Libyan context.

6.7.1 Interfunctional Co-ordination and Ownership Type

This section will determine the expected influence of ownership type on the interfunctional coordination. The mean and standard deviation of score of the interfunctional co-ordination scale for the three major ownership types is given in the table below.

Table 69 Interfunctional Coordination and Ownership Type

Ownership Type	Mean	SD	N
Private	3.88	0.49	91
Public/being privatized	3.23	0.51	122
Privatized	2.91	0.43	20
Total	3.46	0.61	233

Privately owned companies were judged the highest in terms of inter-functional co-ordination (3.88), followed by public businesses (3.23), while privatised businesses were considered to be the lowest (2.91).

This probably reflects the importance and ease of coordination and integration procedures in the private sector in comparison with the public sector because of the small size of the private sector and its reliance on informal rather than formal communication.

Conversely, privatised businesses showed less interfunctional coordination due to the fact that they are unprofitable businesses and they still suffer from several drawbacks inherited from previous practices at the centrally planned period.

An analysis of variance[54] with interfunctional co-ordination as the dependent variable and ownership as the single independent factor showed that there was a significant difference in mean interfunctional co-ordination scores among ownership types ($F(2,230) = 56.17$, $p < 0.01$), which indicates that ownership type has an effect on the level of interfunctional coordination in the company.

Post hoc Bonferroni multiple comparison tests[55] also showed that all three ownership types were significantly different from each other at the (5%) significance level. That means ownership does make a difference among the studied businesses in terms of interfunctional cooperation levels.

6.7.2 Interfunctional Co-ordination and Business Nature

This section will determine the expected influence of nature of business on the interfunctional coordination dimension.

Table 70 Interfunctional Coordination and Business Nature

Nature of Business	Mean	SD	N
Manufacturing	3.48	0.72	100
Services	3.44	0.51	133
Total	3.46	0.61	233

There was a slight difference between the two sectors of interfunctional coordination, with manufacturing businesses slightly higher (3.48) than services businesses (3.44).

[54] See appendix 10 table 16
[55] See appendix 10 table 17

An analysis of variance[56] with interfunctional co-ordination as the dependent variable and business nature as the independent factor showed that there was no significant difference in the mean interfunctional co-ordination scores between business nature ($F(1,231) = 0.19$, $p > 0.05$), which means that interfunctional coordination has approximately the same importance for manufacturing and services businesses.

6.7.3 Interfunctional Coordination, Ownership and Business Nature

This part of the analysis determines the combined effect of ownership type and business nature on interfunctional co-ordination levels. Mean interfunctional co-ordination scores by business nature and ownership type are presented in the table below.

Table 71 Interfunctional Coordination, Nature of Business and Ownership Type

Ownership	Business Nature	Mean	SD	N
Private	Manufacturing	4.10	0.44	50
	Services	3.66	0.46	41
Public/being privatized	Manufacturing	2.89	0.40	30
	Services	3.35	0.50	92

From the aforementioned table it is obvious that the level of interfunctional coordination in the private sector is higher than that in the public sector. Also, it is noticeable that private manufacturing businesses come first with a score of (4.10), followed by the service sector with a score of (3.66).

The opposite is true in the public sector with the service sector having the highest scores (3.35) followed by the manufacturing sector with a score of (2.89).

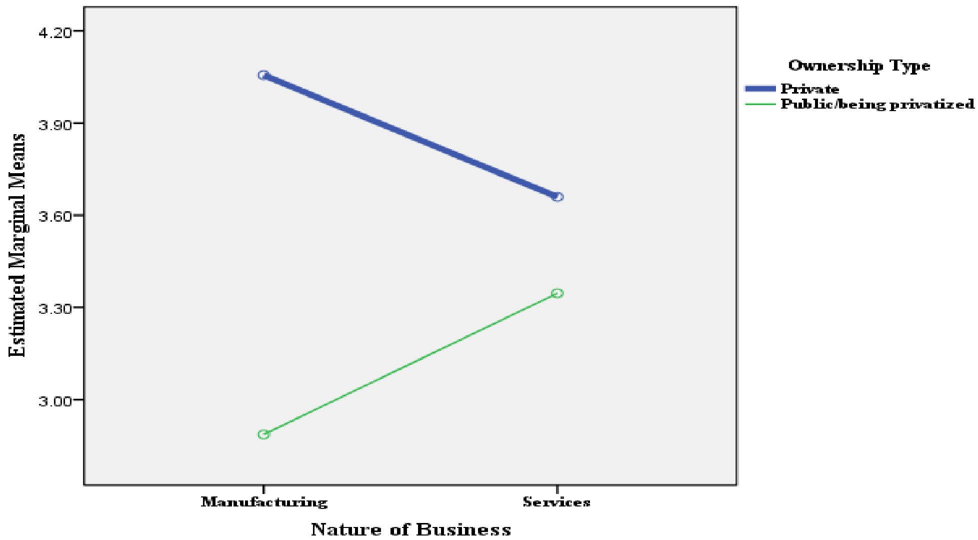
A two-way analysis of variance[57] with interfunctional co-ordination as the dependent variable and both nature of business and ownership type as independent factors was used to observe whether there were any interaction effects. As discussed earlier it

[56] See appendix 10 table 18
[57] See appendix 10 table 19

was not possible to include privatised companies in the analysis so that both factors are two levels.

The ANOVA table showed that there was a significant main effect of ownership on interfunctional co-ordination ($F (1,209) = 114.05, p < 0.01$) but no significant main effect of business nature on interfunctional co-ordination ($F (1,209) = 0.21, p > 0.05$). However there was a significant interaction effect ($F (1,209) = 37.98, p < 0.01$). A clear image can be found through the plot below.

Figure 13 Interfunctional Coordination, Nature of Business and Ownership Type



The plot of estimated marginal mean interfunctional co-ordination scores by ownership and nature shows this interaction effect. In the manufacturing sector there is a large difference between the public and private sectors with the private sector having a substantially higher score (4.10 compared to 2.89). However in the service sector while the private sector is still more successful, the difference had narrowed (3.66 to 3.35).

Specifically the effect of sector on interfunctional co-ordination differed by ownership, in the private sector manufacturing companies had a higher interfunctional co-ordination score while in the public sector the opposite occurred, service companies have a higher interfunctional co-ordination score than manufacturing companies.

6.8 Success Factors

Given that understanding the reasons for the success of companies in Libya was among the main goals of this study, it has been necessary to search for successful companies and attempt to have access to them.

In doing so, the Libyan Ministry of Economy, Industry and Finance were visited in the hope of obtaining a list of the most successful businesses in Libya. The outcome of those visits revealed that there are no such details about businesses in Libya.

As a consequence, the researcher has used unpublished financial reports, financial statements, and taxation reports, obtained from the Libyan Authorities, to classify and create a list of successful and unsuccessful businesses[58].

In addition, annual premiums tax paid by businesses to the Ministry of Taxes was used as an indicator of the ability of profit making. Therefore, all businesses that have been found making such payments have been considered to be successful businesses. This is the only rational indicator available for use.

The approach of classifying businesses based on financial indicators, has been previously supported in judging successful and unsuccessful businesses (e.g., Reese and Cool, 1978; Burke, 1984; Saunders and Wong, 1985; Buckley et al, 1988; Kotabe, 1990; Wong and Saunders, 1993).

In support of the evidence presented previously, a question was posed to the questionnaire fillers about how successful their businesses are and their responses recorded and presented in the following table.

[58] See appendix 6.

Table 72 Successful and Unsuccessful Businesses

Degree of Success	Frequency	Percent
Extremely Unsuccessful	16	6.9%
Unsuccessful	24	10.4%
To Some Extent Successful	29	12.6%
Successful	77	33.3%
Extremely Successful	85	36.8%
Total	231	100%

From the above table it can be observed that the majority of the investigated companies (33.3 % + 36.8 % = 70.1%) were judged to be successful.

This result is in line with other previous conclusions: (1) the overall average performance against competitors for the studied businesses (private manufacturing average performance 3.96, private services average performance 3.67 and public services average performance 3.30) and (2) the financial and taxation reports obtained from the Taxation Department in the Libyan Ministry of Finance. All these findings confirm that most of the respondent businesses are successful businesses.

6.8.1 Degree of Success, Nature of Business and Ownership Type

This section categorises the respondent businesses depending on the degree of success, nature of business and ownership type as it is shown in table below.

Table 73 Degree of Success

<table>
<tr><th rowspan="2">Nature of Business</th><th rowspan="2">Degree of Success</th><th colspan="4">Ownership Type</th></tr>
<tr><th>Private</th><th>Public/being privatised</th><th>Privatised</th><th>Total</th></tr>
<tr><td rowspan="6">Manufacturing Businesses</td><td>Extremely Unsuccessful</td><td>0</td><td>8</td><td>4</td><td>12</td></tr>
<tr><td>Unsuccessful</td><td>0</td><td>11</td><td>5</td><td>16</td></tr>
<tr><td>To Some Extent Successful</td><td>0</td><td>11</td><td>4</td><td>15</td></tr>
<tr><td>Successful</td><td>20</td><td>0</td><td>6</td><td>26</td></tr>
<tr><td>Extremely Successful</td><td>30</td><td>0</td><td>1</td><td>31</td></tr>
<tr><td>Total</td><td>50</td><td>30</td><td>20</td><td>100</td></tr>
<tr><td rowspan="6">Services Businesses</td><td>Extremely Unsuccessful</td><td>0</td><td>4</td><td>0</td><td>4</td></tr>
<tr><td>Unsuccessful</td><td>0</td><td>8</td><td>0</td><td>8</td></tr>
<tr><td>To Some Extent Successful</td><td>0</td><td>14</td><td>0</td><td>14</td></tr>
<tr><td>Successful</td><td>18</td><td>33</td><td>0</td><td>51</td></tr>
<tr><td>Extremely Successful</td><td>22</td><td>32</td><td>0</td><td>54</td></tr>
<tr><td>Total</td><td>40</td><td>91</td><td>0</td><td>131</td></tr>
</table>

From the above table it can be concluded that all the manufacturing private sector was judged to be successful, none of the manufacturing public sector businesses were judged to be successful and only seven responses from the privatised businesses were judged to be successful.

The picture is different in the services sector where a high proportion of the public sector was judged to be successful (65 out of 131) which equals (50%).

Only 40 responses out of 131 from the private service sector were judged to be successful. This equals (31%), while no successful privatised service businesses in the studied sample were detected.

6.8.2 Success Factors Reliability Analysis

As explained in Chapter Five, the success factors scale development process went through several sequential steps. The first eight steps included elements of construct validity. The final step was to measure reliability and subsequent scale refinement which will be explained further in this section.

The table below shows the success factors scale utilised in this study. All these success factors were assessed subjectively based on the respondents' perception of success factors of their business on a five-point Likert scale ranging from 1= strongly disagree to 5 = strongly agree.

Table 74 Success Factors List

Planning Factors
We have a clear mission in our company
we are giving greater attention to strategic planning
We have a very clear and achievable strategic goals set at the outset
we are effective in implementing our plans
we revise our plan continuously
we think globally not just on a local base
Organizational Factors
we have an effective organisational structure
we have a clear classifications to authorities and responsibilities
We work as a one co-operative team in our business
We have a very effective communication system in our business
Leadership and Top Management Factors
The level of education and experience of the founder (entrepreneur) of our business
Personal knowledge of the founder of our business
We have distinctive personal managers'/ owners' characteristics
Our leaders have the willingness to take some risk at work
We have a high level of support from the top management team

Human Resource Factors
We have a very kind and polite staff
We have a knowledgeable and professional staff
we have a satisfied and enthusiastic staff
We have a very effective incentive and reward system
Financial Resource Factors
We have a strong financial position and fund resources
The availability of the financial infrastructure and financial market
We keep a good relationship with our financers and debtors
Our concern is to keep the costs of our products/ services as lower as we can
Production / Service System Factors
We have a manufacturing system with high capability and flexibility
we offer a high quality products/services than others do
Relying intensively on technology and more advanced techniques in our business
We are more creative and innovative in our business than others do
Marketing Factors
We implement a winning marketing strategy in our market
We integrating the internet with our marketing strategy
We have effective pricing policy
We implement effective promotion campaigns
We use effective advertising policy
We have a variety of high performance products and services
Professional in launching new products/ services in the market
we guarantee better value for customer more than competitors do
We deliver products in appropriate times for our customers
we have effective customer services
We are excellent at selling and building a relationship with our customers
We have professional sales people
Purchasing and Storage Factors
We are very effective in buying the required materials for our business
We are effective at storing our materials and products
Market Factors
We have a growing and promising market
we work in a market with little competition
We have a stable political environment
Ssuitable legal and administrative framework in our business environment
We have a stable economical environment
Stakeholder Orientation Factors
we fully understand our customers' needs and wants and respond accordingly
we have a good relationship with our suppliers and dealers
we understand what our society needs and satisfy those needs
we understand all government regulation and comply with them
we are giving more attention to competitors strategies and actions
We are giving more attention to our organisational environment needs
we are giving more attention to our employees' needs and wants
we are giving priorities to our shareholders rights and ambitions
Foreign Support Factors
We enjoy a high level of government assistance and support
We gain support from professional associations available in our business
We have professional consultants and experts we resort to at all times
We have a co-operation contracts with universities and research centers
Other Factors
We have distinctive geographical location for our business
Our business's size is large enough to compete and stay in the market

The aforementioned table shows all the initial success factors groups tested in this research. The reliability testing and subsequent refinement of the scales is explained below.

6.8.2.1 Planning Factors

Planning refers to many organisational aspects such as the process of setting goals, developing strategies, outlining tasks and schedules to accomplish the goals.

Much has been written in the literature in relation to the influence that planning activities have on corporate success (e.g. Cunningham and Spiegel, 1971; Meidan, 1975; Peters and Waterman, 1982; Ursic and Czinkota, 1984; Hooley and Lynch 1985; Cavusgil; Schlegelmilch and Ross, 1987; Bruno and Leidecker, 1988; Venkataraman, et al., 1990; Duchesneau and Gartner, 1990; Costa, 1994; Lussier, 1995; Smallbone, Leig, and North 1995; Castrogiovanni, 1996; Cooper, 1999; Perry, 2001; Hoorn, 2002; Rovenpor, 2003).

In the current study, the reliability analysis of the six items of planning factors is discussed below.

Table 75 Planning Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.88	6

From the above table it is obvious that the overall reliability of the planning factors group reached a high level of 0.88.

This value highly exceeded the satisfactory, widely-accepted in social sciences, research cut-off value of 0.70.

In addition, strong correlation was detected among all items (Correlated Item-Total Correlation).

Table 76 Planning Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have a clear mission in our company	15.50	12.611	0.61	0.87
we are giving greater attention to strategic planning	15.51	12.239	0.78	0.84
We have a very clear and achievable strategic goals set at the outset	15.48	12.277	0.66	0.86
we are effective in implementing our plans	15.78	12.520	0.74	0.85
we revise our plan continuously	16.19	12.374	0.71	0.85
we think globally not just on a local base	16.61	10.175	0.70	0.87

From this table it can be seen that a high degree of correlation exists among the different items of the planning factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to the planning function using data collected from the Libyan context.

The items in this group are all designed to measure the extent to which planning is an important aspect in the organisation and the reliability analysis shows that the items make a coherent scale with which to measure planning factors in the Libyan market.

6.8.2.2 Organisational Factors

Organisation in the business world refers to a structure of roles and responsibilities functioning to accomplish predetermined objectives.

Organisational factors are also mentioned in the literature as an important aspect and significant drive to business success (e.g. Kriplani and Macintosh, 1980; Bilkey, 1982; Diamantopoulos and Inglis, 1988; Koch and Kok 1999; China, Huang et al., 2007).

In the current study, the reliability analysis of the four items of organisational factors is discussed below.

Table 77 Organisational Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.74	4

From the above table it is obvious that the overall reliability of the organisational factors group reached a high level of 0.74. This value exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70.

In addition, strong correlation was detected among all items (Correlated Item-Total Correlation) as explained below.

Table 78 Organisational Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
we have an effective organisational structure	9.44	2.311	0.50	0.70
we have a clear classifications to authorities and responsibilities	8.95	2.176	0.67	0.60
We work as a one co-operative team in our business	8.66	2.316	0.44	0.74
We have a very effective communication system in our business	8.94	2.467	0.54	0.68

From this table it can be seen that a high degree of correlation exists among the different items of the organisation factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to the organisation function using data collected from the Libyan context.

The items in this group are all designed to measure the extent to which organisational factors are an important aspect in the company and the reliability analysis shows that the items make a coherent scale with which to measure the organisational aspects in the Libyan market.

6.8.2.3 Leadership Factors

Leadership is one of the most significant drivers to business success. Effective leadership is the ability to successfully integrate and maximize available resources within the internal and external environment of the company for the attainment of organizational goals.

Different aspects of leadership factors have been discussed in the literature as significant drivers to business success (e.g. Simposon and Kujawa, 1974; Chaganti and Chaganti, 1983; Duchesneau and Gartner, 1990; Beckman and Marks, 1996; Kolvereid; Wijewardena and Tibbits, 1999; Charney and Libecap, 2000; Kriatinsen and Indarti; Mills, 2005).

In the current study, the reliability analysis of the five items of leadership factors is discussed below.

Table 79 Leadership Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.87	5

From the above table it is obvious that the overall reliability of the leadership factors group reached a high level (0.87). This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value (0.70). In addition, strong connection was detected among all items of this group (Correlated Item-Total Correlation) as explained below.

Table 80 Leadership Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The level of education and experience of the founder (entrepreneur) of our business	14.22	13.25	0.76	0.83
Personal knowledge of the founder of our business	14.19	13.55	0.72	0.84
Distinctive managers'/ owners' characteristics	13.80	11.80	0.83	0.81
Our leaders have the willingness to take some risk at work	14.19	9.98	0.81	0.83
High level of support from top management team	13.69	16.29	0.47	0.89

From this table it can be seen that a high degree of correlation exists among the different items of the leadership factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to the leadership function using data collected from the Libyan context.

The items in this group are all designed to measure the extent to which leadership factors are an important aspect in the organisation and the reliability analysis shows that the items make a coherent scale with which to measure leadership factors in the Libyan market.

6.8.2.4 Financial Factors

Financial factors refer to the financial elements that stand behind business success. A debate in the management, marketing and entrepreneurship literature is observed regarding the importance of financial considerations for business success (e.g. Birley, 1986; Reynolds and Miller, 1992; Meier and Pilgrim, 1994; Castrogiovanni, 1996; Watson, 1999; McMahon, 2001; Swierczek and Ha, 2003; Kristiansen, Furuholt, and Wahid, 2003; Korgaonkar, and O'Leary, 2006).

In the current study, the reliability analysis of the four items of financial factors is discussed below.

Table 81 Financial Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.23	4

From the above table it is clear that overall reliability of the financial factors group is very low and less than the satisfactory, widely-accepted in social sciences, research cut-off value of 0.70.

In addition, weak correlation was detected among all items (Correlated Item-Total Correlation) as explained below.

Table 82 Financial Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have a strong financial position and fund resources	9.43	2.71	0.20	0.07
The availability of the financial infrastructure and financial market	11.34	2.37	0.05	0.41
We keep a good relationship with our financers and debtors	9.65	2.01	0.08	0.45
Our concern is to keep the costs of our products/ services as lower as we can	10.24	2.62	0.21	0.10

From this table it can be seen that a very low degree of correlation exists among the different items of this scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by making any changes to the scale (Cronbach's Alpha if Item Deleted) which means that the scale is unacceptable to assess success factors related to financial factors using data collected from the Libyan context.

Poor items that correlate negatively or do not correlate strongly with other items should be eliminated (e.g. Churchill, 1979; Cadogan, et al., 1998).

6.8.2.5 Human Resource Factors

Human resources factors refer to different elements related to people who operate a company.

These factors are acknowledged in previous research to be critical for business success or failure (e.g. Itami and Roehl, 1987; Hornsby and Kuratko, 1990; Castanias and Helfat, 1991; Cooper, Gimeno-Gascon, and Woo1994, Lei and Hitt, 1995; Conner & Prahalad, 1996; Bamford, Dean, and McDougall, 1996; Nucci, 1999; Chandler and McEvoy, 2000).

In the current study, the reliability analysis of the four items of human resources factors is discussed below.

Table 83 Human Resources Reliability Statistics

Cronbach's Alpha	N of Items
0.77	4

From the above table it is obvious that the overall reliability of the human resource factors group reached a high level (0.77). This value exceeded the satisfactory widely-accepted in social sciences research cut-off value (0.70). In addition, strong correlation was detected among all items (Correlated Item-Total Correlation) as explained below.

Table 84 Human Resource Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have a very kind and polite staff	8.44	4.47	0.39	0.80
We have a knowledgeable and professional staff	8.39	3.92	0.55	0.73
we have a satisfied and enthusiastic staff	8.47	2.84	0.74	0.61
We have a very effective incentive and reward system	8.46	2.76	0.66	0.67

From this table it can be seen that a high degree of correlation exists among the different items of the human resource factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach’s Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to the human resource factors using data collected from the Libyan market.

The items in this group are all designed to measure the extent to which human resources factors are an important aspect in the organisation and the reliability analysis shows that the items make a coherent scale with which to measure human resources factors in Libya.

6.8.2.6 Production Factors

Production factors are important aspects of business success and they refer to some elements related to the production process that are critical to business success or failure.

The extant literature revealed different aspects that demonstrated their pivotal role in determining business success in both developed and developing nations (e.g. Ong and Pearson, 1982; Cooper and Kleinschmidt, 1985; Porter, 1985; O'Neill and Duker; 1987; Diamantopoulos and Inglis; 1988; Madsen, 1989; Brown and Cook, 1990; Dominguez and Sequeira; 1993; Douglas; 1993; Parnell, Carraher and Odom, 2000; Dedrick, et al., 2003; Swierczek and Ha, 2003; Gundry, Kickul, Welsch, and Posig, 2003).

In the current study, the reliability analysis of the four items of production factors is discussed below.

Table 85 Production Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.75	4

From the above table it is obvious that the overall reliability of the production factors group reached a high level (0.75). This value exceeded the satisfactory, widely-accepted in social sciences research cut-off value (0.70). In addition, strong correlation was detected among all items (Correlated Item-Total Correlation) as explained below.

Table 86 Production Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have a manufacturing system with high capability and flexibility	11.67	4.08	0.34	0.76
High quality products/services than others do	10.18	4.89	0.56	0.71
we relying intensively on technology and more advanced techniques in our business	10.51	3.82	0.69	0.61
We are more creative and innovative in our business than others do	10.53	3.83	0.74	0.59

From this table it can be seen that a high degree of correlation exists among the different items of the production factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to the production function using data collected from the Libyan context.

The items in this group are all designed to measure the extent to which production factors are important aspect in the organisation and the reliability analysis shows that the items make a coherent scale with which to measure production related factors in the Libyan market.

6.8.2.7 Marketing Factors

Different aspects of marketing factors have been repeatedly mentioned in the literature as critical factors for business success or failure (e.g. Johansson and Nonaka, 1983; Saunders and Wong, 1985; Bruno, Leidecker, and Harder, 1987; McBurnie and Clutterbuck, 1988; Wong et al., 1988; Baker and Hart, 1989; Vesper, 1990; Narver and Slater, 1990; Kohli and Jaworski, 1990; Eid et al., 2002).

In the current study, the reliability analysis of the twelve items of marketing factors is discussed below.

Table 87 Marketing Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.91	12

From the above table it is obvious that the overall reliability of the marketing factors group reached a high level (0.91). This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value (0.70).

In addition, strong correlation was detected among all items (Correlated Item-Total Correlation) as explained below.

Table 88 Marketing Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We implement a winning marketing strategy in our market	32.31	55.08	0.80	0.90
We integrating the internet with our marketing strategy	33.71	66.11	0.45	0.92
We have effective pricing policy	32.59	52.15	0.79	0.90
We implement effective promotion campaigns	32.91	52.47	0.78	0.90
We use effective advertising policy	32.32	49.05	0.82	0.90
We have a variety of high performance products and services	31.18	62.33	0.53	0.91
We consider ourselves as professional in launching new products and services in the market	31.62	60.43	0.68	0.90
we guarantee better value for customer more than competitors do	31.48	62.04	0.51	0.91
We deliver products in appropriate times for our customers	32.45	61.39	0.58	0.91
we have effective customer services	32.73	61.16	0.63	0.91
We are excellent at selling and building a relationship with our customers	32.72	57.83	0.81	0.90
We have professional sales people	32.91	56.65	0.78	0.90

From this table it can be seen that a high degree of correlation exists among the different items of the marketing factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to the marketing function using data collected from the Libyan context.

The items in this group are all designed to measure the extent to which planning is an important aspect in the organisation and the reliability analysis shows that the items make a coherent scale with which to measure planning factors.

6.8.2.8 Purchasing Factors

Purchasing factors refer to the element of success related to the process of buying and storing the required materials of the business. These factors were reported in the literature for their influence on business growth.

Effective management to the purchasing and inventory activities have been considered a critical source of business success (e.g. Chawla, Pullig, and Alexander, 1997; Perkins and Gunasekaran, 1998).

In the current study, the reliability analysis of the two items of purchasing factors is discussed below.

Table 89 Purchasing Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.92	2

From the above table it is obvious that the overall reliability of the purchasing factors group reached a high level of 0.92. This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70.

In addition, strong correlation was detected between these two items (Correlated Item-Total Correlation) as explained below.

Table 90 Purchasing Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We are very effective in buying the required materials for our business	2.73	1.36	0.84	0.71
We are effective at storing our materials and products	2.75	1.24	0.84	0.71

From this table it can be seen that a high degree of correlation exists between the two items of this scale (Correlated Item-Total Correlation) which means that the scale is valid and reliable to measure success factors related to purchasing and storing activities using data collected from the Libyan market.

The two items in this group are designed to measure the extent to which purchasing factors are an important aspect in the organisation and the reliability analysis shows that the two items make a coherent scale with which to measure purchasing factors in the Libyan market.

6.8.2.9 Business Environment (Market) Factors

Business environment factors refer to some critical factors such as economical, legal and administrative environmental stability that are critical in determining business success or failure (e.g. Johanson and Vahlne, 1977; Christopher, McDonald and Wills, 1980; Deshpande and Zaltman, 1982; Kotler et al., 1985; Kohli and Jaworski, 1990; Diamantopoulos and Peterson, 1990; Cooper, 1993; Singh and Krishna; Castrogiovanni, 1996; Kristiansen, 2002; Kristiansen et al., 2003; Korgaonkar, and O'Leary, 2006).

In the current study, the reliability analysis of the five items of business environment factors is discussed below.

Table 91 Business Environment Reliability Statistics

Cronbach's Alpha	N of Items
0.50	5

From the above table it is obvious that the overall reliability of the business environment factors group reached a low level (0.50). This value is below the satisfactory widely-accepted in social sciences research cut-off value (0.70). Details are explained below.

Table 92 Business Environment Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have a growing and promising market	9.69	7.58	0.006	0.57
we work in a market with little competition	11.59	3.87	0.21	0.63
We have a stable political environment	11.67	4.82	0.61	0.42
We have a suitable legal and administrative framework in our business environment	12.03	5.34	0.50	0.33
We have a stable economical environment	12.88	6.58	0.26	0.47

It is clear from the above table that one item of the scale (We have a growing and promising market) has a low link with other items of the scale (0.006) and removing this item from the scale will enhance the scale reliability to (0.56) as can be seen below.

Table 93 Business Environment Reliability Statistics

Cronbach's Alpha	N of Items
0.56	4

From the above table it is obvious that the overall reliability of the business environment (market) improved to 0.56. This value is still less than the satisfactory widely-accepted in social sciences research cut-off value of 0.70. However, more improvement can be achieved as explained in the table below.

Table 94 Business Environment Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
we work in a market with little competition	6.80	3.56	0.22	0.76
We have a stable political environment	6.88	4.60	0.61	0.30
We have a suitable legal and administrative framework in our business environment	7.24	5.04	0.51	0.38
We have a stable economical environment	8.09	6.24	0.27	0.54

From the above table it is clear that another item of the scale (we work in a market with little competition) has a low correlation with other items in the scale (0.22) and removing this item from the scale will enhance the scale reliability to (0.76) as can be seen below.

Table 95 Business Environment Reliability Statistics

Cronbach's Alpha	N of Items
0.76	3

From the above table it is obvious that the overall reliability of the business environment factors group reached a high level of 0.76. This value exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70. In addition, a strong correlation was detected among all items (Correlated Item-Total Correlation) as explained below.

Table 96 Business Environment Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have a stable political environment	4.02	1.44	0.68	0.53
We have a suitable legal and administrative framework in our business environment	4.37	1.50	0.71	0.51
We have a stable economical environment	5.25	2.36	0.45	0.78

From this table it can be seen that a high degree of correlation exists among the different items of the business environment factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach's Alpha if Item Deleted) which means that the scale is currently valid and reliable to measure success factors related to the market factors using data collected from the Libyan context.

The three items in this group are all designed to measure the extent to which business environment factors are important aspect in the organisation and the reliability analysis shows that the items make a coherent scale with which to measure business environment factors in Libya.

6.8.2.10 Stakeholders Factors

A corporate stakeholder is a party that affects or can be affected by the actions of the business as a whole. Employees, society, government, customers, suppliers, distributors, competitors, shareholders and internal environment conditions are examples of those influential parties mentioned in the literature (e.g. Henderson, 1982; Cadbury, 1987; Hills and Narayana; 1990, Zetlin, 1994; Huggins, 2000; Reynolds, Day, and Lancaster, 2001; Kuratko and Hodgetts, 2003).

In the current study, the reliability analysis of the eight items of stakeholders' factors is discussed below.

Table 97 Stakeholders Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.84	8

From the above table it is obvious that the overall reliability of the stakeholder factors group reached a high level of (0.84). This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70. In addition, a strong correlation was detected among all items.

Table 98 Stakeholder Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
we fully understand our customers' needs and wants and respond accordingly	20.39	26.59	0.59	0.82
we have a good relationship with our suppliers	20.17	22.36	0.63	0.81
we understand what our society needs and satisfy those needs	20.28	27.13	0.66	0.81
we understand all government regulation and comply with them	20.21	27.12	0.48	0.83
we are giving more attention to competitors strategies and actions	20.14	19.57	0.81	0.78
We are giving more attention to our organisational environment needs	20.27	28.10	0.46	0.83
we are giving more attention to our employees' needs and wants	20.37	27.08	0.57	0.82
we are giving priorities to our shareholders rights and ambitions	19.59	22.45	0.54	0.83

From this table it can be seen that a high degree of correlation exists among the different items of the stakeholder factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by removing any item from the scale (Cronbach’s Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to stakeholder group using data collected from the Libyan context.

The eight items in this group are all designed to measure the extent to which stakeholders’ factors are an important aspect in the organisation and the reliability analysis shows that those items make a coherent scale with which to measure stakeholders' factors associated with business success in the Libyan market.

6.8.2.11 External (Foreign) Support Factors

External support factors refer to certain factors of support that the company can acquire in the market. The importance of government assistance, local agencies support and market potential are reported success factors in a number of studies. (e.g. Sin, 1973; Birley, 1986; Cooper and Kleinschmidt, 1987; Dubini, 1989; Gartner, et al., 1989; Venkataraman, et al., 1990; Song and Parry, 1996; Mead & Liedholm, 1998; Honjo, 2000; Swierczek & Ha, 2003; Patrianila, 2003; Swierczek and Ha, 2003).

In the current study, the reliability analysis of the four items of external support factors is discussed below.

Table 99 External Support Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.54	4

From the above table it is obvious that the overall reliability of the external support factors group reached a low level (0.54). This value is below the satisfactory widely-accepted in social sciences research cut-off value (0.70). Details are explained below.

Table 100 External Support Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We enjoy a high level of government assistance and support	7.88	3.29	0.51	0.26
We gain support from professional associations available in our business	8.33	3.60	0.73	0.006
We have professional consultants and experts we resort to at all times	7.66	8.21	0.08	0.67
We have a co-operation contracts with universities and research centers	9.53	7.06	0.19	0.56

It is clear from the above table that one item of the scale (We have professional consultants and experts we resort to at all times) has a low association with other items of the scale (0.06) and removing this item from the scale will enhance the scale reliability to 0.67 as explained below.

Table 101 External Support Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.67	3

From the above table it is obvious that the overall reliability of the external support factors group reached a low level (0.67). This value is below the satisfactory widely-accepted in social sciences research cut-off value (0.70). Details are explained below.

Table 102 External Support Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We enjoy a high level of government assistance and support	4.40	2.55	0.67	0.30
We gain support from professional associations available in our business	4.85	3.33	0.75	0.19
We have a co-operation contracts with universities and research centers	6.04	6.86	0.17	0.87

From this table it can be seen that a high degree of correlation exists between the first two items of the external support factors scale (Correlated Item-Total Correlation) except the last item (We have a co-operation contracts with universities and research centers) which has low correlation with other items (0.17). The removal of this item will increase the reliability of the scale to (0.87) as explained below.

Table 103 External Support Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.87	2

From the above table it is obvious that the overall reliability of the two items of external support factors group reached a high level (0.87). This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value (0.70). However, it was found that one of the previously removed items from the business environment factors group (We work in a market with little competition) is closely related to the external support factors group. Therefore, adding this item to this group will yield the same overall reliability (0.87) and keep the scale with three items instead of two items as explained below.

Table 104 External Support Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.87	3

From the above table it is obvious that the overall reliability of the external support factors group reached a high level (0.87). This value highly exceeded the satisfactory widely-accepted in social sciences research cut-off value of 0.70. In addition, a strong correlation was detected among all the three items (Correlated Item-Total Correlation) as explained below.

Table 105 External Support Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We enjoy a high level of government assistance and support	5.67	6.62	0.82	0.74
We gain support from professional associations available in our business	6.11	8.54	0.76	0.82
we work in a market with little competition	6.00	6.95	0.69	0.87

From this table it can be seen that a high degree of correlation exists among the different items of the external support factors scale (Correlated Item-Total Correlation) and no significant improvement to the overall reliability of the scale can be made by making any change (Cronbach's Alpha if Item Deleted) which means that the scale is valid and reliable to measure success factors related to the external support factors using data collected from the Libyan context.

The three items in this group are dedicated to measure the extent to which external support factors are an important aspect in the organisation and the reliability analysis shows that the three items make a coherent scale with which to measure external support factors in the Libyan context.

6.8.2.12 Special Factors

Special factors refer to exceptional factors related to the characteristics of the company such as size, geographical location and its age (e.g. Kraut and Grambsch, 1987; Bates and Nucci, 1989; Hornsby and Kuratko, 1990; Kallerberg and Leicht, 1991; Cooper, 1993; Chawla, Pullig, and Alexander, 1997; McMahon, 2001; Rogoff et al., 2004).

In the current study, the reliability analysis of the two items of special factors is discussed below.

Table 106 Special Factors Reliability Statistics

Cronbach's Alpha	N of Items
0.79	2

From the above table it is obvious that the overall reliability of the special factors group reached a high level (0.88).

This value exceeded the satisfactory widely-accepted in social sciences research cut-off value (0.70).

In addition, a strong correlation was detected between the two items (Correlated Item-Total Correlation) as explained below.

Table 107 Special Factors Reliability Analysis

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
We have distinctive geographical location for our business	3.71	1.57	0.65	0.43
Our business's size is large enough to compete and stay in the market	3.25	1.24	0.65	0.43

From this table it can be seen that a high degree of correlation exists between the two items of the external support scale (Correlated Item-Total Correlation) and no improvement to the overall reliability of the scale can be made by making any further changes which means that the scale is valid and reliable to measure success factors related to the special factors group using data collected from the Libyan context.

The two items in this group are dedicated to measure the extent to which special factors are an important aspect in the organisation and the reliability analysis shows that these two items make a coherent scale with which to measure special factors group in the Libyan market.

To summarise, all scales validated as Cronbach's Alpha > the cutoff point (0.70) and also a high degree of correlation exists among the scales' items which reflects a high level of validity and reliability to measure the source of success for businesses operating in the Libyan business environment. The only exception was the financial factors group which was excluded due its low level of reliability.

6.9 Success Factors Mean Scores

Successful companies have some success factors that make them successful companies; however, these factors vary significantly with the nature of corporate activities, type of ownership and the environment in which they operate.

For this reason, the researcher felt that there is a need to discover whether ownership has a role to play in success and failure in the Libyan economy.

As there were only seven responses from the privatised sector among the successful companies, these were omitted in consideration of the differences in both ownership and sector on success factors.

The mean and standard deviation of scores on the source of business success for the three major ownership types is given in the table below.

Table 108 Success Factors and Ownership Type

Success Factors	Ownership Type								
	Private			Public/being privatised			Privatised		
	Mean	SD	N	Mean	SD	N	Mean	SD	N
Planning Factors	3.52	0.66	91	2.68	0.35	66	2.76	0.25	7
Organisational Factors	3.15	0.52	91	2.79	0.36	66	2.89	0.28	7
Leadership Factors	4.20	0.40	91	2.53	0.35	66	3.29	0.70	7
HR Factors	3.09	0.54	91	2.37	0.43	66	3.11	0.24	7
Production Factors	3.80	0.60	91	3.21	0.58	66	3.89	0.35	7
Marketing Factors	3.34	0.54	91	2.29	0.34	66	3.20	0.32	7
Purchasing Factors	2.92	1.18	91	2.38	0.89	66	3.36	0.69	7
Business Environment Factors	2.21	0.59	91	2.34	0.68	66	2.52	0.33	7
Stakeholder Factors	3.27	0.56	91	2.19	0.28	66	3.41	0.20	7
External support Factors	2.06	0.85	91	4.33	0.45	66	2.14	0.54	7
Special Factors	2.83	0.94	91	4.39	0.56	66	3.14	0.63	7

From the previous table it can clearly be seen that the relative importance of success factors vary according to ownership type. Therefore, success factors for the public and private sectors may differ in their relative importance.

The following table puts all factors in order based on their mean scores and relative importance for each independent ownership type.

Table 109 the Order of Success Factors and Ownership Type

Private	Public/ Being Privatised	Privatised
Leadership Factors	Special Factors	Production Factors
Production Factors	External support Factors	Stakeholder Factors
Planning Factors	Production Factors	Purchasing Factors
Marketing Factors	Organizational Factors	Leadership Factors
Stakeholder Factors	Planning Factors	Marketing Factors
Organisational Factors	Leadership Factors	Special Factors
HR Factors	Purchasing Factors	HR Factors
Purchasing Factors	HR Factors	Organizational Factors
Special Factors	Business Environment Factors	Planning Factors
Business Environment Factors	Marketing Factors	Business Environment Factors
External support Factors	Stakeholder Factors	External support Factors

From the above table it is obvious that success factors vary substantially among the companies under study as is evidenced by Analysis of Variance[59].

At the time where there are seven important success factors for the private sector[60], three important factors of success were detected for the public sector and seven for privatised businesses. The following discussion is the full breakdown of those factors.

[59] See appendix 10 table 20
[60] The important factors of success counted based on the average score of those factors. Therefore, all factors exceeded the average scores of 3 out of 5 (the equivalent to 60%) considered important factors and they were put in order based on that.

6.9.1 Leadership Factors

Successful leadership is the first basis for success in private companies while it ranked as the sixth most important factor for the public sector and fourth for privatised companies. It should be noted that within this group of factors the following elements fall: the educational level of the company's founder; his personal distinctive characteristics; the desire to take some risks at work; and finally the strong support and assistance gained from the top management team.

6.9.2 Production Factors

Success factors associated with the production process is second in order of importance for the private sector and first for privatised companies whilst it ranks third for public sector companies. This outlook gives the impression of the significant importance of production factors in the success of companies working in Libya. Among the most prominent success factors under this type are: the productive capacity and flexibility of the production system; focus on high quality products; the use of highly advanced technology in the production programs; and finally focus on innovation in the production process and product design.

6.9.3 Planning Factors

These types of success factors came third in terms of importance for the private sector, ranked fifth for the public sector and ranked ninth for privatised companies. This gives the impression that the importance of the planning process and its role in the success of businesses working in Libya is very crucial for private sector companies.

This group of factors includes the following sub-elements: a clear message of the company; giving great importance to strategic planning; the presence of clear achievable objectives; highly effective plans being implemented; review of plans on an ongoing basis; thinking at the local and external level with respect to production and marketing affairs.

6.9.4 Marketing Factors

This group of factors ranked fourth in terms of its importance for the private sector, fifth for privatised companies and came at the bottom of the success factors list for public sector companies. This is evidence of the importance of marketing operations for both the private and privatised companies while they have no real role to play for public businesses.

This group includes the following elements: implementing successful marketing strategy; linking the use of internet with marketing practices; good pricing policies; effective promotional campaigns; the use of effective propaganda; high performance products; launching new products in the market; high-value customer products over competitors; the delivery of products in appropriate times for customers; excellent customer service; distinct in sales and creating a positive relationship with customers; and finally professional sales force in the market.

6.9.5 Stakeholders Factors

This group of factors comes fifth for the private sector and ranks second for privatised companies, while ranked at the bottom of the list for public sector companies. This is evidence of the importance of all internal and external parties to private and privatised businesses and their influence of the company's performance.

This group of factors include: good understanding and responding to customer needs and desires; good relations with suppliers; understanding and addressing the needs of the community; understanding the governmental regulations; giving enough attention to competitors' actions; giving enough importance to the company's internal environment; giving enough importance to the needs of employees of the company; and finally giving enough importance to the priority of the rights of the company's shareholders.

6.9.6 Organisational Factors

This group of factors ranks sixth for the private sector, fourth in the public sector and eighth for the privatised sector. This could indicate that the public sector is very large and therefore the focus is on the organisational issues more than the small private and the privatised businesses.

It is worth noting that this group of factors includes the following elements: the existence of an effective organisational structure; delegation and distribution of authorities; team work and the existence of an effective communication system.

6.9.7 Human Resource Factors

Human resource factors have a very low importance for all businesses as they have been ranked late in the success factors list. It should be noted that under this group fall the following elements: well trained staff, professional employees, enthusiastic staff and an effective incentives system.

6.9.8 Purchasing Factors

This collection of factors has no important position for private and public businesses as they have been ranked at the bottom of the success factors list. However, they have been ranked third for privatised companies. These factors include efficiency in the purchase and storage of products and materials.

6.9.9 Special Factors

The importance of these factors varies enormously among the businesses studied as for the private sector they have been ranked ninth, and sixth for privatised companies. However, they have been ranked first for public companies.

This group includes two main components: distinguished or distinctive geographical location; and business size.

6.9.10 Business Environment Factors

This group of factors has a less importance influence for all businesses as they have been ranked at the bottom of the priority list.

This group includes the following factors: stable political, legal, administrative, and economic environment.

6.9.11 External Factors Support

This group of factors comes at the end of the list for private and privatised companies. However, they have been ranked second in the priority list for public sector companies.

These factors include the following elements: weak market competition; State support; and finally support from other specialised and professional bodies.

Analysis of variance[61] with success factors as the dependent variable and ownership (privatised businesses were excluded) as the single factor shows that there is a significant ownership effect for all success factors except for business environment factors ($F(1,155) = 1.58$, $p = 0.21$ which is > 0.01) which means success factors vary significantly among the studied businesses except for success factors of business environment.

6.10 Success Factors and Nature of Business

This part of the analysis examines the expected effect of nature of business on the type of success factors.

The mean and standard deviation of scores for the two major business natures included in this research is given in table below.

[61] See appendix 10 table 21

Table 110 Success Factors and Business Nature

Success Factors	Nature of Business					
	Manufacturing			Services		
	Mean	SD	N	Mean	SD	N
Planning Factors	3.61	0.67	57	2.91	0.54	107
Organisational Factors	3.19	0.54	57	2.89	0.42	107
Leadership Factors	4.13	0.53	57	3.15	0.87	107
HR Factors	3.22	0.52	57	2.58	0.52	107
Production Factors	4.12	0.41	57	3.27	0.55	107
Marketing Factors	3.61	0.39	57	2.54	0.50	107
Purchasing Factors	3.74	0.66	57	2.18	0.86	107
Business Environment Factors	2.47	0.39	57	2.18	0.70	107
Stakeholder Factors	3.62	0.38	57	2.43	0.43	107
External support Factors	2.01	0.68	57	3.50	1.28	107
Special Factors	2.87	0.86	57	3.79	1.08	107

From the table above it can be clearly seen that the relative importance of success factors varies significantly according to the nature of business whether it is manufacturing or service[62].

Analysis of variance [63]with success factors as the dependent variable and nature of business as the single factor showed that there is a significant effect of nature of business on the type of success factors as all p values < 0.01.

This means nature of business has a great effect on the type of success factors as those factors will be significantly different between service and manufacturing businesses.

[62] The difference was very small between manufacturing and service for business environment factors (2.47 against 2.18). Otherwise, the difference was significantly different.
[63] See appendix 10 table 22

6.11 Success Factors, Ownership Type and Business Nature

As there are no manufacturing companies among the successful public sector it will not be possible to consider interaction effects between ownership and sector.

6.12 Modeling and Hypotheses Testing

As explained in Chapter Five, Path Analysis technique was adopted to test the research hypotheses. The administration process started with modelling the relevant factors. In the analysis, it has been shown that ownership and business nature are important determinant factors in business success. Moreover, an interaction effect has been repeatedly found wherein performance by nature of business differed by ownership, in particular performance in the private sector was less in the service sector while in the public sector the opposite occurred. This interaction effect was modelled using four dummy variables to model both ownership and business sector as is shown in the next table.

Table 111 Dummy Variables

Variable	Privateman	Privateserv	Publicman	Publicserv
Privateman	1	0	0	0
Privateserv	0	1	0	0
Publicman	0	0	1	0
Publicserv	0	0	0	1

Hence Privateman, for example, takes a value of (1) for respondents from private manufacturing companies and zero otherwise. The small number of respondents from privatised manufacturing companies provides the baseline category.

It is worth mentioning that this method of modelling is frequently used for data analysis especially in regression and SEM. This means that continuous or dichotomous IVs can be used.

A variable that is initially discrete can be used if it is first converted into a set of dichotomous variables (numbering one fewer than the number of discrete categories) by dummy variables coding with 1s and 0s (e.g. Cohen and Cohen, 1983; Fox, 1991; Kachigan, 1991; Tabachnick and Fidell, 2001, Hair et al., 2006).

6.12.1 Hypotheses Testing

For the purposes of this study, it has been necessary to formulate a number of hypotheses to assist in understanding the nature of this research.

6.12.1.1 The First Hypothesis

In recent years, there has been a growing debate as to whether ownership has a great impact on business success. A large number of studies have been published providing mixed results (e.g. Tyler, 1979; Caves and Christensen, 1980; Bruggink, 1982; Kay and Thompson, 1986; Millward, 1988; Nelson and Primeaux,1988; Earle et al.,1994; Earle and Estrin, 1996; Pistor and Spicer, 1996; Claessens et al., 1997; Martin and Parker, 1997; Parker and Wu, 1998; Barrell and Holland, 2000; Willner, 2001; Megginson and Netter, 2001; Florio, 2004; Parker and Kirkpatrick, 2005; Willner and Parker, 2007).

Some of the preceding research was in favour of private ownership. For instance, Hrovatin and Ursic (2002) argue that while the reform of the financial sector generates benefits for both private and state-owned companies, privately-owned companies continue to outperform state-owned ones. In Russia, Earle and Estrin (1998) demonstrate that private ownership has contributed to revenue growth (Frydman et al., 1999). In addition, some other studies have suggested that private ownership leads to improved production economy efficiency (e.g. Megginson and Netter, 2001).

In their study, Megginson and Netter (1997) examined over 60 privatised companies in 18 countries and found that the post-privatised companies were more successful. D'Souza and Megginson (1999) compared pre- and post-privatisation financial and operating performance of 85 companies from 13 developing and 15 industrialised countries and came to the conclusion that privatisation yields significant improvements in business performance. In addition, other studies of the effects of privatisation have been generally favorable to privatisation (e.g. Megginson and Netter, 2001; Shirley and Walsh, 2001).

In contrast, other studies proved strong performance gains by UK publicly-owned firms (Molyneux and Thompson, 1987; Bishop and Thompson, 1992; Iordanoglou, 2001).

These studies are in line with some studies that have investigated the privatisation of firms and produced results that suggest ownership may not be critical in explaining business performance (e.g. Martin and Parker, 1997).

In Central and Eastern Europe, for example, Barbone et al. (1999) claim that privately-owned firms in the Polish manufacturing industry are still less efficient than their state-owned counterparts.

Based on previous debate, the current study proposes the following hypothesis:

H1. In the Libyan transitional economy, business success depends on ownership type and nature of business.

H_{1A} business success is most likely in the private manufacturing sector
H_{1B} business success is most likely in the private services sector
H_{1C} business success is most likely in the public manufacturing sector
H_{1D} business success is most likely in the public services sector

This part of the analysis will test the research hypotheses using Structural Equation Modelling (SEM) and path analysis. Structural equation modelling (SEM) has been observed as a statistical technique for testing and estimating causal relationships using a combination of statistical data and qualitative causal assumptions (Haavelmo, 1943; Simon, 1953; Pearl, 2000).

Structure equation modelling (SEM) was also observed as a collection of statistical techniques that allow a set of relationships between one or more IVs, either continuous or discrete, and one or more DVs, either continuous or discrete, to be examined. Both IVs and DVs can be either factors or measured variables.

Structural equation modelling is also referred to as causal modelling, causal analysis, simultaneous equation modelling, analysis of covariance structures, path analysis, or confirmatory factor analysis. The latter two are actually special types of SEM (Tabachnick and Fidell, 2001). The results of analysis are provided below.

Figure 14 Ownership Type, Nature of Business and Business Success

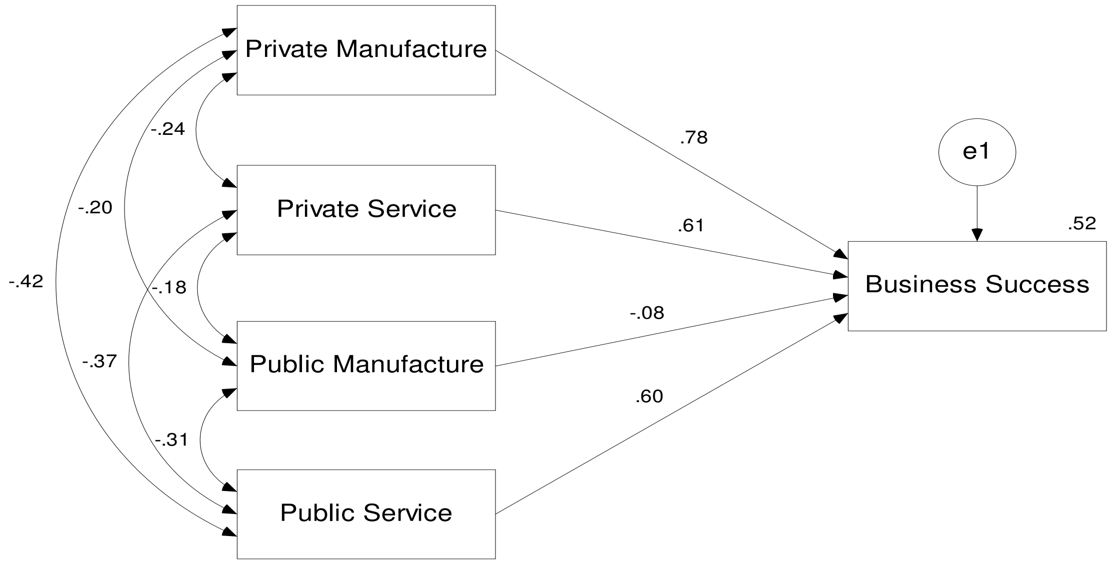


Table 112 Ownership Type, Nature of Business and Business Success

Hypothesis	Relationships	Hypothesised Relationships	Standard Regression Coefficients	P-value
H1A	Private manufacture ⟶ Business Success	Positive	0.78	***
H1B	Private service ⟶ Business Success	Positive	0.61	***
H1C	Public manufacture ⟶ Business Success	Negative	-0.08	0.23
H1D	Public service ⟶ Business Success	Positive	0.60	***

*** Standardised path coefficient is statistically significant ($p<0.001$)

As shown in the figure and table above, it is clear that type of ownership and nature of business do have an effect on business success. There is a strong positive relationship between the company working in the private manufacturing sector and its success as there is a significant positive relationship between private manufacture and business success (standard path coefficient = 0.78, $p < 0.01$). Therefore, the hypothesis H1A is supported.

There is also a strong positive relationship between private service and business success (standard path coefficient = 0.61, $p < 0.01$). Therefore, the hypothesis H1B is supported.

However, the hypothesis H1C will not be supported as there is negative association between public manufacture and business success (standard path coefficient = - 0.08, $p > 0.05$).

The last hypothesis HID is supported as there is a positive relationship between public service and business success (standard path coefficient = 0.60, $p < 0.01$).

Note should be made that in this model the factors of ownership type and business nature significantly accounted for only (0.52) of the variance in business success.

6.12.1.2 The Second Hypothesis

In market orientation literature, Narver and Slater (1990) for example, investigated the relationship between market orientation and business success by using the sample of commodity and non-commodity industry and the findings were that the market-oriented company shows greater performance.

Also, the findings of Kohli and Jaworski (1993) were that market orientation has a positive effect on business performance.

In addition, this phenomenon also reflects Kotler's (1988) statement that a market orientation is likely to cause greater customer satisfaction, repeat business followed by more profitability. The researcher therefore proposes the following hypotheses:

H2. In the Libyan transitional economy, the overall market orientation contributes positively to business success.

Figure 15 Ownership Type, Nature of Business, Market Orientation and Business Success

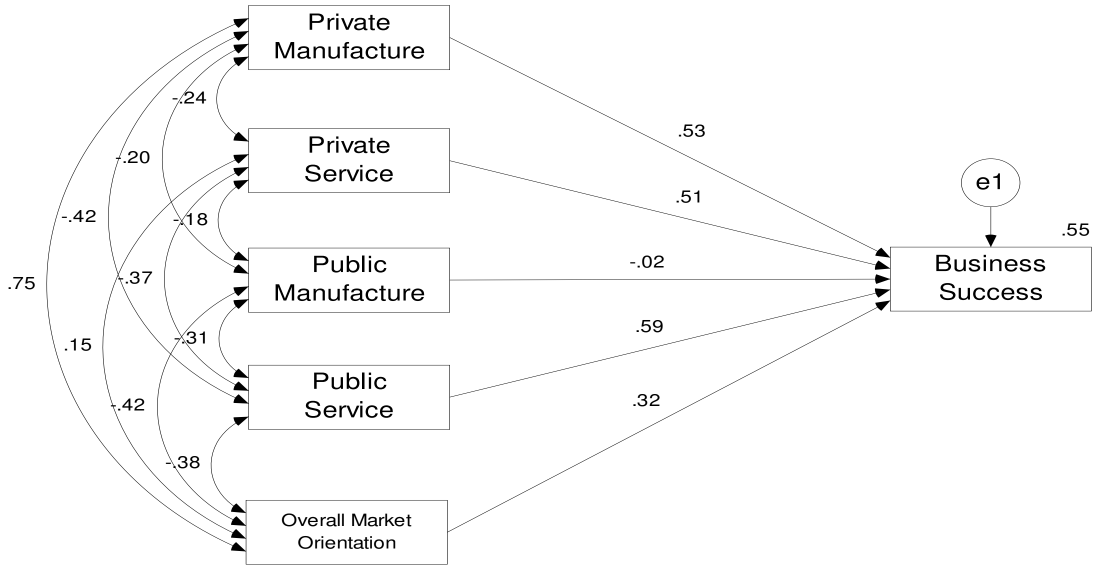


Table 113 Ownership Type, Nature of Business, Market Orientation and Business Success

Hypothesis	Relationships	Hypothesised Relationships	Standard Regression Coefficients	P-value
H1A	Private manufacture ⟶ Business Success	Positive	0.53	***
H1B	Private service ⟶ Business Success	Positive	0.51	***
H1C	Public manufacture ⟶ Business Success	Negative	-0.02	0.82
H1D	Public service ⟶ Business Success	Positive	0.59	***
H2	Market orientation ⟶ Business Success	Positive	0.32	***

*** Standardised path coefficient is statistically significant ($p<0.001$)

As shown in the figure and the table above, it is clear that type of ownership and nature of business still have an effect on business success even after the inclusion of the market orientation variable. There is a strong positive relationship between private manufacturing and business success (standard path coefficient = 0.53, $p < 0.01$). Therefore, the hypothesis H1A is supported.

There is also a strong positive relationship between private service and business success (standard path coefficient = 0.51, $p < 0.01$). Therefore, the hypothesis H_{1B} is supported.

However, the hypothesis H_{1C} will not be supported as there is negative association between public manufacture and business success (standard path coefficient = - 0.02, $p > 0.05$).

The hypothesis H_{1D} is supported as there is a positive relationship between public service and business success (standard path coefficient = 0.59, $p < 0.01$).

Regarding the last hypothesis, H_2 is supported as there is a significant positive relationship between overall market orientation and business success (standard path coefficient = 0.32, $p < 0.01$).

It is observed that when overall market orientation was added, an additional (0.03) of the variance in success was accounted for. Overall, the model accounted for (0.55) of the variance in business success.

Despite this overall positive effect of market orientation on business success, it has been necessary to identify the effect of the three sub-dimensions of market orientation: customer orientation; competitor orientation; and interfunctional coordination on business success.

Therefore, the following hypotheses are proposed:

H_{2A} Customer orientation contributes positively to business success.
H_{2B} Competitor orientation contributes positively to business success.
H_{2C} Inter-functional cooperation contributes positively to business success.

Figure 16 Ownership Type, Nature of Business, Market Orientation and Business Success

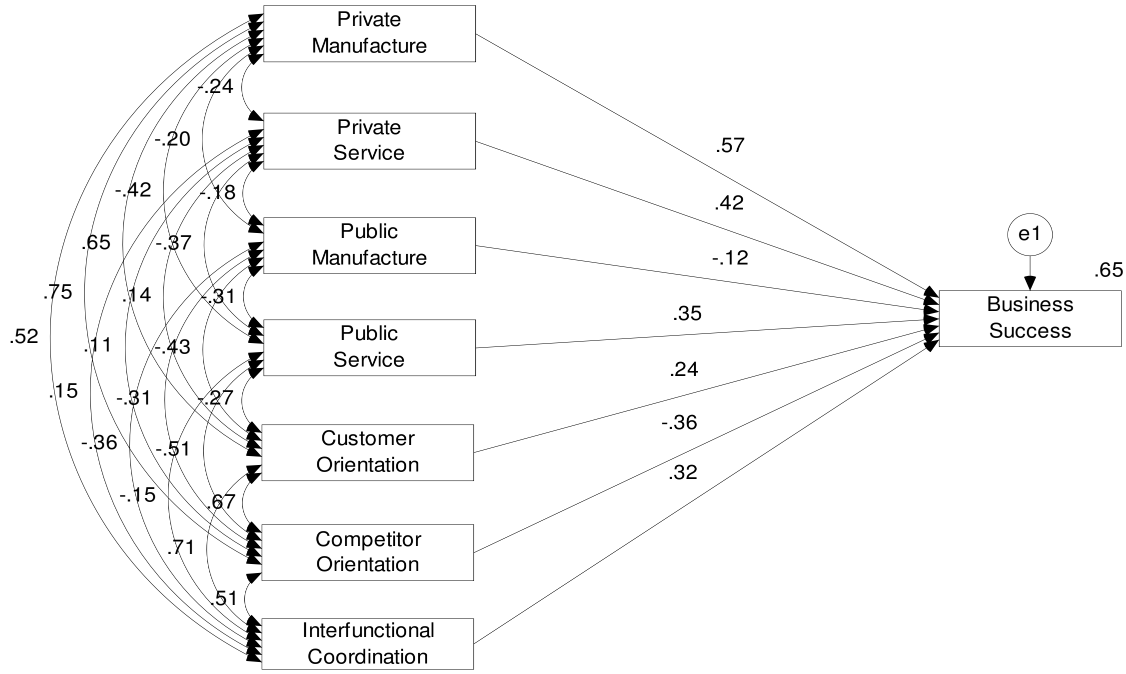


Table 114 Ownership, Business Nature, Market Orientation and Business Success

Hypothesis	Relationships	Hypothesised Relationships	Standard Regression Coefficients	P-value
H1A	Private manufacture → Business Success	Positive	0.57	***
H1B	Private service → Business Success	Positive	0.42	***
H1C	Public manufacture → Business Success	Negative	-0.12	0.044
H1D	Public service → Business Success	Positive	0.35	***
H2A	Customer orientation → Business Success	Positive	0.24	***
H2B	Competitor orientation → Business Success	Negative	-0.36	***
H2C	Interfunctional Coordination → Business Success	Positive	0.32	***

*** Standardised path coefficient is statistically significant (p<0.001)

As shown in the figure and the table above, it is clear that type of ownership, nature of business and market orientation still have an effect on business success even after the inclusion of the three market orientations dimensions.

There is a strong positive relationship between private manufacturing and business success (standard path coefficient = 0.57, p < 0.01). Therefore, the hypothesis H1A is supported.

There is also strong positive relationship between private service and business success (standard path coefficient = 0.42, p < 0.01). Therefore, the hypothesis H1B is supported.

However, the hypothesis H1C will not be supported as there is negative association between public manufacture and business success (standard path coefficient = - 0.12, p >0.01).

Hypothesis H1D is supported as there is a positive relationship between public service and business success (standard path coefficient = 0.35, p < 0.01).

Regarding the sub-market orientation hypotheses, there is a significant positive relationship between customer orientation and business success (standard path coefficient = 0.24, p < 0.01). Therefore, the hypothesis H2A is supported.

However, and contrary to expectations, there is a moderate but significant negative link between competitor orientation and business success (standardised path coefficient = -0.36, p < 0.01).

Therefore, hypothesis H2B is not supported. The last hypothesis H2C is supported as there is a significant position relationship between interfunctional coordination and business success (standard path coefficient = 0.32, p < 0.01).

It should be noted that the inclusion of the three sub-components in this model of market orientation has caused a change in the expected effects of the variables of the model and is also further clarified more in the variance in the success variable.

This means when the three separate market orientations were added, an additional (0.10) of variance in success factors was accounted for.

This is a moderate effect and is statistically significant. Overall, the model accounted for (0.65) of the variance in business success.

6.12.1.3 The Third Hypothesis

In the pertaining literature, a great deal of research has explained that there are several success factors behind the success of successful businesses which vary enormously according to business sector and the context within which the study is conducted.

Critical success factors have been defined in different ways. Rockart (1979) for example, observes that "*critical success factors are, for any business, the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation*" (pp. 85-87). They are the few key areas where things must go right for the business to flourish.

The idea behind identifying internal and external success factors for businesses is to discover the main activities, resources and reasons that help businesses to be successful (Bergeron and Begin, 1989).

Jenster for example, (1987) found that businesses that identified and implemented this approach received a higher return on equity when compared to businesses that did not employ this approach. In the case of a company's internal environment, the CSFs are likely to arise from particular characteristics of its products, processes, people, structures, practices etc.

Externally, the CSFs faced by a particular organisation will be derived from the nature of the industrial and market structures/dynamics within which it operates. These external CSFs will clearly be faced by all companies operating in a given external environment and are less controllable than the internal ones.

In management and marketing literature, there are several examples of very successful businesses. For instance, the weak performance of British and American firms in international markets compared to the Japanese has led to substantial research interest in the factors contributing to the success of Japanese firms. Kotler et al., (1985) conceptualised the Japanese success into four key factors: the socio-cultural environment; the government-business environment; the competitive environment; and the organisational environment.

Wong et al., (1988) refuted any explanations that attributed Japanese success to factors other than marketing. Others have emphasised the importance of the corporate mission and the marketing plan (e.g. Kamath et al., 1987; Peters and Waterman, 1982; Hooley and Lynch 1985).

Peters and Waterman, for example, (1982) established three key traits of successful companies: to provide a superior service and quality to customers; to develop new products and services; and to stay very close to their customers.

Similarly, excellent companies in the UK have placed emphasis on providing customer satisfaction through product quality and service. Hooley and Lynch, (1985) found that the more successful companies, called the high-fliers, shared three common characteristics: a genuine market orientation; strategic sensitivity and responsiveness; and particular emphasis on product quality and design to a larger extent than on price. Saunders and Wong (1985) and McBurnie and Clutterbuck (1988) noted that successful companies are those that have made marketing the foundation of their business.

Baker and Hart (1989) found that successful British companies have greater commitment to strategic planning, add value to their products and were more actively involved in market research and information gathering, market segmentation and promotion.

Based on that literature and also based on the outcomes of the study's interviews with interviewees in the Libyan context, this study proposes the following hypothesis:

H3. In the Libyan transitional economy there are several success factors that contribute positively to business success.

H_{3A}. Planning factors contribute positively to business success

H_{3B} Organisational factors contribute positively to business success

H_{3C} Leadership factors contribute positively to business success

H_{3D} Human resource factors contribute positively to business success

H_{3E} Production factors contribute positively to business success

H_{3F} Marketing factors contribute positively to business success

H_{3G} Purchasing factors contribute positively to business success

H_{3H} Business Environment factors contribute positively to business success

H_{3I} Stakeholder factors contribute positively to business success

H_{3J} External support factors contribute positively to business success

H_{3K} Special factors contribute positively to business success

Figure 17 Ownership, Business Nature, Market Orientation, Success Factors & Business Success

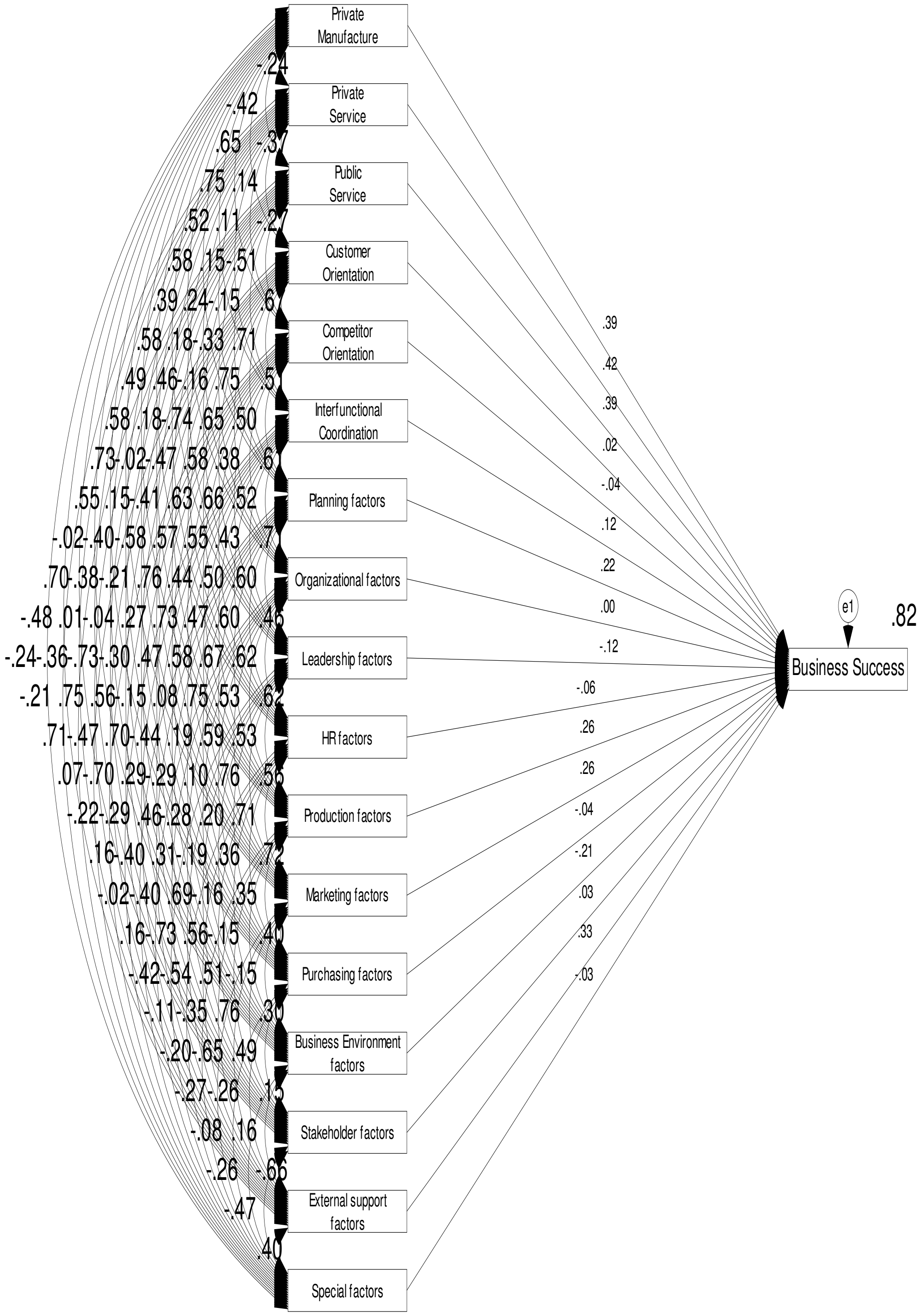


Table 115 Ownership, Business Nature, Market Orientation, Success Factors and Business Success

Hypothesis	Relationships	Hypothesised Relationships	Standard Regression Coefficients	P-value
H_{1A}	Private manufacture → Business Success	Positive	0.39	***
H_{1B}	Private service → Business Success	Positive	0.42	***
H_{1C}	Public manufacture → Business Success	Omitted	Omitted	Omitted
H_{1D}	Public service → Business Success	Positive	0.39	***
H_{2A}	Customer orientation → Business Success	Positive	0.02	0.74
H_{2B}	Competitor orientation → Business Success	Negative	-0.04	0.60
H_{2C}	Interfunctional Coordination → Business Success	Positive	0.12	0.02
H_{3A}	Planning factors → Business Success	Positive	0.22	0.001
H_{3B}	Organisational factors → Business Success	No Link	0.00	0.98
H_{3C}	Leadership factors → Business Success	Negative	-0.12	0.14
H_{3D}	HR factors → Business Success	Negative	-0.06	0.26
H_{3E}	Production factors → Business Success	Positive	0.26	***
H_{3F}	Marketing factors → Business Success	Positive	0.26	0.003
H_{3G}	Purchasing factors → Business Success	Negative	-0.04	0.45
H_{3H}	Business Environment factors → Business Success	Negative	-0.21	***
H_{3I}	Stakeholders factors → Business Success	Positive	0.03	0.68
H_{3J}	External Support factors → Business Success	Positive	0.33	***
H_{3K}	Special factors → Business Success	Negative	-0.03	0.58

*** Standardised path coefficient is statistically significant ($p<0.001$)

To test the third hypothesis, a number of questions on success factors were directed only to participants who rated their businesses as successful. In the questionnaire survey, only 164 respondents answered these questions. Unfortunately there were no respondents from successful companies in the public manufacturing sector so the variable public manufacture could not be used as a predictor when other factors were considered.

Therefore, hypothesis H_{1C} was omitted.

In the previous analysis it was found that there were eleven factors affecting business success, namely planning factors, organisational factors, leadership factors, human resource factors, production factors, marketing factors, purchasing factors, business environment factors, stakeholder factors, external support factors and special factors.

Model number 4, above, is comprehensive and shows the relationship between business success and all variables in the study. From the model it is evident that there are different types of relationships between business success and those factors.

The variables of private manufacture, private service and public service factors still have a significant moderate positive relationship with business success as it is clear from the standardised path coefficients (0.39, $p < 0.01$; 0.42, $p < 0.01$; 0.39, $p < 0.01$) shown in the model. Customer orientation has a very small positive relationship with business success (standardised path coefficient = 0.02, $p = 0.74$). This does not mean that customer orientation is not related to business success in this new developed model which incorporates only successful businesses. It means customer orientation is no longer a significant predictor among this group of respondents as customer orientation is not sufficiently differentiated to be a useful predictor of business success.

Interfunctional coordination still has a positive link with business success but less than before (standardised path coefficients = 0.12, $p = 0.017$). A negative association between competitor orientation and business success still exists but weaker than before as is evident from the standardised path coefficient (-0.04, $p = 0.603$).

Regarding success factors effects, the model shows different types of effects. Planning factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.22, $p < 0.01$). Therefore, the hypothesis H_{3A} is supported. Production factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.26, $p < 0.01$). Therefore, hypothesis H_{3E} is supported. Marketing factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.26, $p < 0.01$). Therefore, hypothesis H_{3F} is supported. External support factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.33, $p < 0.01$). Therefore, hypothesis H_{3J} is supported. Stakeholder factors have a weak positive relationship with business success (standardised path coefficient = 0.03, p = 0.68). Therefore, hypothesis H_{3I} is supported. Organisational factors have does not seem to have a relationship with business success (standardised path coefficient = 0.00, p = 0.98). Therefore, hypothesis H_{3B} is not supported. Business environment factors have a significant negative relationship with business success (standardised path coefficient = - 0.21, $p < 0.01$). Therefore, hypothesis H_{3H} is not supported. Leadership factors have a small negative relationship with business success (standardised path coefficient = - 0.12, p = 0.14). Therefore, hypothesis H_{3C} is not supported. Human Resource factors have a very small negative relationship with business success (standardised path coefficient = - 0.06, p = 0.26). Therefore, hypothesis H_{3D} is not supported. Purchasing factors have a very small negative relationship with business success (standardised path coefficient = - 0.04, p = 0.45). Therefore, hypothesis H3G is not supported. Special success factors have a very small negative relationship with business success (standardised path coefficient = - 0.03, p = 0.58). Therefore, hypothesis H3K is not supported.

This analysis suggests the hypothesis that other success factors contribute positively to business success in Libya will be partly supported.

In terms of the variance in the business success factor, this comprehensive model contributes in explaining (0.82) of the variance in business success, which means the inclusion of the eleven success factors has contributed in explaining more (0.17) of the variance in business success. This is a moderate effect and is statistically significant. Based on the analysis process shown above, the acceptance and rejection of the hypotheses of this research will be presented in the following table:

Table 116 Modelling and Hypotheses Testing

Hypothesis	Models		
	The first model	**The second model**	**The third model**
Business success is most likely in the private manufacturing sector	Supported	Supported	Supported
Business success is most likely in the private services sector	Supported	Supported	Supported
Business success is most likely in the public manufacturing sector	Not supported	Not supported	Not supported
Business success is most likely in the public services sector	Supported	Supported	Supported
Overall market orientation contributes positively to business success in Libya		Supported	Supported
Customer orientation contributes positively to businesses' success.		Supported	Supported
Competitor orientation contributes positively to business success.		Not supported	Not supported
Inter-functional cooperation contributes positively to businesses' success.		Supported	Supported
Planning factors contribute positively to business success			Supported
Organisational factors contribute positively to business success			Not supported
Leadership factors contribute positively to business success			Not supported
Human resources factors contribute positively to business success			Not supported
Production factors contribute positively to business success			Supported
Marketing factors contribute positively to business success			Supported
Purchasing factors contribute positively to business success			Not supported
Business Environment factors contribute positively to business success			Not supported
Stakeholder factors contribute positively to business success			Supported
External support factors contribute positively to business success			Supported
Special factors contribute positively to business success			Not supported

6.13 Key Findings Summary

This section summarises the key findings of data analysis in this chapter.

1. The distribution of the sample is (47%) private companies, (27%) being privatised, (17%) public, and (9%) already privatised. (47%) of which are working in the manufacturing sector and (53%) in the service sector.

2. The sample consists of a variety of different businesses. Food industries (28%); Banking (17%); Hospitality (15%); Construction Materials (9%); Telecommunications and Electricity (9%); Insurance Services (8%); Textiles and Clothing (8%) and Air Travel Services (6%).

3. Businesses ages are (66%) equal to, or more than, ten years and (34%) between five to nine years.

4. Small businesses represent (20%) of the respondent companies, medium-sized (40%) and large (40%).

5. Respondents' qualifications are (68.7%) Bachelor, (18.5%) Masters and (0.9%) Doctorates. Their areas of specialisations are Business (59.2%), Engineering (13.7%) and Science (12.4%).

6. In terms of work experience, (38%) of the respondents' their experiences are ten years or more, while (35%) of them are between 5 and 10 years.

7. The private sector performs much better than the public sector both in: the services sector (3.67 against 3.30) and the manufacturing sector (3.96 against 1.91).

8. The private sector, both manufacturing (3.86) and service (3.15), enjoy a higher degree of market orientation, while the public sector is characterised by a weak market orientation degree for both industrial (2.23) and service (2.62).

9. There is a positive correlation between market orientation and business success.

10. The private sector enjoys a high degree of customer orientation for manufacturing businesses (3.43) and slightly high (2.85) for service businesses, while the public sector had a weak level of customer orientation for both manufacturing businesses (1.94) and the service businesses (2.44).

11. The private sector enjoys a high degree of competitor orientation in both manufacturing (4.25) and service (2.96), while the public sector had a very weak level of competitor orientation for both manufacturing (1.83) and service (2.01).

12. The level of interfunctional coordination in the private sector is higher than that in the public sector. Also, it is noticeable that private manufacturing businesses come first with (4.10) scores, and then the service sector with (3.66) scores. The opposite is true in the public sector with the service sector having the highest scores (3.35), and then the manufacturing sector with (2.89) scores.

13. The variables private manufacture, private service and public service factors have a significant moderate positive relationship with business success (0.39; 0.42; 0.39).

14. External support factors have a moderately significant positive relationship with business success (0.33) and production factors have a moderately significant positive relationship with business success (0.26).

15. Marketing factors have a moderately significant positive relationship with business success (0.26) and planning factors have a moderately significant positive relationship with business success (0.22).

16. Interfunctional coordination has a positive link with business success (0.12) and stakeholder factors have a weak positive relationship with business success (0.03).

17. Customer orientation has a very small positive relationship with business success (0.02) and organisational factors have no relationship with business success (0.00).

18. Business environment factors have a significant negative relationship with business success (- 0.21) and leadership factors have a small negative relationship with business success (- 0.12).

19. Human Resource factors have a very small negative relationship with business success (- 0.06) and purchasing factors have a very small negative relationship with business success (- 0.04).

20. Finally, competitor orientation has small negative correlation with business success (-0.04) and finally, special success factors have a very small negative relationship with business success (- 0.03).

6.14 Summary

This chapter presents comprehensive details of the analysis of the quantitative data collected through the questionnaire survey. Explanation of the overall approach of the quantitative data analysis was presented. Market orientation measurement and business success assessment were discussed. Testing the relationship between market orientation and business success, and discovering the key success factors are the main themes covered within this chapter. The chapter concludes by reviewing the key findings emerged from the quantitative data analysis phase.

The analysis procedure in this chapter shows that all constructs used in the survey instrument are greatly valid and reliable, which increases the credibility of the obtained results.

Finally, after this quantitative data analysis phase, the next chapter will focus on analysing the qualitative data collected through semi-structured interviews.

Chapter Seven: Qualitative Data Analysis

7.1 Introduction

This chapter focuses primarily on the analysis of the data obtained from a number (16) of semi-structured interviews conducted with the Libyan Authorities' representatives responsible primarily for public businesses and also a number (53) of semi-structured interviews conducted with senior level executives, or their nominees, working in different sorts of business in Libya.

This qualitative phase has been developed as an attempt to provide rich explanatory information that could rectify and add value to the survey data analysed in the previous chapter.

Given the large number of personal interviews conducted in this research, and to facilitate the process of extracting the meanings provided by interviewees, and to guarantee providing the reader with a full understanding about all research-related issues, it has been found that employing the widely-used content analysis technique for qualitative data is more appropriate. Repetition and number of words occurrence in the dialogue with interviewees were the main focus of this technique.

As a consequence, this chapter is divided into six subsections. The first section focuses mainly on briefing the reader regarding the contents of this chapter. The second section concentrates on providing a general overview concerning the characteristics of the interview atmosphere and interviewees' characteristics.

Section three investigates the market orientation concept adoption in Libya. Performance indicators in use were investigated in section four. Businesses performance against major competitors is explored in the next section.

The last section focuses primarily on the main factors for success for businesses working in Libya.

7.2 Background Information

This part of the analysis will portray the basic characteristics of the personal semi-structured interviews undertaken in this research. The analysis includes interviewees' characteristics, interviews locations and length of interviews.

7.2.1 Interviewees Characteristics: Group (A)

Since the researcher visited a number of ministries responsible for businesses in Libya, this part of the research gives information about the organisational positions of the interviewees.

Table 117 Interviewees Positions

Name of the Ministry	Position of Interviewee				Total	Percentage
	Senior Manager	Junior Manager	Officer	Others		
Ministry of Finance	-	1	2	1	4	25%
Ministry of Economy	1	1	1	-	3	19%
The Libyan Stock Market	1	2	-	-	3	19%
Ministry of Industry	-	-	1	1	2	12%
Ministry of Monitoring	1	1	-	-	2	12%
Ministry of Privatization	-	-	1	-	1	6.5%
Chamber of Commerce	-	-	1	-	1	6.5%
Total	3	5	6	2	16	100%
Percentage	19%	31%	38%	12%	100%	100%

The previous figures show the ministries that the researcher visited and the organisational position of the interviewees. As shown in this table, the focus was mainly put on the Ministry of Finance (25%)[64], Ministry of Economy (19%) and Ministry of Industry (13%), and the source of information in those interviews was mainly from officers (38%)[65] and junior managers (31%).

This focus was due to two reasons: the difficulties in reaching senior managers; and due to the ease of accessing junior managers and officers involved.

[64] Calculated as follows: (4/16 = 25%).
[65] Calculated as follows: (6/16 = 38%).

The (16) semi-structured interviews were mainly conducted to achieve the following goals: to learn the performance measurements being used in Libya; to unearth or establish a list of the most successful businesses in Libya; and finally to explore how the Libyan economic reforms have changed the way of doing business in Libya.

7.2.2 Interviewees Characteristics: Group (B)

As the researcher managed to conduct a number (53) of personal semi-structured interviews with senior level executives in businesses under study, the researcher considered it useful to give a brief concerning the organisational position of the respondent interviewees.

Table 118 Interviewees' Positions

Interviewee Organisational Positions	Frequency	Percentage
Owners, general managers and branches' managers	21	40%
Marketing and sales managers	12	23%
Different Positions	8	15%
Administrative Officers	7	13%
Financial Officers	5	9%
Total	53	100%

The aforementioned figures present the functional position of the interviewees. From this table, it can be seen that the vast majority of the interviewees are individuals at the decision-making level in different disciplines leading us to expect that they are well-versed on the subject of their business affairs and hence their views and perspectives will be valuable.

7.2.3 Interviewees Qualifications

Attaining the professional qualification required for a particular job is an important element which assists in the completion of the job as required. It is expected that the efficient completion of work will increase when carried out by properly qualified employee, leading us to expect that the information collected will be more relevant and accurate. Respondents' qualifications are presented below.

Table 119 Respondents' Qualifications

Qualifications	Frequency	Percentage
Bachelor	29	42%
Master	18	26%
High Level Schools	15	22%
Others	4	6%
Doctorate	3	4%
Total	69	100%

From these figures it can be clearly seen that the vast majority of the respondent interviewees are qualified for their work as (72%) of them hold academic degrees such as Bachelor, Master and Doctorate.

This may give more credence to the quality of the collected information as informants are more educated and knowledgeable concerning their businesses.

7.2.4 Interviews Locations

Regarding the locations of interviews[66], the researcher used a flexible policy to suit the moment, and also to suit the wishes of the targeted individuals.

It should be noted in this instance that the researcher used both formal and informal communication in order to make the necessary arrangements to conduct those interviews such as: who will be the potential respondents; where the place of the interview is; and what is the expected duration for the interview that will be conducted.

Table below provides more details about the locations of interviews conducted in this research.

[66] That includes the following: (16 interviews with Libyan Authorities' Representatives + 53 interviews with high level businesses' managers and owners = 69 interviews).

Table 120 Interviews' Locations

Interview Location	Frequency	Percentage
Interviewee’s Office	49	71%
Interviewee’s House	9	13%
Hotel’s Café	7	10%
Interviewer’s House	4	6%
Total	69	100%

The figures above illustrate the locations where the interviews took place. The vast majority of the interviews were conducted at the office of the interviewees (71%); the remainder (29%) were conducted at different places such as the homes of the interviewees (13%), Hotels’ / Cafés (10%) and the home of the interviewer (6%). These choices were made mainly based on the wishes of the interviewees as some preferred to be far away from the work atmosphere, enabling them to speak more freely and openly. As one administrative manager maintained:

“If you want me to talk to you frankly and to tell you the whole story of this company, please let us meet somewhere else to have more time and to be far away from these faces”.

Note should be made here that despite assurances the researcher offered to respondents and despite the student’s status letter from the university which the researcher presented to interviewees, the vast majority of respondents refused to sign the interview consent form[67] and also rejected having their voices recorded. This behaviour reflects a state of fear that the information recorded be used adversely for other purposes in the future. This situation reflected the words of one disgruntled executive who said:

“Do you know that this form and the recorder you hold now are more than enough to bring me to investigation, put me in the jail and firing me from this job?” (Administrative Manager, Private Textile Company)

[67] See appendix one.

7.2.5 Interviews Duration

The time or the duration for conducting interviews varied for each interview, this difference is linked to a large extent to the nature of the studied phenomenon and the design of the questions.

Table below shows the time spent on the process of conducting the interviews in this study.

Table 121 Interviews' Duration

Interview Duration	Frequency	Percentage
Less Than One Hour	23	33%
One to Less than Two Hours	37	54%
Two Hours and Above	9	13%
Total	69	100%

From the above figures it can be seen that more than half of the conducted interviews lasted between one and two hours (54%), while only a small percentage (13%) exceeded two hours.

The longer interviews were conducted outside the work environment offering the advantage to probe deeply and obtain more insights into all areas of inquiry.

7.3 Business Success

Given the importance of performance indicators to evaluate businesses success, the researcher asked the Libyan authorities' representatives[68] about the key performance indicators widely used by them to assess public business performance.

The same question was directed to the high level executives[69] in the respondent sample. Different indicators emerged from the interviews.

[68] This includes a number of 16 interviews with people from the Libyan ministries (e.g. Ministry of Economy, Ministry of Finance).

[69] This includes (53) different businesses working in Libya under deferent ownership types: public businesses (9 interviewees), private businesses (25 interviewees), privatised businesses (5 interviewees) and businesses under privatisation (14 interviewees).

Table 122 Performance Indicators Used by Libyan Authorities

Performance Indicators	Frequency	Percentage
Achieved production against planned production	11	69%
Debt collection ability	10	63%
Available liquidity	8	50%
Cost minimisation ability	6	38%
Assets maintenance	5	31%
Defective production ratio	3	19%
Achieved profitability	2	13%
Sales volume	2	13%
Inventory condition and level	2	13%
Comparing the last year budget with the current year	2	13%
Ability to paying salaries on a regular base	1	6%
Growth	1	6%
Participation in international exhibitions	1	6%
Exportation ability	1	6%

From the above figures it can be seen that Libyan Authorities representatives are very concerned about six assessment indicators.

Achieved production compared to planned (69%)[70], collection of previous debts (63%), keeping enough liquidity (50%), minimising annual expenditure (38%), maintaining and sustaining business assets (31%) and finally, minimising the level of defective products (19%).

The picture in the public sector (including those under privatisation) is, to some extent, different as there are other performance indicators revealed to be important as shown in the following table.

[70] Calculated as follows: (11/16 Interviews).

Table 123 Performance Indicators Used by Public Sector

Performance Indicators	Frequency	Percentage
Available liquidity	20	37%
Achieved production Compared to the Planned	11	21%
Ability to Paying Salaries on a Regular Base	11	21%
Sales volume	10	19%
Debt collection ability	9	17%
Assets maintenance	7	13%
Less defective production's ratio	6	11%
High profitability	6	11%
Managerial cost reduction	4	8%

From the above figures it can be clearly seen that there are five different important performance indicators widely used by public sector companies. For example, the availability of liquidity comes first with (37%)[71] as all transactions in Libya are made in cash.

This is because of the weak financial system and weak electronic business. The ratio of achieved production relative to planned production came second with (21%). This is very noticeable from the statement made by an administrative and financial manager in a privatised milk factory:

"The principal method for assessing business performance and success for us lies in comparing the achieved production with the planned or targeted one".

The ability of a company to pay the monthly salary comes third with (21%). This is also very noticeable from the following comment:
"In our view, we consider our company as a successful company because it covers its costs, pays the salaries of workers and gives cash on some special religious occasions, festivals and celebrations" (Financial Manager, Under Privatisation Insurance Company).

[71] Calculated as follows: (20/53 Interviews).

Sales volume and a company's ability to collect its debts were (19%) and (17%) respectively.

In the private sector the picture, to a great extent, is different as many different performance indicators have emerged during the interviews. Details are presented in the following table.

Table 124 Performance Indicators Used by Private Sector

Performance Indicators	Frequency	Percentage
Achieved profitability	25	47%
Available liquidity	18	34%
Sales volume	13	25%
Achieved production compared to the planned one	6	11%
Less defective production's ratio	2	4%
Market share	2	4%

From the above figures it is evident that private businesses are very concerned about performance indicators such as profitability (47%), liquidity (34%) and finally sales volume (25%). For privatised businesses, different performance indicators have been mentioned to be important as presented in the following table.

Table 125 Performance Indicators Used by Privatised Businesses

Performance Indicators	Frequency	Percentage
Available liquidity	5	9%
Achieved profitability	5	9%
Sales volume	5	9%
Ability to paying salaries on a regular base	3	6%
Achieved production compared to the designed one	2	4%
Less defective production rations	1	2%

From the above figures it can be seen that four performance indicators have been revealed to be important for privatised businesses: liquidity; profitability; and sales volume come top of this list with (9%) each followed by the ability of the business to pay the monthly salary of their employees (6%).

Based on what has been observed, there would appear to be agreement among the government performance assessment system, private businesses assessment system and the public business assessment system on the importance of liquidity in the Libyan economy to assess business performance whereas private businesses are focusing mainly on profitability and sales volume.

Finally, it is very important to point out that the performance assessment systems employed in all the mentioned parties (governmental offices, public businesses, privatised businesses and private business) are usually conducted based upon the objective assessment of hard figures obtained from financial statements, balance sheets and production reports.

7.4 Performance against Competition

Measuring businesses performance compared to that of competitors is one of the main topics hotly debated in the literature and was among the topics dealt with in the field study phase of the current research.

The respondent sample of interviewees (53) was asked about their perceptions of the ability of their businesses to compete against their nearest competitors in the same industry in terms of the key performance dimensions.

Diverse answers emerged and all respondents' responses were analysed as it is presented in table below:

Table 126 Business Performance against Competitors

Performance Indicators	Interviewee Perception			
	Among the Highest		Among the lowest	
	Frequency	Percentage	Frequency	Percentage
Profitability	36	68%	8	15%
Liquidity	25	47%	10	19%
Growth	23	43%	11	21%
Sales	18	34%	6	11%

From the above figures it can be clearly seen that (68%)[72] of the interviewees perceived their business to be among the highest competitive businesses in their field. This information has been confirmed by some business representatives who maintained:

"*We have achieved a high level of profits and growth exceeding our levels of expectation, where it is doubled to 200% this year. In addition, our start-up capital increased from 120,000 Libyan Dinar to 20,000,000 Libyan Dinar and we managed to expel the Tunisian and Egyptian products from the market because of the high quality and the low cost that we burden*". (Administrative and Financial Manager, Private Food Industry Company)

Another private food factory owner commented: "*Our success has been very stunning and we are now in the process of opening a new supplementary factory. Our success was very great and the number of our competitors has declined to 8 companies out of 50 national and international companies*".

This assessment was made based on the profitability indicator. Several key indicators were also mentioned in the interviews: liquidity (47%); growth (43%); and sales (34%).

These figures give the impression that more than half of the respondent businesses can be considered as successful businesses.

[72] Calculated as follows: (36/53 Interviews).

7.5 Market Orientation Adoption

Measuring market orientation adoption is one of the key objectives of this research. For this purpose, all interviewees were requested to explain how and why their businesses gave attention to customers and competitors in the market.

In addition the current status of the coordination process among all business organisational levels was explored.

All these areas of enquiry represent the concept of market orientation suggested by Narver and Slater (1990) and adopted in this research.

In doing so, and since this study utilises Narver and Slater's definition (1990) of market orientation, the researcher engaged in more in-depth discussion with interviewees about the market orientation phenomenon.

All interviewees were asked about how they perceive and deal with the three key components of the market orientation concept: customer orientation; competitor orientation and interfunctional coordination.

During the interviews and discussion all issues relating to the three dimensions were covered in further detail. Several relating issues were discussed and analysed as it is illustrated in the table mentioned below.

Table 127 Market Orientation Adoption

Ownership type & market orientation	Public & Under Privatisation		Private		Privatised	
	Freq.	Per.	Freq.	Per.	Freq.	Per.
Customer orientation	**-**	**-**	**-**	**-**	**-**	**-**
Create valuable products / services	15	28%[73]	18	34%	3	6%
Importance of customer satisfaction	5	9%	17	32%	4	8%
Understanding customers needs	9	17%	11	21%	1	2%
Commitment to customers	4	8%	15	28%	1	2%
Providing after-sales services	-	-	10	19%	-	-
Measuring customers satisfaction	-	-	4	8%	-	-
Competitor orientation	**-**	**-**	**-**	**-**	**-**	**-**
Creating competitive advantage	9	17%	16	30%	5	9%
Importance of competitor information	2	4%	12	23%	1	2%
Discussing strategies of competitors	2	4%	11	21%	1	2%
Responding to competitors' actions	-	-	7	13%	1	2%
Interfunctional coordination	**-**	**-**	**-**	**-**	**-**	**-**
Contributing to customer value	15	28%	19	36%	3	6%
Sharing resources	15	28%	12	23%	5	9%
Team work	11	21%	13	25%	4	8%
Share information	5	9%	15	28%	2	4%
Integrated strategies	-	-	5	9%	1	2%

From the above table it is apparent that businesses under study differ in the degree of market orientation and also vary in the degree of emphasis on the dimensions of the market orientation concept.

For example, the average customer orientation is (37%)[74], the average orientation to competition is (32%)[75] and the average interfunctional coordination is (48%)[76].

The overall average for the three dimensions together is (39%)[77] which indicates the presence of a growing trend in market-orientation in the Libyan market.

[73] Calculated as follows: (15) / 53= 28%)
[74] Calculated as follows: (36+26+21+20+10+4) / 53*6 items).
[75] Calculated as follows: (30+15+14+8) / 53*4 items).
[76] Calculated as follows: (37+32+28+22+6) / 53*5 items).

In spite of these degrees of market orientation for the studied businesses, close inspection of the data presented in the aforementioned table refers to the existence of some contradictions that need to be underlined.

For example, average customer orientation is (37%), which indicates a degree of attention given to the affairs and issues of customers, but examination of the table's figures shows that there is an inconsistency between the proportion of the importance of customer satisfaction (49%) in one part and the degree of measuring the customer satisfaction in reality (8%) and after sales services provided to those customers (19%) in the other part.

This situation raises the question of how those businesses claim the importance of customer satisfaction whilst at the same time very low attention was given to both after sales services and customer satisfaction measurement.

The answer to this question may lie in the idea that businesses look at customer satisfaction from their own point of view and not from the point of view of their customers.

Focus has been placed on producing products and providing services that create value for customers derived from business expectations to customer needs. In other words, businesses rely more on internal innovativeness more than on the wishes of customers.

This belief might be supported by the proportion of creating value for the customer in the customer orientation dimension which reached (68%)[78] and (70%)[79] in the interfunctional orientation dimension.

This interpretation might also be supported by the following statement made by an administrative manager in under privatisation Food Company:

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[77] Calculated as follows: (36+26+21+20+10+4+30+15+14+8+37+32+28+22+6) / 53*15 items).
[78] Calculated as follows: (28% + 34% + 6% = 68%).
[79] Calculated as follows: (28% + 36% + 6% = 70%).

"We satisfy customers' needs through valuable products designed for them and we offer them the benefits that they need, taking into account the price and quality fit with their financial capabilities".

With regard to competitor orientation, it can be clearly seen that there is also a contradiction to be highlighted. For example, more than half of interviewees (56%)[80] mentioned that they focus on creating competitive advantage giving the impression that there is some level of competition in the local market.

However, on closer inspection of the competitor orientation items in the table we can see that competitor information occupies only (29%), the strategy of competitors represent (27%) and business responses to the actions of competitors form only (15%).

These percentages might reflect the existence of a very low level of competition in the market and hence businesses do not give much attention to the competitive pressure.

This interpretation might not be entirely true as competitive pressure differs from one sector to another and sometimes within the same sector. For example, in the food industry sector there is fierce competition among firms.

Therefore, more attention has been given to competition, where less competition was detected in the banking field, insurance, hospitality and airlines industry.

This is evidenced by the following quotations which surfaced during the interviews:

"The reason for our survival till this moment in the market is the high quality of our products and the reasonable prices that we offer and the Libyan consumers can afford".

(General Manager, Private Food Industries Company)

"It is so difficult for us to survive unless we make some changes in our products and the last change that we made was changing the design of our milk package to be sold quickly".

[80] Calculated as follows: (17% + 30% + 9% = 56%).

(Administrative and Financial Manager, Privatised Milk Factory)

"Our market share was affected significantly in Tripoli – the Libyan capital- because of the intensity of competition there while in Benghazi – the second city - we still have significant market share".

(Financial Manager, Public Hotel)

"Despite the intensity of competition, we still have a good competitive position in the market because of the diversity of our production lines".

(Financial Manager, Under Privatisation Wires Company)

"I do not care too much about competitors as I am concerned about the quality and the price of my products".

(Sales Assistance, Private Food Industry Company)

"Whatever the other banks do in the market will not affect me in any way as long as the market lacks the very basic banking services, and customers would be very happy if they managed to open a current account for them in this bank".

(Benghazi Branch Credit Manager, Private Bank)

"So far there are no airlines companies that can provide the sort of services that we provide to the citizens".

(Benghazi Branch General Manager, Private Airline Company)

These analyses raise another important question: whether the market orientation phenomenon differs according to the different types of ownership structures.

Three sub-tables were derived from the main table to see how market orientation varies according to ownership structure.

Table 128 Market Orientation in Public Sector and under Privatisation Businesses

Ownership Type & Market Orientation	Public & Being Privatised	
	Frequency	Percentage
Customer orientation	-	-
Create valuable products / services	15	28%[81]
Importance of customer satisfaction	5	9%
We fully understand customers needs	9	17%
Commitment to customers	4	8%
Provide after-sales service	-	-
Measuring customers satisfaction	-	-
Competitor orientation	-	-
Creating competitive advantage	9	17%
Importance of competitor information	2	4%
Discussing competitors' strategies	2	4%
Respond to competitors' actions	-	-
Interfunctional coordination	-	-
Contributing in customer value	15	28%
Sharing resources	15	28%
Team work	11	21%
Share information	5	9%
Integrated strategies	-	-

This table indicates that state-owned businesses (public and those being privatised) seem to have very weak orientation towards all three dimensions of market orientation: customer; competitor; and interfunctional coordination.

They appear to focus on the production or service system and they do not seem to be interested in being different in the market.

They were interested in creating valuable products and services (28%) through providing products and services based on the pre-determined centrally planned production plans[82] as the training and quality control manager in an under privatisation pipe company declared:

[81] Calculated as follows: (15/53 = 28%).
[82] These plans are prepared by the Libyan Ministries of Industry and businesses have to implement them.

"*We have a manufacturing system that produces a variety of products of great value for consumers*".

In addition, very little attention was paid to competitive advantage (17%) as a marketing assistance in an under privatisation cement company maintained:

"There is nothing forcing us to market our products or to burden marketing costs. All we produce will be sold quickly and consumers hurry to buy it. We are nearly the only monopolist who produces this product in the market".

No attention at all was given to after sales service, measuring customer satisfaction and finally there were no responses noted regarding the actions of competitors.

This case might reflect the monopoly situation in the Libyan economy for some economic activities run only by the State-owned businesses.

The overall market orientation for this type of business is very low (12%)[83], where customer orientation represents (10%)[84] and competitor orientation occupies (6%)[85] and interfunctional coordination forms only (20%)[86].

Regarding the privatised businesses it can be said that businesses in this group have very weak levels of orientation towards the market. The table below provides more details about privatised businesses targeted in this research.

[83] Calculated as follows: (15+5+9+4+9+2+2+15+15+11+5) / 53*15 items).
[84] Calculated as follows: (15+5+9+4) / 53*6 items).
[85] Calculated as follows: (9+2+2) / 53*4 items).
[86] Calculated as follows: (15+15+11+5) / 53*5 items).

Table 129 Market Orientation for Privatised Sector

Ownership Type & Market Orientation	Privatised	
	Frequency	Percentage
Customer Orientation	**-**	**-**
Importance of customer satisfaction	3	6%
Great value for customers	4	8%
We fully understand customers needs	1	2%
Commitment to customers	1	2%
Provide after-sales service	-	-
Measuring customers satisfaction	-	-
Competitor Orientation	**-**	**-**
Creating competitive advantage	5	9%
Importance of competitor information	1	2%
Discussing competitors' strategies	1	2%
Respond to competitors' actions	1	2%
Interfunctional Coordination	**-**	**-**
Sharing resources	3	6%
Team work	5	9%
Contributing in customer value	4	8%
Share information	2	4%
Integrated strategies	1	2%

From the above table it is obvious that the level of market orientation adoption in this group of businesses is extremely low, where the overall average of market orientation was (4%)[87], customer orientation (3%)[88], competitor orientation (4%)[89] and interfunctional coordination (6%)[90].

These figures might reflect the fact that those businesses are the worst performing in the Libyan economy and the Libyan economic reforms programmes started with very low performance businesses.

[87] Calculated as follows: (4+3+1+1+5+1+1+1+5+4+3+2+1) / 53*15 items).
[88] Calculated as follows: (4+3+1+1) / 53*6 items).
[89] Calculated as follows: (5+1+1+1) / 53*4 items).
[90] Calculated as follows: (5+4+3+2+1) / 53*5 items).

This also might be clear by the following speech:

"Our factory was originally a general public company in Libya, where the company previously used to be fully supported by the state and it provides the society with milk and its products.

In recent times, given the trend towards privatisation and increased market competition, it has become difficult for the company to survive and grow due to limitations of machinery, lack of spare parts and maintenance.

Now we are striving and fighting only to preserve and keep the name of the company in the market".

(Administrative and Financial Manager, Privatised Milk Factory)

Furthermore, the percentages above might reflect another fact: only five privatised businesses were included in this research.

Therefore, this number is not representative all privatised businesses in Libya, which leads us to conclude that if a larger sample of privatised businesses were studied the results may be different.

Consequently, the figures obtained might be used as indicator about market orientation in this group of businesses.

In the private sector, the image to a great extent is different. The table below provides more details about private sector businesses.

Table 130 Market Orientation for the Private Sector

Ownership Type & Market Orientation	Private	
	Frequency	Percentage
Customer Orientation	-	-
Great value for customers	18	34%
Importance of customer satisfaction	17	32%
Commitment to customers	11	21%
We fully understand customers needs	15	28%
Provide after-sales service	10	19%
Measuring customers satisfaction	4	8%
Competitor Orientation	-	-
Creating competitive advantage	16	30%
Importance of competitor information	12	23%
Discussing competitors' strategies	11	21%
Respond to competitors' actions	7	13%
Interfunctional Coordination	-	-
Contributing in customer value	19	36%
Share information	12	23%
Team work	13	25%
Sharing resources	15	28%
Integrated strategies	5	9%

Businesses in this group seem to be more market-oriented than the rest. They pay greater attention to the three dimensions of the market orientation phenomenon.

For example, the overall average of market orientation of this group is (23%)[91] and they pay relatively more attention to all dimensions such as: customer orientation (24%)[92]; competitor orientation (22%)[93]; and interfunctional coordination (24%)[94].

In this type of business, greater attention has been given to the considerations neglected in other groups. For example, after sales services and customer satisfaction were given

[91] Calculated as follows: (18+17+11+15+10+4+16+12+11+7+19+12+13+15+5) / 53*15 items).
[92] Calculated as follows: (18+17+11+15+10+4) / 53*6 items).
[93] Calculated as follows: (16+12+11+7) / 53*4 items).
[94] Calculated as follows: (19+12+13+15+5) / 53*5 items).

attention in this group as their percentages reached (19%) and (8%) respectively. As four managers illustrated:

"Our company is somewhat interested in the opinion of its customers, where it expelled a number (19) of hospitality crew because of the repeated complaints of passengers".

(Benghazi Branch General Manager, Private Airline Company)

"The reason for our success lies in giving the customer a chance for discussing and negotiating his needs".

(Factory Manager, Private Textile Factory)

"The customers' opinions are very important for us especially in the process of product design".

(Sales Assistant, Private Food Industry Company)

"We welcome our customers' views and suggestions and we have a special section dedicated for their complaints and suggestions. Electronic mail, postal address and phone numbers are all written on all product covers for that purpose".

(General Manager, Private Food Company)

This indicates the growing importance of customer satisfaction. This may be true and can be noted from the focus of the private businesses on the orientation towards competition.

For example, some items neglected in the orientation towards competitors in the public businesses and those already privatised were given some attention here such as information about competitors (23%), discussing competitor strategies (21%) and the response to competitor action and movements(13%) as stated by a marketing fizzy drinks private company manager:

"Information about competitors is very important for us and we use agents, distributors and even customers themselves as a source of information about our competitors especially in terms of growth, price changes, products designs as well as market share. Without this information, we will be like the one who works in the dark".

The previous figures reflect the fact that in the private sector there is some level of emerging competition among private sector businesses. This may also be seen from the relative importance of competitive advantage emphasis being different in this group as it is the highest of all groups (30%) as two managers commented:

"We are always looking for excellence and being different in the market. We are also very interested in making our customers more satisfied, retaining them and attracting other companies' customers in order to reach a high rate of sales and market share"

(Benghazi Branch Manager, Private Insurance Company)

"From the outset, we have sought to improve the quality of our services and reduce costs through the introduction of some new services from time to time in an attempt to notify clients that we are different from other hotels in the region. And one of those new services launched recently was providing the hotel rooms with Internet services which are *not available in other hotels in the region".*

(Financial Manager, Private Hotel)

7.6 Success Factors

The concept of success and its sources in the Libyan business environment was one of the key objectives to be explored by this research.

All interviewees were requested to give their perception concerning the meaning of success and what are the main pillars for the growth and survival of their business in the Libyan transitional market.

The key emerged definitions for success are presented in the table below.

Table 131 Ownership Type and Meaning of Success

Ownership & Success	Public & Under Privatisation		Private		Privatised		Total	
	Freq	Per.	Freq	Per.	Freq.	Per.	Total	Per.
Good Growth	23	44%	25	47%	5	9%	53	100%
High Profitability	10	19%	25	47%	5	9%	40	75%
Good Quality	18	34%	13	25%	2	4%	33	62%
High Liquidity	17	32%	10	18%	4	8%	31	58%

Despite mentioning several items to define success, only the most important dimensions have been included in the table above.

It is evident that interviewees look greatly at success through four key pillars: good growth (100%)[95]; high profitability (75%); good quality (62%); and high liquidity (58%).

It also appears that there is an agreement among the studied businesses to embrace this view of success as illustrated by a paint private general manager:

"*Success is a generic term and broad, but can be summed up in the following important elements: achieving high growth rates, attaining high levels of profitability, maintaining the necessary levels of liquidity suitable for running the business and maintaining acceptable levels of competitive quality in the market*".

Continuing with successful affairs in the Libyan business environment, all respondents were requested to give their views and opinions in relation to how they perceive their business success over the last five years.

Interviewees' responses to these issues were recorded and analysed as it is illustrated in the table below.

[95]Calculated as follows: (53/53 Interviews).

Table 132 Degree of Success and Ownership Type

Ownership & Degree of Success	Public and Under Privatisation		Private		Privatised		Total	
	Freq.	Per.	Freq.	Per.	Freq.	Per.	Freq.	Per.
High	10	19%	15	28%	-	-	25	46%
Medium	5	9%	8	15%	-	-	13	25%
Low	4	8%	2	4%	3	6%	9	17%
Very Low	4	8%	-	-	2	4%	6	11%

From the figures above it can be seen that the vast majority of interviewed businesses are perceived to be successful (72%)[96]. The Private business is first with (43%)[97], public businesses come second with (28%)[98], and privatised businesses have a very low level of *success as two executives recalled: "From the middle 1980s to the late 2000 our products were well-sold and we were making high profits but since launching the reforms programmes, opening the import market and lifting the governmental support to public companies, we started suffering a decline in sales from 30 million to 14 million Libyan dinars in the year 2001. And our company now is a loss-making company".*

(General Manager, Furniture Privatised Factory)

"We were making outstanding profits because we were the only provider of the airlines services and we were getting annual financial support from the state until the year 1985 when the company's profits began to decline due to lifting the governmental subsidies, the mismanagement, corruption, wasting of the public money and finally the administrative instability". (Benghazi Branch Manager, Under Privatisation Airlines Company)

As one of the key objectives of this research is to discover the key success factors for successful businesses in Libya, another question was posed to the successful businesses' respondents concerning the key success factors as illustrated in table below.

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[96] Calculated as follows: (47% high + 25% medium= 72%).
[97] Calculated as follows: (28% high + 15% medium = 43%).
[98] Calculated as follows: (19% high + 9% medium = 28%).

Table 133 Ownership Type and Success Factors

Ownership Type & Success Factors	Public & Under Privatisation		Private		Total	
	Freq.	Per.	Freq.	Per.	Total	Per.
Planning Factors	-	-	-	-	-	-
Clear company's objectives	5	13%	18	47%	23	60%
Effective planning system	5	13%	16	42%	21	55%
Organisational Factors	-	-	-	-	-	-
Effective communication	2	5%	18	47%	20	52%
Effective public relations	3	8%	15	39%	18	47%
Good Relationship with Customers	4	11%	13	34%	17	45%
Good organisational structure	4	11%	3	8%	7	19%
Technological Factors	-	-	-	-	-	-
Reliance on advanced technology at work	5	13%	12	32%	17	45%
Using computerised equipment at work	13	34%	10	26%	23	60%
Market Factors	-	-	-	-	-	-
Growing and promising market	11	29%	19	50%	30	79%
Weak competition	9	24%	14	37%	23	61%
Marketing Factors	-	-	-	-	-	-
Effective pricing policy	4	11%	18	47%	22	58%
Product / service characteristics	5	13%	15	39%	20	52%
Effective advertising policy	2	5%	17	45%	19	50%
Effective sales methods	3	8%	15	39%	18	47%
Good distribution efforts	11	29%	6	16%	17	45%
Good customer services	-	-	17	45%	17	45%
Qualified sales people	2	5%	10	26%	12	31%
Effective promotion campaigns	-	-	5	13%	5	13%
Human Resource Factors	-	-	-	-	-	-
Effective leadership	2	5%	18	47%	20	52%
Managers' and owners distinctive characteristics	2	5%	16	42%	18	47%
Effective reward system	1	3%	15	39%	16	42%
Qualified staff in the company	5	13%	11	29%	16	42%
Managers' risk taking willing	-	-	15	39%	15	39%
Managers' and owners initiatives	-	-	13	34%	13	34%
Production Factors	-	-	-	-	-	-
Good quality	8	21%	21	55%	29	76%
Good manufacturing / service system	6	16%	19	50%	25	66%
New creative production ideas	2	5%	17	45%	19	50%
Financial Factors	-	-	-	-	-	-
Good fund resources	12	32%	5	13%	17	45%
Tax exemption advantages	6	16%	8	21%	14	37%
Strong financial position	7	18%	3	8%	10	26%
Government Financial support	9	24%	-	-	9	24%
External Support Factors	-	-	-	-	-	-
Foreign partnership assistance	2	5%	9	24%	11	29%
Good relationship with suppliers	2	5%	5	13%	7	18%
Special Factors	-	-	-	-	-	-
Good geographical location	13	34%	1	3%	14	37%
Business size	10	26%	2	5%	12	31%

From the aforementioned table it can be clearly seen that 35 different critical success factors emerged during the field work interviews with business representatives and owners.

These emergent factors have been grouped into ten according to the factors' relevance to each other, following which the overall average to each group was calculated to put them in order according to their relative importance as follows: market factors (70%)[99]; production factors (64%); planning factors (58%); technological factors (53%); marketing factors (43%); human resource factors (43%); organisational factors (41%); special factors (34%); financial resource factors (33%); and finally external support factors (24%).

7.6.1 Success Factors of Public Sector

The previous analysis shows that several success factors emerged from the analysis and what considered success factors for the public sector might not be so for the private sector.

As a result, it is realised that classifying previous table to two small tables will provide a more accurate image on the real success factors for each sector separately.

The following table provides a full breakdown of the most significant success factors for public sector businesses.

[99] This percentage was calculated as follows: {30+23/ (38*2)}.

Table 134 Success Factors for Public Sector

Success Factors	Frequency	Percentage	Overall Average
Planning factors	-	-	13%[100]
Clear company's objectives	5	13%	
Effective planning system	5	13%	
Organisational factors	-	-	9%
Effective communication	2	5%	
Effective public relations	3	8%	
Good relationship with customers	4	11%	
Good organisational structure	4	11%	
Technological factors	-	-	24%
Rrelying on advanced technology at work	5	13%	
Using computerised equipment at work	13	34%	
Market factors	-	-	26%
Growing and promising market	11	29%	
Weak competition	9	24%	
Marketing factors	-	-	12%
Effective pricing policy	4	11%	
Product / service characteristics	5	13%	
Effective advertising policy	2	5%	
Effective sales methods	3	8%	
Good distribution efforts	11	29%	
Qualifies sales people	2	5%	
Human resource factors	-	-	7%
Effective leadership	2	5%	
Leaders' distinctive characteristics	2	5%	
Effective reward system	1	3%	
Qualified staff in the company	5	13%	
Production factors	-	-	14%
Good quality	8	21%	
Good manufacturing / service system	6	16%	
New creative production ideas	2	5%	
Financial factors	-	-	22%
Good fund resources	12	32%	
We enjoy tax exemption advantages	6	16%	
Strong financial position	7	18%	
Government financial support	9	24%	
External support factors	-	-	5%
Foreign partnership assistance	2	5%	
Good relationship with suppliers	2	5%	
Special factors	-	-	30%
Good geographical location	13	34%	
Business size	10	26%	

[100] This percentage was calculated as follows: {5+5/ (38*2) = 13%}.

From the figures above it can be understood that the relative importance of the success factors groups in the public sector have been put in order based on the perception of interviewees as mentioned below.

7.6.1.1 Special Success Factors

This group of factors were crucial for the public sector, occupying the first rank with a percentage of (30%). This group includes two key factors for success namely: distinguished geographical location; and size of the public sector companies, which allows them to compete and survive against newly private small businesses based on the criteria of the available capital, geographical location and the large size of the company as explained by two executives:

"Although we are already facing a sort of competition in the market, our company's size, location, our diversified production lines and advanced technological facilities made it difficult for young competitors in the market to compete with us in all production lines" (Training and Quality Control Manager, Under Privatization Pipe Company).

"*Our market share decreased because of competition from some private hotels, however, we are still larger and more diversified and therefore our market share and our image in customers' minds are still excellent"*

(Financial Manager, Public Hotel)

7.6.1.2 Market Factors

This group of factors occupies the second rank in importance for the public sector with a percentage of (26%).

This group includes the size of the growing market for goods and services demanded by consumers and then the low level of the Libyan market competition in some types of industries and services. In other words, the monopoly state became a success factor for Libyan public businesses over new private business as one marketing assistant mentioned:

"Our company is one of the very winning companies in Libya and we do not do any marketing efforts whatsoever, for two reasons: First, we largely consider ourselves as the only producer of cement in Libya and the second reason is that because of the huge demand for this type of commodity by local citizens we have a long list of orders till the next year".

(Under Privatisation Cement Company)

7.6.1.3 Technological Factors

This combination of factors occupies the third position in importance for the public sector businesses with a percentage of (24%).

Two main factors were included under this group: the use of the advanced technology in the company; and the reliance on computer applications at work. This was very noticeable from the following quotation:

"*We always try to use the most modern means of communication networks which is very difficult for the new small private sector to imitate and all what they can do is to offer some simple communications services provided by small Internet cafes*".

(Benghazi Branch Manager, Public Communication Company)

7.6.1.4 Financial Factors

Success factors related to financial matters came fourth with a percentage of (24%). A set of factors fall within this group such as good financial sources, enjoying tax exemptions, strong financial positions, and government financial support. This group of factors are emphasised by two directors who said:

"One of the reasons for our success to provide postal services to citizens is the annual financial support we receive from the State's Treasury. Without this support our destiny might be similar to some loss-making local companies intended to be privatised".

(Head of communication department/ Benghazi branch, Public Communication Company).

"We were one of the best Libyan companies in the area of textiles industries and, some years ago, we arrived at the export stage to overseas. One of the most prominent reasons for that success was the support from the state through special exchange rates for the imported materials compared with the high exchange rate for the private sector in addition to other annual financial subsidises which we were enjoying. But after equalising that exchange rate between the private and public sectors, and after the cessation of the state's support to the public sector, and because of the large number of employees in our company compared to those in the small private competitive businesses, we became unable to withstand the company's market and we started realising losses repeatedly to the extent that we were unable to pay the salaries of our employees". (Financial Manager, Under Privatisation Textile Company)

7.6.1.5 Production Factors

The production factors group rank fifth in order with a percentage of (14%). Three main factors fall under this group: focus on quality; the presence of good service or manufacturing system; and finally the availability of new creative service or manufacturing ideas. These factors become clearer through the following quotation:

"*Among the advantages that characterise our products is that they are good quality comparable with other products imported from Arab countries, in addition to the fact that our manufacturing system is flexible and all our products are produced based on the vision of the top management and market demands of different types*"

(Training and Quality Control Manager, Under Privatisation Pipe Company)

7.6.1.6 Planning Factors

Success factors associated with planning consists of two main components: the existence of clear objectives set at the outset; and the presence of an effective planning system in the company. The importance of this group of success factors was (13%).

7.6.1.7 Marketing Factors

Success factors related to the marketing factors have less importance because they came in seventh order with a proportion of (12%). It should be noted that the following factors fall within this set of elements: the presence of effective pricing policy; good products or services characteristics; using effective advertising policy; the availability of effective sales methods; good distribution efforts; and finally the presence of well-qualified sales people, as one director said: "*We are not obliged to make any selling or marketing efforts at all. Our services sell themselves as long as we still dominate the market with our modern services. So, why do we need to exhaust and fatigue ourselves and lose money for unjustifiable marketing and selling operations*"?

(Benghazi Branch Manager, Under Privatisation Mobile Phone Company)

7.6.1.8 Organisational Factors

Organisational factors occupied a less important rank in the success factors list as they rank eighth with a percentage of (9%). These factors include: the presence of effective communication systems; effective public relations; good relations with customers; and finally good organisational structure.

7.6.1.9 Human Resource Factors

Human resource factors rank late in the success factors list for the public sector with a proportion of (7%). Effective leadership, leaders' distinctive characteristics, effective reward system and qualified staff are the main components of this group of factors.

7.6.1.10 External Support Factors

Success factors associated with external support factors rank last in the list and their percentage was (5%). Within this group the following essential elements fall: foreign partnership assistance; and good relationship with suppliers. After discussing success factors for the public sector businesses, the next section will focus on success factors for the private sector businesses.

7.6.2 Success Factors of Private Sector

As has been mentioned previously, success factors might differ from sector to another. The following table gives full breakdown to the private sector success factors:

Table 135 Success Factors for Private Sector

Success Factors	Frequency	Percentage	Overall Average
Planning factors	-	-	45%
Clear company's objectives	18	47%	
Effective planning system	16	42%	
Organisational factors	-	-	32%
Effective communication	18	47%	
Effective public relations	15	39%	
Good relationship with customers	13	34%	
Good organisational structure	3	8%	
Technological factors	-	-	29%
Rrelying on advanced technology	12	32%	
Using computerised equipment	10	26%	
Market factors	-	-	43%
Growing and promising market	19	50%	
Weak competition	14	37%	
Marketing factors	-	-	34%
Effective pricing policy	18	47%	
Product / service characteristics	15	39%	
Effective advertising policy	17	45%	
Effective sales methods	15	39%	
Good distribution efforts	6	16%	
Good customer services	17	45%	
Qualifies sales people	10	26%	
Effective promotion campaigns	5	13%	
Human resource factors	-	-	39%
Effective leadership	18	47%	
Leaders' characteristics	16	42%	
Effective reward system	15	39%	
Qualified staff in the company	11	29%	
Managers' risk taking willing	15	39%	
Managers' and owners initiatives	13	34%	
Production factors	-	-	50%
Good quality	21	55%	
Good manufacturing / service system	19	50%	
New creative production ideas	17	45%	
Financial factors	-	-	14%
Good fund resources	5	13%	
Tax exemption advantages	8	21%	
Strong financial position	3	8%	
External support factors	-	-	18%
Foreign partnership assistance	9	24%	
Good relationship with suppliers	5	13%	
Special factors	-	-	4%
Good geographical location	1	3%	
Business size	2	5%	

From the above figures it can be seen that the relative importance of the success factors groups in the private sector have been placed in order based on the perceptions of interviewees as mentioned below.

7.6.2.1 Production Factors

This group of factors rank first for the private sector businesses with a percentage of (50%).

Three main factors fall under this group: focus on quality; the presence of a good service or manufacturing system; and finally the availability of a new creative service or manufacturing ideas.

This was very noticeable from the sales assistant manager who recalled:

"Among the most prominent reasons for the success of the private manufacturing companies in Libya is the great attention given to the national and international quality standards. And for us, it is nearly everything as we focus on the Libyan and the international standard specifications of quality and we have our own separate quality department with suitably qualified staff. We managed to get the certificate of the best local manufactured milk in Libya last year (2006) and this year we reached our dream as we got the world ISO certificate for our products. We are also now exporting our products to some of our neighbouring countries especially Bahrain and Dubai".

(Private Food Company)

7.6.2.2 Planning Factors

Success factors associated with planning consists of two main components: the existence of clear objectives set at the outset; and the presence of an effective planning system.

The importance of this group of success factors was (45%) and ranks second in the success factors list for private businesses.

The importance of these factors was confirmed by a manager's comment:

"Our top management team pay particular attention to operations of planning and strategy development in the long run, this is one of the secrets of our success. The director of our company is an open-minded person and has a broad and long-run thinking. Without him, this company would not have achieved this remarkable progress and success".

(Administrative and Financial Manager, Private Food Company)

7.6.2.3 Market Factors

This group of factors occupy the third rank in importance for the private sector with a percentage of (43%). This group includes the size of the growing market for goods and services demanded by consumers, followed by the low level of the Libyan market competition in some types of industries and services.

In other words, the dearth of the number of rivals in the Libyan market has become a source of success for some businesses who manage to work in the market under less levels of competitive intensity, as a credit manager commented:

"Whatever the other banks do in the market that will not affect me in any way as long as the market lacks the very basic banking services and customers would be very happy if they managed to open a current account for them in this bank".

(Benghazi Branch Credit Manager, Private Bank)

7.6.2.4 Human Resource Factors

Human resource factors rank fourth in the success factors list for the private sector with a proportion of (39%). Effective leadership, leaders' distinctive characteristics, effective reward system and qualified staff are the key components of this group of factors and their importance was emphasised by some executives as follows:

"*When we started working at this bank more than 10 years ago, everyone inside and outside this bank had expected an utter failure to this emergent bank. However, the personal characteristics of the bank director, his desire to be excellent and his desire to* *bear and take some risk under the conditions of lacking strong financial resources and assets, this bank was able to succeed and to make a resounding success in the Libyan market and have the lead in the banking services locally to the extent that the large public banks are imitating our steps. This bank has made a remarkable growth and has now been selected to be among the best banks operating in the entire region of North Africa*".

(Marketing Manager, Private Bank)

7.6.2.5 Marketing Factors

Success factors related to the marketing factors have relatively higher importance than the public sector businesses because they come in fifth with a proportion of (34%). It should be noted that within this set of factors the following elements fall: the presence of effective pricing policy; good products or services characteristics; using effective advertising policy; the availability of effective sales methods; good distribution efforts; and finally the presence of well-qualified sales people. These factors were mentioned repeatedly by some directors as shown below:

"*Marketing is very important for all the companies and its importance varies from one company to another in the Libyan market especially at this critical time. For example, the Libyan citizen has become very sensitive to the price issues and therefore we are taking that into account and we are keener to maintain cheap and stable prices for them*".

(General Manager, Private Food Company)

"*We've been forced to change the form of the one-litre milk packaging to the easy-opening one sold by our competitors which is preferred by the Libyan citizens*".

(Administrative and Financial Manager, Privatised Milk Factory)

"*The situation in the Libyan market is not as before. We cannot rely only on good products and services to sell themselves. Some advertising and marketing efforts are required to ensure access to the targeted segments and then guarantee more sales*".

(Factory Manager, Textile Private Factory)

"*We have entered into this market recently and we found strong competition and we had to focus on advertising and also with a little promotion in some cases. For example, in the last month of Ramadan (2007) we have distributed many samples from the Coca-Cola Beverages to distributors and shops and we also gave them plastic covers carrying the name of Coca-Cola as an attempt to distinguish our company's name from Pepsi-Cola drinks*".

(Coca-Cola Marketing Manager)

7.6.2.6 Organisational Factors

Organisational factors occupy a moderately important rank in the success factors list for the private sector as they rank sixth with a percentage of (32%). These factors include: the presence of effective communication system; effective public relations; good relations with customers; and finally good organisational structure.

These factors can be also understood through this quote:

"Good public relations with customers and consumers are very important for us, as small manufacturers, and what are more important is our relations with the state's offices and its various institutions. Those relations are more important and one of our secrets of success as most of the transactions cannot be accomplished unless good and strong personal relationships have been set with the State Ministry of Industry, Economy, Finance and taxes…"

(Factory Manager, Textile Private Factory)

7.6.2.7 Technological Factors

This combination of factors occupies the seventh position in importance for the private sector businesses with a percentage of (29%). Two main factors were included under this group which are: the use of the advanced technology in the company; and the reliance on computer applications at work as one general manager maintained: "*We intensively rely on the European advanced technology imported specially from France, Italy and Denmark and those advances were among the causes of our dairy products' success, particularly yogurt and ice-cream, and their ability to expel the Tunisian and Algerian products from the local market*" (Private Food Company)

7.6.2.8 External Support Factors

Success factors associated with external support factors ranks eighth in the list and their percentage is (18%). Within this group fall the following essential elements: foreign partnership assistance; and good relationship with suppliers as mentioned by the director of a private food company: "*Among the successful strategies that we followed in our company from the outset is to contract with some of the very famous European companies specializing in milk and dairy products. By that, European experts have to monitor the entire manufacturing process in the labs and production lines to the extent that none of the employees can enter to the lab unless he is authorized".*

7.6.2.9 Financial Factors

Success factors related to financial matters is low in importance with a percentage of (14%). A set of factors fall within this group such as good financial sources, enjoy tax exemptions, strong financial position and government financial support, as the owner of private food company said: "*As a kind of encouraging the local industries, the Libyan government has facilitated and granted a tax exemption for the industrial private businesses and that was another cause of our achievement of high profits and faster growth. This special treatment is not for the private service companies, because of the presence of many successful public service companies*".

7.6.2.10 Special Success Factors

This group of factors come at the end of success factors' list for the private sector with a percentage of (4%).

This group includes two key factors for success namely: distinctive geographical location; and magnitude of business size, which allows them to compete and survive against large public companies and new private small businesses.

7.7 Key Findings Summary

This section is dedicated to giving a brief summary on the key findings of data analysis in this chapter.

1. The participation of the Libyan Authorities' interviewees was high in this study: Ministry of Finance (25%), Ministry of Economy (19%) and Ministry of Industry (13%), and the source of information in those interviews were mainly from officers (38%) and junior managers (31%).

2. High percentage of (72%) of respondents holds academic degrees such as Bachelor, Master and Doctorate.

3. The vast majority of interviews were conducted at the office of the interviewees (71%) and the rest (29%) were conducted at different places such as the homes of the interviewees (13%), Hotels' / Cafés (10%) and the home of the interviewer (6%).

4. More than half of the conducted interviews lasted between one and two hours (54%), while only a small percentage (13%) exceeded two hours.

5. The Libyan Authorities' representatives are very concerned about six performance assessment indicators. Achieved production compared to planned (69%), collection of previous debts (63%), keeping enough liquidity (50%), minimizing annual expenditure (38%), maintaining and sustaining business assets (31%) and finally, minimizing the level of defective products (19%).

6. High percentage of (68%) of the interviewees perceived their business among the highest competitive businesses in their field.

7. Three key performance indicators for the private sector are: liquidity (47%); growth (43%); and sales (34%).

8. The average customer orientation is (37%), the average orientation to competition is (32%) and the average interfunctional coordination is (49%). The overall average of market orientation is (39%).

9. Competitive pressure differs from one sector to another and sometimes within the same sector. For example, in the food industry sector there is fierce competition among firms.

   Therefore, more attention has been given to competition, where less competition was detected in the banking field, insurance, hospitality and airlines industry.

10. The overall market orientation for the state-owned businesses is very low (12%), where customer orientation represents (10%) and competitor orientation occupies (6%) and interfunctional coordination forms only (20%).

11. Overall average of market orientation for privatised businesses was (4%), customer orientation (3%), competitor orientation (4%) and interfunctional coordination (6%).

12. The overall average of market orientation of the private sector is (23%) and they give relatively more attention to all dimensions such as: customer orientation (24%); competitor orientation (22%); and interfunctional coordination (24%).

13. The meaning of success is: good growth (100%); high profitability (75%); good quality (62%); and high liquidity (58%).

14. The vast majority of the interviewed businesses are perceived to be successful (72%). The private ones come first with (43%), the public businesses come second with (28%), and the privatised ones have a very low level of success
15. Special Success Factors: This group of factors was very crucial for the public sector and they occupied the first rank with a percentage of (30%).
16. Market Factors: This group of factors occupied the second rank in importance for the public sector with a percentage of (26%).
17. Technological Factors: This combination of factors occupies the third position in importance for the public sector businesses with a percentage of (24%).
18. Financial Factors: Success factors related to financial matters came fourth with a percentage of (24%).
19. Production Factors: This group of factors came fifth in rank with a percentage of (14%).
20. Planning Factors: The importance of this group of success factors was (13%).
21. Marketing factors: Success factors related to the marketing factors have less importance because they came in seventh order with a proportion of (12%).
22. Organisational factors: Organisational factors occupied a less important rank in the success factors' list as they ranked eighth with a percentage of (9%).
23. Human resource factors: Human resource factors were ranked late in the success factors' list for the public sector with a proportion of (7%).
24. External support factors: Success factors associated with external support factors was ranked last in the list and their percentage was (5%).
25. Production factors: This group of factors ranked first for the private sector with a percentage of (50%).

26. Planning factors: The importance of this group of success factors was (45%) and ranked second in the success factors list for the private businesses.

27. Market factors: This group of factors occupied the third rank in importance for the private sector with a percentage of (43%).

28. Human resource factors: Human resource factors were ranked fourth in the success factors list for the private sector with a proportion of (39%).

29. Marketing factors: Success factors related to the marketing factors have relatively higher importance than the public sector businesses because they came in fifth with a proportion of (34%).

30. Organisational factors: Organisational factors occupied a moderately important rank in the success factors list for the private sector as they ranked sixth with a percentage of (32%).

31. Technological factors: This combination of factors occupies the seventh position in importance for the private sector businesses with a percentage of (29%).

32. External support factors: Success factors associated with external support factors was ranked eighth in the list and their percentage was (18%).

33. Financial factors: Success factors related to financial matters was low with a percentage of (14%).

34. Special success factors: This group of factors came at the end of success factors list for the private sector with a percentage of (4%).

7.8 Summary

This chapter introduces a comprehensive analysis of the qualitative data obtained through semi-structured interviews. Content analysis was used to analyse the qualitative data collected in this research.

This chapter was developed as a way to inform and support the quantitative data analysis phase in chapter six. Core themes are covered thoroughly in this part of the thesis, providing rich information on the key characteristics of the respondent businesses and interviewees. Details about measuring business success, measuring market orientation adoption and exploring the key success factors are all covered within this chapter.

The chapter concludes by presenting a list of the key findings emerged from analysing the research interviews. The results of the qualitative analysis in this chapter support to a great extent the results of the quantitative analysis results explained in chapter six. In addition, the results help in interpreting and extracting meanings from the output of the quantitative data analysis phase discussed in the previous chapter.

Finally, after analysing the questionnaires' data in chapter six and analysing the interviews' data in the current chapter, the next chapter will be dedicated to present and discuss the overall research findings emerged from both the questionnaire survey and the interviews.

Chapter Eight: Research Findings and Discussion

8.1 Introduction

Following data analysis procedure explained in Chapter Six and Chapter Seven, the current chapter covers two key sections. The first one focuses on the key findings obtained from this research. The second section provides a comprehensive discussion to the research findings and linkages to the relevant literature.

8.2 Summary of Key Research Findings

Quantitative data analysis and qualitative data analysis of this research has been covered in further detail in the previous two chapters. This section will summarise the key results of this research as follows.

1. The research analysis illustrates a positive correlation between market orientation and business success in the Libyan market. The level of market orientation embraced and implemented is higher in private manufacturing sector businesses, with the focus mainly on customer orientation and inter-functional coordination.

2. At the component level, customer orientation and inter-functional coordination have a positive effect on business success. Contrary to expectations, competitor orientation was negatively associated with business success implying that this component is irrelevant in this cross sectional study under the current Libyan business environment circumstances.

3. The results showed also that privately owned businesses in the manufacturing and services sectors perform much better than businesses in other sectors.

4. The findings suggest that subjective performance assessment and objective performance assessment are positively and closely related.

5. According to the research model, several key success factors for successful businesses have emerged.

a. The first factor explains that successful businesses are those who act in the private service sector. That means business success is in this sector.

b. The second factor explains that successful businesses are those who act in the private manufacturing sector. That means business success is in this sector too.

c. The third factor explains that successful businesses are those who act in the public service sector. That means business success is in this sector too.

d. The fourth factor refers to external support factors. The overall contribution of the elements of this factor is critical to business success in Libya. The elements are government assistance, foreign support, and market potential.

e. The fifth factor is production factors. The overall contribution of the elements of this factor is critical for business success in Libya. The elements are the flexibility of the production system; production quality; advanced technology and innovativeness.

f. The sixth factor is marketing factors. The overall contribution of the elements of this factor is critical to business success in Libya. The elements are implementing a wining marketing strategy; integrating internet with marketing strategy; effective pricing; effective promotion; product characteristics; launching new products; better value; proper delivery; good customer service; excellence in sales and professional sales force.

g. The seventh success factor in the Libyan market was planning factors. The overall contribution of the elements of this factor is critical to business success in Libya. The elements are clear mission; strategic planning; achievable goals; effective plan implementation; continuous plans revision and global thinking.

h. The eighth factor of business success in the Libyan market is the inter-functional co-ordination factor. Interfunctional coordination was proved to be positively connected to business success in Libya.

i. The ninth factor is stakeholders' factors. The overall contribution of the elements of this factor is critical to business success in Libya. The elements of this factor are response to customer needs; good supplier relationships; satisfy society's needs; compliance with governmental regulation; the response to market competition; focus on organisational needs; focus on employee needs; and shareholder rights.

j. The final factor is customer orientation. Customer orientation was proved to be positively connected to business success in Libya.

8.3 Discussion and Links to Previous Literature

The section above has summarised the key results emerged from conducting this research. This section will be dedicated to provide a comprehensive discussion to the research results and linkages to the previous literature.

8.3.1 Business Success

1. Both the interview analysis and questionnaire analysis proved that privately owned companies were judged the most successful businesses (77%). This result is in line with the findings of Vazquez et al., (2002) regarding Spanish private sector companies, and the findings of Oliver et al., (2003) for European private companies that detected a significant effect of market orientation on business success.

   Also, the result is in line with the finding of Webster et al., (2005) who found that private academic institutions were perceived by US business school deans to perform much better than public universities. Also the finding is in line with those of Darlene et al., (2007) in China who demonstrated better performance for private companies in comparison to their public counterparts. This result is also consistent with the findings of Earle and Estrin (1998); Frydman et al., (1999), and Hrovatin and Ursic (2002) who found that private sector is more successful that public sector.

2. Both the interview analysis and questionnaire analysis explained that privatised businesses are the least successful. Their profitability is very low, as perceived, and can be described as loss-making; this may be the main justification for the Libyan Authorities to start privatisation programmes with such low-performing businesses. This result is in line with the findings reached by Martin and Parker, (1997), and Barbone et al., (1999).

3. Both the interview analysis and questionnaire analysis show that the public and under privatisation businesses are judged to be better than those privatised. As explained in the interviews, respondents mentioned that they inherited unsuccessful public businesses due to corruption and bad managerial systems.

4. Both the interview analysis and questionnaire analysis showed service companies to be more successful than those in manufacturing, particularly in the private sector. As revealed in interviews, this is because of the growth of competition in the private manufacturing sector more than that in the service sector as the Libyan government gives more support to new private ventures that wish to act in the manufacturing sector. Such support is not allowed to ventures that wish to act in the manufacturing sector.

5. The analysis of the questionnaire data showed that the subjective performance measurement system employed in the study is closely related to the financial performance, market performance and objective financial performance. This lends more validity and credibility to the performance measurement approach adopted in the research.

   This result is in line with previous studies that detected positive correlation between objective and subjective performance assessment (e.g. Dess and

Robinson, 1984; Pearce et al, 1987; Venkatraman and Ramanujam, 1987; Hooley et al, 1990; Covin et al, 1994; Hart and Banbury, 1994; Han et al, 1998; Dawes, 1999; Voss and Voss, 2000; Kwaku Atuahene-Gima, 2001; Olavarrieta and Friedmann, 2008).

8.3.2 Market Orientation

1. The results of the analysis obtained through interviews and the questionnaire survey provide evidence that there is a growth in embracing the market orientation concept during the transition process. This result is in line with previous research conducted in transitional economies (e.g. Soehadi, 2001; Singh, 2003; Recela et al., 2007; Demirbag et al., 2006; Wong and Ellis, 2007; Subhash et al., 2008). In addition, considerable variation in the degree of adoption of the concept of market orientation among the respondent businesses in Libya is noted.

   At a time when there is growth in embracing the market orientation concept in the private sector, weak orientation towards the market has been noted in the public sector, the privatised sector and those being privatised.

2. Both the questionnaire and interview analysis show that the orientation towards customers and internal coordination are the most important components of the market orientation concept in the Libyan market. This finding is in line with Deshpande's (1993) finding in the Japanese cross-industry businesses that found positive effect to customer orientation on business success.

   Also, the finding is in line with the finding of Sin et al., (2000) in Hong Kong; Noble et al., (2002) and Ge and Ding (2005) for Chinese manufacturing companies.

   However, the finding is inconsistent with Voss and Voss (2000) who found a negative relationship between customer orientation and business success in US non-profit businesses.

This implies that customer orientation is an important element for business success in the Libyan market under the current economic circumstances and more attention should be paid to this critical factor of success.

Interfunctional coordination was also detected to be positively connected to business success. Inter-functional coordination is critical element for business success in Libya.

This result is in line with McDermott et al., (1993) finding who found a positive effect of interfunctional coordination on business success in the US hospitality sector. Also, the finding is consistent with the Voss and Voss (2000) finding in non-profit US businesses.

Regarding the effect of the third component of market orientation “competitor orientation”, very low attention was paid to the importance of competition in Libya. The relationship between competitor orientation and business success was negative in the Libyan context. This element is currently irrelevant to business success as the number of competitors in this cross-sectional study not enough to detect the positive effect of this factor.

This result contradicts the results of Kumar and Subramanian (2000) and Dawes (2000) who asserted that competitor orientation appears to be the stronger positive effect component on business success.

This result is also contradicts the findings of Day and Wensley (1988), and Narver and Slater (1990) who proposed that a balanced mix of customer; competitor orientation and interfunctional coordination is required for maintenance of a competitive advantage in the marketplace.

The result is noticed to be consistent with only two previous studies found in the surveyed literature conducted by Grewal and Tansuhaj, (2001), and Noble et al, (2002).

This result can be interpreted based on the interviews as follows. Firstly, in the Libyan market, state-owned businesses are still the dominant businesses in the market. Secondly, the growing level of competition in a small number of sectors in the Libyan market such as food industries is not enough to show the effect of the competitor orientation in this study under current Libyan market circumstances. Hence, competition cannot be considered an important drive to business success under current Libyan market circumstances.

In the coming years with the entry of more new competitors this element is expected to have strong positive relationship with business success. Also, this element is expected to have positive strong effect on business success in case new studies focused on the competitive Libyan food industry sector.

3. The questionnaire and interview analysis show that most companies, especially in the public sector, have a strong orientation towards the production process or what is called "production orientation" through expanding and deepening the production lines. As explained in interviews, the common belief in the Libyan market is that customers are willing to buy whatever is available in the market and hence companies have to be innovative and produce high quality products to be sold to Libyan customers. This is also clear from the ignorance of public and privatised companies to some critical dimensions such as after sales services, consumer preferences and satisfaction, deduced from analysis of the research interviews.

4. The analysis of the questionnaire survey explains that the degree of adoption of the concept of market orientation in the manufacturing sector is much higher than that in the service sector, which means that nature of business has an effect on the adoption of market orientation concept.

   This result conflicts with previous research that found stronger link between market orientation and business success of services businesses. (e.g. Kotler and Levy, 1969; Lado et al., 1998; Gray and Hooley's, 2002; Cynthia R.C. et al., 2004). This can be interpreted in the light of interviews as follows the Libyan Government has been in the process of reforming the unsuccessful public manufacturing sector which competes with private manufacturing businesses supported by the State.

5. The privately owned companies were judged in both analyses to be the highest in terms of inter-functional co-ordination, followed by public businesses, while privatised companies were considered to be the lowest. This might be attributed to three reasons. First, public companies are usually large in size and they rely more on organisational aspects such as organisational structure and formal communications. Second, managers in private businesses are more interested in the progress of their business. Hence, they give more attention to coordination and communication for the sake of the success of their businesses.

   Finally, privatised companies are smaller in size and their employees inherited unsuccessful public companies as explained in the interviews. Hence, executives are feeling dissatisfied and unwilling to put more effort and time in developing and improving unsuccessful businesses.

6. The level of inter-functional coordination element in the private sector is higher than that in the public sector. Also, it is clear that the private manufacturing businesses come first, followed by the service sector. The opposite is true in the public sector with the service sector showing the highest scores, followed by manufacturing.

   This element emphasises the importance of organisational aspects such as coordination activities in both the private manufacturing and services sectors, and then in the public service sector.

8.3.3 Market Orientation and Business Success

1. The results of the research show that there is a correlation between market orientation and perceived business success. This means that market orientation does have an influence on business success in the Libyan transitional context.

   This result is consistent with previous studies conducted in different contexts and detected positive influence of market orientation on business success (e.g. Narver and Slater, 1990; Hooley et al., 1990; Kohli and Jaworski, 1993; Ruekert, 1992; Pelham and Wilson, 1996; Deshpande and Farley, 1998; Oczkowski and Farrell, 1998; Farrell, 2000; Harris, 2001; Vazquez et al., 2002; Oliver et al., 2003; Olavarrieta and Friedman, 2008; Subhash et al., 2008).

   This result is also consistent with Hooley and Lynch, (1985) who found the more successful companies, called the high-fliers, shared some common characteristics, the first of which was a genuine market orientation. Also, this result is consistent with previous results reached by Fritz (1996) in Germany.

   Fritz (1996) realised that there are certain factors contributing positively to business success. Market orientation was the more important critical factor for corporate success along with production orientation, cost orientation and employee orientation.

   However, this finding conflicts some other authors' findings. The finding contradicts the finding of Caruana et al., (1998) who did not observe any association between market orientation and business success in the Australian public sector.

   Also, the result conflicts with the result of Esslemont and Lewis (1991) in New Zealand; Greenley (1995) in the UK; Tse (1998) in Hong Kong; Caruana et al., (1999) in South Africa, and Hynes and Mollenkopf (2006) in the Canadian, British and Australian contexts.

This, in fact, emphasises the notion that market orientation still has a positive effect on business success in transitional economies such as Libya.

8.3.4 Success Factors

Using only the data from successful businesses in this research, the results of the final comprehensive model showed that only ten factors are critical for business success in the Libyan context and hence contributing positively to business success. The summary of this factors are as follows:

1. The first factor of business success refers to business success opportunities available in the private service sector in Libya.

   This indicates that new ventures and decision makers should focus their attention on opportunities available in this sector. Market and profit potential will be greater for new businesses who act in the service sector.

2. The second factor refers to business success opportunities available in the private manufacturing sector in Libya. This indicates that new ventures and decision makers in Libya should direct their attention to the manufacturing sector as more profitable opportunities and market potential will be great in this sector as well.

3. The third element refers to business success opportunities available in the public service sector in Libya. This indicates that the Libyan authorities' representatives and decision makers should direct their focus to the public service sector opportunities available in the local market as market and profit potential will be great in this sector as well.

4. The fourth factor of success is external support factors. External support factors refer to some specific factors of support that the company can acquire in the local market. The importance of government assistance, local agencies and universities support, and market potential are reported success factors in

a number of studies. The overall contribution of the elements of this factor is detected to be critical to business success in Libya.

The finding that external support factors are critical to business success concurs with findings from previous work. This finding is in line with previous (e.g. Kotler et al., 1985; Eid et al., 2002).

This finding is in line with Madsen (1989) who found market is associated with the success of Danish firms. Cooper and Kleinschmidt, (1987), Song and Parry, (1996) and Mishra et al., (1996) concluded that market potential was a critical success factor for Japanese and Korean businesses.

Market potential has also been considered a factor for business success or failure (e.g. Dubini, 1989; MacMillan, et al., 1987; Larson, 1987). A growing market attracts competitors and competition has been mentioned by many studies as a key determinant of success or failure (e.g. Birley, 1986; MacMillan, et al., 1987; Dubini, 1989; Gartner, et al., 1989; Venkataraman, et al., 1990; Mead & Liedholm, 1998; Watson, 1999; Grossi, et al., 2000; Swierczek and Ha, 2003).

In their study, Smallbone, Leig, and North (1995) found that the vast majority of high growth British businesses had identified and responded to new market opportunities. New market opportunities included finding new products or services to offer to existing customers and obtaining new customers for existing products or services.

The finding of external support factors is also in line with other studies that demonstrated foreign support from foreign companies acting in developing countries is a source of business success through acceleration and facilitation of knowledge transfer (e.g. Sin, 1973; Hosni, 1991; Aosa, 1992).

The result is also consistent with other studies that proved the important role of government assistance as a success factor particularly in developing countries (e.g. Nicholls et al., 1989; Fonfara and Collins, 1990).

Sarder, et al. (1997) conducted a study of 161 small companies in Bangladesh and found that companies receiving support services, such as marketing, management education and training, technical, extension and consultancy, information, and common facilities from the public or private agencies were more successful.

Yusuf (1995), however, found that government assistance was more critical for the success of small local companies than foreign ones. On the contrary, some studies found that government assistance was unimportant to business success. Mambula (2004) in a case study on three manufacturing firms in Nigeria found that those firms receiving credit and other forms of assistance did not perform better than those less privileged businesses.

In their studies, Chaston, (1992), Mulhern, (1996), and Patrianila, (2003) explained that many governments in the world have been paying more attention to business development in order to strengthen national economy and the lack of governmental financial support is considered a hindrances of SME development in other research (Nicholls et al., (1989), Fonfara and Collins, (1990) Mead and Liedholm, (1998), Swierczek and Ha, (2003).

The support that the company can acquire from professional advisers and agencies is also reported in the literature as a source of business success. In a study by Reynolds and Miller (1992) and Lussier and Corman (1995), it was noted that successful firms used better professional agencies than did non-successful ones, and it made a significant difference to their performance.

The presence of foreign manufacturing firms in the local market is deemed a success factor for acceleration of and facilitation of the transfer of technology.

It is widely acknowledged that foreign firms operating in a developing country are superior in their marketing management (e.g. Sin, 1973; Hosni, 1991; Aosa, 1992).

These discussed elements of external support factors demonstrate their significant effect on business success, and hence they need to be given more attention from public business managers, private business managers and Libyan Government.

5. The fifth factor of business success is production factors. This factor refers to some specific critical elements related to the production process and found to be critical to business success in Libya. The key elements of this factor are the flexibility of the production system; production quality; advanced technology and innovativeness. The overall contribution of the elements of this factor is critical for business success in Libya.

   This finding is in line with previous studies that emphasised the importance of production factors as a source of business success (e.g. Peters and Waterman, 1982; Hooley and Lynch 1985; Kamath et al., 1987; Baker and Hart, 1989).

   This result also concurs with other studies that proved the importance of production quality as a key success factor (e.g. Daniels and Robles, 1982; Johansson and Nonaka, 1983; Porter, 1985; O'Neill and Duker, 1986; Hofer and Sandberg, 1987; Larson, 1987; Sriram, Neelankavil and Bakker; 1989; Madsen, 1989; Brown and Cook, 1990; Douglas, 1993). The result is in line with previous results reached by Fritz (1996) in Germany and Tiber (2002) in

Estonia who found that production quality is among the key factors for success in those contexts.

Furthermore, the finding is also consistent with other studies that found innovativeness, technology and R&D activities are critical factors for business success in Latin America (e.g. Ong and Pearson, 1982; Cooper and Kleinschmidt, 1985 Dominguez and Sequeira, 1993). In their study, in US, Gundry, Kickul, Welsch, and Posig (2003) disclosed that technological advances had a significant relationship with growth. A study in Ireland unearthed that technological posture, automation, and process innovation were significantly linked to business success (Gibbons and O'Connor, 2003).

The findings also concur with other studies that demonstrated the importance of the flexibility of production lines as a critical factor for business success (e.g. Beamish and Munro, 1986; Christensen et al., 1987; and Jaff, Nebenzhall and Pasternak, 1988; Diamantopoulos and Inglis, 1988).

These discussed elements of production factors demonstrated their significant effect on business success in different contexts, and hence they need to be given more attention from public business managers, private business managers and the Libyan Government. Production quality; advanced technology and innovativeness are critical elements for success in the Libyan market.

6. The sixth factor of business success is marketing factors. This factor refers to specific critical factors related to the marketing function as a whole and found to be critical for business success in the Libyan market. This factor consists of the following aspects: implementing a winning marketing strategy; integrating internet with marketing strategy; effective pricing; effective promotion; product characteristics; launching new products; better value; proper delivery; good customer service; excellence in sales and professional sales force.

The overall contribution of the elements of this factor is critical to business success in Libya. This result, that marketing factors are critical to business success in Libya, is consistent with previous research that found marketing is the foundation of successful businesses (e.g. Johansson and Nonaka, 1983; Saunders and Wong, 1985; Wong et al., 1988; McBurnie and Clutterbuck, 1988; Baker and Hart, 1989; Williamson, 1991). The finding is in line with Tibar (2002), and Bastic (2004) who demonstrated that marketing activities have great influence on business success.

This result entails that in the Libyan transitional economy, the marketing function and all related activities are critical to business success and hence, they need to be given great attention. Implementing a winning marketing strategy; integrating the internet with the marketing strategy; effective pricing; effective promotion; product characteristics; launching new products; better value; proper delivery; good customer service; excellence in sales and professional sales force are critical elements for business success in the Libyan transitional business environment.

7. The seventh success factor in the Libyan market is planning factors. This factor refers to specific critical activities related to the planning process and is found to be critical to business success in Libya. This factor involves the following items: a clear mission; strategic planning; achievable goals; effective plan implementation; continuous plans revision; and global thinking. The seventh success factor in the Libyan market was planning factors. The overall contribution of the elements of this factor is critical to business success in Libya.

   This finding is in agreement with previous research that emphasised the importance of planning as a source for business success (e.g. Peters and Waterman, 1982; Hooley and Lynch 1985; Kamath et al., 1987; Baker and Hart, 1989). This finding is also in agreement with other authors who emphasised the importance of planning as key determinants to business success (e.g. Cunningham and Spiegel, 1971; Meidan, 1975; Cavusgil, 1984; Kaynak and Kothari, 1984; Ursic and Czinkota, 1984; Cooper and Kleinschmidt, 1985; Schlegelmilch and Ross, 1987; Madsen, 1989; Dichtl, Koeglmayr and Mueller, 1990; Eid et al., 2002 Huang et al., 2007).

Planning provides vision, goals, focus, guidance, and benchmarking for the business and found to be critical for business success (Chaston, 1992; Lussier, 1995).

The result is in line with other studies that found successful businesses were found to have invested more time in the planning stage than those who were unsuccessful (e.g. Dun and Bradstreet Corporation, 1981; Bruno and Leidecker, 1988; Gartner, et al., 1989; Venkataraman, et al., 1990; Duchesneau and Gartner, 1990; Huang and Brown, 1999; Cooper, 1999; Perry, 2001; Rovenpor, 2003).

The result is also consistent with other studies that confirmed the importance of planning and corporate mission as key determinants to business success (e.g. Peters and Waterman, 1982; Hooley and Lynch 1985; Kamath et al., 1987; Smallbone, Leig, and North, 1995; and McMahon, 2001).

These discussed elements of planning aspects (a clear mission; strategic planning; achievable goals; effective plan implementation; continuous plans revision and global thinking) demonstrate their significant effect on business success in Libya and in some other contexts, and hence they need to be given more attention from public business managers, private business managers and Libyan Government.

8. The eighth factor of business success in the Libyan market is the inter-functional coordination factor. Interfunctional coordination among different

business departments was proved to be positively connected to business success in Libya.

This result is in line with previous studies. McDermott et al., (1993) found a positive effect of interfunctional coordination on business success in the US hospitality sector. Also, the finding is consistent with the finding of Voss and Voss (2000) who found positive effect to interfunctional coordination on business success in non-profit US businesses.

The finding that interfunctional coordination positively connected to business success in Libya implies that public business managers, private business managers and the Libyan Government should give greater attention to this element of success. Cooperation among different business departments is critical to business success in the Libyan market.

9. The ninth factor of success for businesses in the Libyan market is stakeholders' factors. This factor consists of eight important items. Responses to customer needs; good supplier relationships; satisfaction of society's needs; compliance with governmental regulation; the response to market competition; focus on organisational needs; focus on employee needs; and shareholder rights.

   The overall contribution of the elements of this factor is critical to business success in Libya as the analysis explained. Stakeholders' factors have been considered in previous research as a source of business success (Huggins, 2000).

   The finding is in line with Cadbury (1987), Henderson (1982), Kuratko and Hodgetts (2003) in that society's needs are critical factors for business success and failure.

The finding is in line with the Reynolds, Day, and Lancaster (2001) finding that understanding and complying with government regulations are identified to be source of business success and failure in the UK.

The finding is consistent with previous studies that explained that maintenance of good supplier/customer relationships, hiring good people and good treatment of employees, creating a suitable internal business environment were revealed to be sources for business success in the US (Hills and Narayana; 1990, Zetlin, 1994).

The finding that stakeholders' factors are critical for business success in Libya is consistent with a previous study in Germany that underlined the importance of employees' needs as a success factor (Fritz, 1996).

This result requires that in the Libyan transitional economy, stakeholders' factors are critical for business to be successful and hence, these elements of success should be given great attention. Responses to customer needs; good supplier relationships; satisfaction of society's needs; compliance with governmental regulation; understanding market competition; focus on organisational needs; focus on employee needs; and shareholder rights are critical elements for business success in the Libyan transitional environment.

10. The final factor of success is customer orientation. The result that customer orientation is a critical factor for business success in Libya is in line with many previous studies that emphasised the positive effect of customer orientation on business success (e.g. Narver and Slater, 1990; Harrison-Walker, 2001).

    The finding is consistent with Deshpande et al., (1993) findings in Japanese cross-industry research. Also, the finding is in line with Sin et al., (2000) in Hong Kong. The finding is also concurs with Noble et al., (2002) f and Ge and Ding (2005) in Chinese manufacturing companies.

However, the finding is inconsistent with Voss and Voss (2000) who found a negative relationship between customer orientation and business success in US non-profit businesses.

This result implies that in the Libyan transitional economy, customer orientation is a critical element for business success under the current economical circumstances and hence, it has to be given more attention.

8.4 Summary

This chapter presents and discusses the main research findings. Two sections were dedicated to highlight the research key findings and then link the findings to the previous literature.

Business success, market orientation, the link between market orientation and business success, and success factors findings are all presented and discussed in detail in this chapter.

Market orientation is found to be positively related to business success in the Libyan market. Market orientation approach alone is not enough to guarantee superior business success and hence, other complementary success factors are critical for business success.

Research conclusions, contribution, implications, limitations and future research are all aspects will be discussed in detail in the next chapter.

Chapter Nine: Research Conclusions and Implications

9.1 Introduction

Building on the summary of research findings and links to the previous literature presented in Chapter Eight, the final Chapter of the thesis summarises the key contribution made and reflects on some of the wider implications of the thesis for academics, practitioners and the Libyan Authorities.

The Chapter is divided into the following sections:

- Summary of the conclusions
- Research objectives and hypotheses
- Research contribution
- Limitations
- Reflection on the research
- Suggestion for future research

9.2 Summary of the Conclusions

The main findings of this thesis can be summarised as follows. (1) Market orientation is positively related to business success in Libya but market orientation alone cannot guarantee success, at least in the Libyan market. (2) Service and manufacturing opportunities in the private sector offer chance for businesses to be successful. Service opportunities in the public sector also offer chance for businesses to be successful. (3) Ownership type (e.g. private; public; under privatization and privatised) and nature of business (e.g. manufacturing and services) are critical determinants to business success. (4) The private sector is more successful than other sectors and the level of market orientation embraced and implemented is higher in the private manufacturing sector, with the focus mainly on customer orientation and inter-functional coordination. (5) Competitor orientation dimension is irrelevant in this cross sectional study. (6) The aggregated contribution of production success factors (the flexibility of the production system; production quality; advanced technology and innovativeness) are critical factors for business success. (7) The aggregated contribution of marketing success factors (implementing a wining marketing strategy; integrating internet with marketing strategy; effective pricing; effective promotion; product characteristics; launching new products; better value; proper delivery; good customer service; excellence in sales and professional sales force) are critical factors for business success. (8) The aggregated contribution of planning success factors (clear mission; strategic planning; achievable goals; effective plan implementation; continuous plans revision and global thinking) are critical factors for business success. (9) The aggregated contribution of stakeholders' success factors (response to customer needs; good supplier relationships; satisfy society's needs; compliance with governmental regulation; understanding market competition nature; focus on organisational needs; focus on employees' needs; and shareholder rights) are critical factors for business success in Libya. (10) The aggregated contribution of external support factors (government assistance, foreign support, and market potential) are critical factors for business success.

Taking the above findings, the main research hypotheses supported by the research were H1A business success is most likely in the private manufacturing sector, H1B business success is most likely in the private services sector; H1D business success is most likely in the public services sector; H2 In the Libyan transitional economy, the overall market orientation contributes positively to business success; H2A Customer orientation contributes positively to business success; H2C Inter-functional cooperation contributes positively to business success; H3A Planning factors contribute positively to business success; H3E Production factors contribute positively to business success; H3F Marketing factors contribute positively to business success; H3I Stakeholder factors contribute positively to business success and H3J External support factors contribute positively to business success.

The following hypotheses were not supported H1C business success is most likely in the public manufacturing sector; H2B Competitor orientation contributes positively to business success; H3B Organisational factors contribute positively to business success;

H3C Leadership factors contribute positively to business success; H3D Human resource factors contribute positively to business success; H3G Purchasing factors contribute positively to business success; H3H Business Environment factors contribute positively to business success and H3K Special factors contribute positively to business success (section 9.3.2 below).

The main findings of the research raise a number of implications for theory. Market orientation is still valid in developing and transitional economies. However, the contribution of the construct's components are not equal as assumed in the literature and some might be irrelevant in some circumstances as it is the case with competitor orientation in this study. Also, market orientation alone cannot guarantee success unless supported by some selected success factors. The findings also emphasises the importance of ownership type and nature of business for business success. The findings also emphasises the importance of some certain factors of success mentioned in the literature such as: planning factors; production factors; marketing factors; stakeholders' factors and external support factors (section 9.4.1 below).

The main findings of the research raise also a number of managerial implications for the public sector; private sector and the Libyan Government as well. Managers are advised in the private and public sector businesses to increase the awareness of the important role of market orientation as a drive to business success. Special training programmes on market orientation; customer orientation and marketing knowledge is suggested to managers and employees. Libyan Government is recommended to allocate the sufficient financial resources to provide special managerial and marketing training programmes run by leading academic institutions. Critical success factors such as marketing factors; production factors; planning factors; stakeholders' factors and external support factors are important factors for business success and they need to be given the deserved attention (section 9.4.2 below).

9.3 Research Objectives and Hypotheses

This section is dedicated to focus on the research objectives and hypotheses in comparison with the study findings without giving detailed explanation to avoid repetition.

9.3.1 Research Objectives

As indicated in chapter one, the study specifically aimed to achieve the following seven objectives:

1. To present a detailed summary and evaluate the relevant literature.
2. To present an overview of the Libyan economy over the last five decades (1952-2009) especially the transition period from 1988 onwards.
3. To assess the extent to which ownership type and nature of business have an effect on the success of business.
4. To assess the extent to which ownership type and nature of business have an effect on business adoption to the market orientation concept.
5. To assess the extent to which market orientation adoption has contributed to the success of businesses in Libya.
6. To assess the key success factors for businesses working in the Libyan market.
7. To deliver the research implications and recommendations to practitioners, academics, the Libyan authorities and to international companies interested in doing business in Libya.

The first objective of the study was to present a detailed summary to the relevant literature. This objective was achieved through extensive discussions presented in Chapters Two, Three and Five of the thesis.

The second objective was to present an overview of the Libyan economy over the last five decades (1952-2009) especially the transition period from 1988 onwards. This objective was reached through the very detailed discussion presented in chapter four.

Different stages that the Libyan economy has gone through were explained in further detail. In order to accomplish the third, fourth, fifth and six objectives, Path Analysis was used to examine the hypothesised relationships among the relevant variables as explained in Chapter Six. The seventh objective of the study was to deliver the research implications and recommendations. This objective is covered in the following sections.

9.3.2 Research Hypotheses

The main conclusions of the thesis summarised above are based on the following findings relating to the main hypotheses of the thesis as presented below.

9.3.2.1 The First Hypothesis

H1. In the Libyan transitional economy, business success depends on ownership type and nature of business.

H1A business success is most likely in the private manufacturing sector

H1B business success is most likely in the private services sector

H1C business success is most likely in the public manufacturing sector

H1D business success is most likely in the public services sector

It is clear from the data analysis process explained in Chapter Six that type of ownership and nature of business do have an effect on business success in the Libyan market and hence both ownership type and nature of business are key determinants to business success.

H1A business success is most likely in the private manufacturing sector

This hypothesis is confirmed. There is a strong positive relationship between the company acting in the private manufacturing sector and their success as there is a significant positive relationship between private manufacturing variable and business success (standard path coefficient = 0.39, $p < 0.01$).

H1B business success is most likely in the private services sector

This hypothesis is confirmed. There is also a strong positive relationship between private services variable and business success (standard path coefficient = 0.42, $p < 0.01$).

H1C business success is most likely in the public manufacturing sector

This hypothesis is not confirmed. There is negative association between public manufacturing variable and business success (standard path coefficient = - 0.08, $p > 0.05$).

H1D business success is most likely in the public services sector

This hypothesis is confirmed. There is a positive relationship between public services variable and business success (standard path coefficient = 0.39, $p < 0.01$).

9.3.2.2 The Second Hypothesis

H2. In the Libyan transitional economy, the overall market orientation contributes positively to business success.

This hypothesis is confirmed. As explained in Chapter Six, it is clear that type of ownership and nature of business still have an effect on business success even after the inclusion of the overall market orientation variable. There is a significant positive relationship between overall market orientation variable and business success (standard path coefficient = 0.32, $p < 0.01$).

Additionally, it is clear that type of ownership, nature of business and market orientation still have an effect on business success even after the inclusion of the three market orientations dimensions.

H2A Customer orientation contributes positively to business success.

This hypothesis is confirmed. Customer orientation variable has positive association with business success in all models tested in Chapter Six. However, its effect is smaller in the final model with the inclusion of success factors for successful businesses' data (standardised path coefficient = 0.02, p = 0.74). This does not mean that customer orientation is not related to business success in the last developed model. It means customer orientation is no longer a significant predictor among this group of respondents as customer orientation is not sufficiently differentiated to be a useful predictor of business success.

H2B Competitor orientation contributes positively to business success.

This hypothesis is not confirmed. There is a negative link between competitor orientation variable and business success (standard path coefficient = -0.04, p = 0.603).

H2C Inter-functional cooperation contributes positively to business success.

This hypothesis is confirmed. There is a significant position relationship between inter-functional coordination variable and business success (standard path coefficient = 0.12, $p < 0.017$).

9.3.2.3 The Third Hypothesis

H3. In the Libyan transitional economy there are several success factors that contribute positively to business success.

H3A Planning factors contribute positively to business success

H3B Organisational factors contribute positively to business success

H3C Leadership factors contribute positively to business success

H3D Human resource factors contribute positively to business success

H3E Production factors contribute positively to business success

H3F Marketing factors contribute positively to business success

H3G Purchasing factors contribute positively to business success

H3H Business Environment factors contribute positively to business success

H3I Stakeholder factors contribute positively to business success

H3J External support factors contribute positively to business success

H3K Special factors contribute positively to business success

Regarding success factors effects, the last model shows different types of effects. This analysis suggests the hypothesis that other success factors contribute positively to business success in Libya will be partly supported.

H3A Planning factors contribute positively to business success

Planning factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.22, $p < 0.01$). Therefore, the hypothesis H3A is supported.

H3B Organisational factors contribute positively to business success

Organisational factors does not seem to have a relationship with business success (standardised path coefficient = 0.00, $p = 0.98$). Therefore, hypothesis H3B is not supported.

H3C Leadership factors contribute positively to business success

Leadership factors have a small negative relationship with business success (standardised path coefficient = - 0.12, $p = 0.14$). Therefore, hypothesis H3C is not supported.

H3D Human resource factors contribute positively to business success

Human Resource factors have a very small negative relationship with business success (standardised path coefficient = - 0.06, p = 0.26). Therefore, hypothesis H3D is not supported.

H3E Production factors contribute positively to business success

Production factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.26, $p < 0.01$). Therefore, hypothesis H3E is supported.

H3F Marketing factors contribute positively to business success

Marketing factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.26, $p < 0.01$). Therefore, hypothesis H3F is supported.

H3G Purchasing factors contribute positively to business success

Purchasing factors have a very small negative relationship with business success (standardised path coefficient = - 0.04, p = 0.45). Therefore, hypothesis H3G is not supported.

H3H Business Environment factors contribute positively to business success

Business environment or market factors have a significant negative relationship with business success (standardised path coefficient = - 0.21, $p < 0.01$). Therefore, hypothesis H3H is not supported.

H3I Stakeholder factors contribute positively to business success

Stakeholder factors have a weak positive relationship with business success (standardised path coefficient = 0.03, p = 0.68). Therefore, hypothesis H3I is supported.

H3J External support factors contribute positively to business success

External support factors have a moderately significant positive relationship with business success (standardised path coefficient = 0.33, $p < 0.01$). Therefore, hypothesis H3J is supported.

H3K Special factors contribute positively to business success

Special success factors have a very small negative relationship with business success (standardised path coefficient = - 0.03, $p = 0.58$). Therefore, hypothesis H3K is not supported.

9.4 Research Contribution

The aim of this thesis was to assess the contribution of market orientation and success factors to business success in the Libyan transitional economy. The most important contribution of this research is in the development of a comprehensive framework to understand the source of business success in the Libyan transitional market, an area that suffers from under developed literature considering the current importance of the topic.

The thesis also made important contributions to academics, practitioners and Libyan Government as well.

9.4.1 Theoretical Implications

This research has many theoretical implications that can be explained as follows. First, the research is intended to study the source of business success in the Libyan transitional economy through using market orientation and success factors approaches. This research advances our understanding of market orientation, success factors and business success issues in the Libyan transitional economy.

The model presented in Chapter Six in this study emphasises the holistic view of market orientation components and success factors together as determinants to business success in the Libyan transitional economy.

The second theoretical contribution concerns the specific context of this study. It was initially assumed that the consequences of market orientation may vary under different national cultures or economies. Therefore, this study examines market orientation, business success and success factors from the viewpoint of a non-Western perspective.

To the best of the researcher's knowledge, this may be the first piece of empirical research to study the consequences of market orientation and success factors on business success in the North African region in general and, specifically, in the Libyan transitional economy.

The management, marketing and entrepreneurship literature reviewed has provided no theoretical or empirical studies related to the Libyan market. This theoretical contribution is compatible with the expectation of some experts' expectations consulted at earlier stage of doing this research.

Prof. Arthur Meidan for example stated that: *"US and European companies are entering now the Libyan market so I think that in fact this is a good market where one could look at the market orientation development. I do not know of any specific literature on Libya on market orientation".*

Prof. Matsuno has also similar view as he expected interesting contribution resulted from undertaking this research in Libya when he said *"I think what would make this particular study in Libya not Dubai in UAE, not India, not China etc is theoretically interesting?*

Further, this study responds to the scholars who have called for investigation market orientation applications as a source of business success in different cultural and economical environments as cultural differences are crucial in such studies and can provide more theoretical implications (e.g. Kohli et al, 1993; Appiah-Adu and Singh, 1998; Akimova, 2000; Tse et al, 2003; Ward and Lewandowska, 2005).

Additionally, previous research shows that the majority of Western studies have confirmed positive relationships, either directly or indirectly, between market orientation and business success. Examples include the United States (Narver and Slater, 1990), Australia (Pulendran et al., 2000), New Zealand (Gray et al., 1998), the United Kingdom

(Balabanis, 1997), Malta (Pitt et al., 1996), Netherlands (Langerak and Commandeur, 1997), Scandinavia (Selnes et al., 1996), Greece (Avlonitis and Gounaris, 1997) and Eastern Europe (Hooley et al., 2000).

However, some scholars, especially from non-Western countries, have argued that it is not always true to find a strong relationship in all contexts. Numerous studies have found contradictory results as they detected negative, weak, mixed and no link between market orientation and business performance in Western and non-Western contexts (e.g. Greenley, 1995; Au and Tse, 1995; Slater and Narver, 1996; Caruana et al., 1998; Deshpande et al., 2000; Harrison-Walker, 2001; Ho and Huang, 2007; Nwokah, 2008).

Despite this, this study is in line with the findings mostly found in Western countries and shows that market orientation and success factors approaches can be applied effectively in a culturally different country such as Libya.

Based on the evidence from most studies in the past and from the results of this research, it can be concluded that both market orientation and success factors approaches are universal concepts, and hence, can be applied globally.

Moreover, previous research interest on market orientation has been on the combined effects of the market orientation components. Treating the concept of market orientation as an aggregate construct of equal importance for each component can be misleading.

This study found that there are different associations between market orientation sub-dimensions and business success in Libya as the study detected unbalanced weights of the three components of market orientation. Customer orientation and inter-functional coordination were found to be positively associated with business success. Contrary to expectations, competitor orientation is found to have a negative link with business success.

In addition, this study seems to pioneer effort that combines both approaches (market orientation and success factors) to provide a better understanding of their interdependent and complementary roles in delivering superiority and ultimately yielding superior business success. Clearly, the research helps to reduce the literature gap by indicating that market orientation alone cannot guarantee success, at least in the Libyan market. A more balanced corporate culture that also emphasises success factors approach may be more effective. In other words, market orientation and success factors should be integrated to provide superior business success.

In addition, this study also provides an initial inspiration to other researchers who are interested in the investigation of whether or not the combined approaches would be a powerful strategy for achieving competitive superiority in various other contexts especially in transitional economy countries. The contribution of the three market orientation components to business success might also become less significant with the presence of other important success factors in transitional economies as found in the Libyan market.

Another theoretical contribution is represented by the performance measurement designed, in particular, for this research. Subjective and objective performance measurement has been employed in this research and was found to be positively and closely related.

This, in fact, has many theoretical implications. Researchers can rely on the subjective performance assessment and link that to business orientations. Relying on multiple informants, as is the case in the current research, to measure business success is recommended.

This theoretical contribution is expected by some scholars consulted previously. For example, Brennan stated that:

"*Probably you will want to explore the balanced scorecard approach to business performance measurement (Kaplan/Norton 1996) - such items used in your research as customer retention and customer satisfaction, I think, fall into the balanced scorecard category*".

Kaplan also explicitly predicted the applicability and effectiveness of this approach in the Libyan context when he stated:

"*You are correct that the BSC can be applied productively in SMEs so investigating its use for Libyan companies should be a productive area for your research*".

Another important contribution of this research to the body of knowledge is reflected in the development of business success scale and success factors scales. These scales went through several steps to be validated. These validated scales enable researchers to reuse them in future research in different contexts to assess business success using a more comprehensive scale covers many aspects of business performance.

Business success scale developed in this study covers four main area of: financial perspective; customer perspective; internal business perspective and innovation and learning perspective. They all were found to be relevant and valid in the Libyan market.

Success factors scale developed particularly for this study covers a wider range of business success. These factors are: planning factors; organisational factors; leadership factors; human resource factors; financial resource factors; production factors; marketing factors; business environment factors; purchasing factors; stakeholder factors; external support factors and special factors.

Despite their importance, only few of these scales were found to be critical to successful businesses in Libya. Production factors; external support factors; stakeholders' factors; marketing factors and planning factors are critical to business success. The examination to other success factors explained that they are not critical for business success for successful businesses targeted in this research.

The aggregated contribution of production factors (the flexibility of the production system; production quality; advanced technology and innovativeness) are critical factors for business success. These factors add more emphasis and support the notion that production orientation approach is important in developing and transitional economies for business success.

The aggregated contribution of marketing factors (implementing a wining marketing strategy; integrating internet with marketing strategy; effective pricing; effective promotion; product characteristics; launching new products; better value; proper delivery; good customer service; excellence in sales and professional sales force) are critical factors for business success.

These factors add more emphasis and support the notion that marketing theories have their applications and benefits in developing and transitional economies and they play vital role in improving business success.

The aggregated contribution of planning factors (clear mission; strategic planning; achievable goals; effective plan implementation; continuous plans revision and global thinking) is critical factors for business success. These factors add more emphasis and support the notion that planning has applications in developing and transitional economies and play vital role in improving business success.

The aggregated contribution of stakeholders' factors (response to customer needs; good supplier relationships; satisfy society's needs; compliance with governmental regulation; understanding market competition nature; focus on organisational needs; focus on employees' needs; and shareholder rights) are critical factors for business success.

These factors add more emphasis and support to the notion that stakeholder orientation theory has its applications in developing and transitional economies and can play vital role in determining business success.

The aggregated contribution of external support factors (government assistance, foreign support, and market potential) are critical factors for business success. These factors add more emphasis on the important role of external support factors for business success.

A further theoretical contribution is represented by the scale ratings deployed in this research. A five and seven points Likert scale was adopted at two different stages. A seven-point Likert scale was used at the pilot study stage and a five-point Likert scale was adopted in the main field work.

This change was made based on the respondents' feedback at the pilot study stage as being considered more appropriate in helping informants to express their feelings, assessments and attitudes. This, in fact, has a vital implication for researchers as cultural differences should not be overlooked in such circumstances.

Last, but not least, the Libyan market is a raw research environment and since the market lack this kind of study, it is anticipated that this research will significantly contribute to opening the door to stimulate future.

9.4.2 Managerial Implications

The current study introduces a number of important managerial implications. These implications can be summarised in the following points:

9.4.3 Implications for Private Sector Businesses

1. The study advises private business managers and decision makers to continue to develop their current market orientation strategy, increasing the awareness of market orientation importance and keeping up to date with the development taking place in Western countries.

2. The study advises decision makers and business owners to transfer their current market orientation knowledge and marketing practices to the less successful public sector businesses.

3. Due to the particularity of Libyan economic circumstances, managers and decision makers should increase their focus on the importance of customers and inter-functional dimensions to improve their business performance. Customer orientation means that managers have to maintain and improve a close relationship with customers by considering them a major aim of the company.

   In doing so, managers and decision makers should encourage their employees to spend time with customers in order to truly understand and continuously investigate their existing and latent needs. Inter-functional coordination means that collaboration among various departments is the essence of being market-oriented and being successful. Therefore, managers must be willing to listen to input from all members of the organisation and all functions must work together as a team to serve their customers.

4. The third dimension of market orientation “competitor orientation” has a negative association with business success in this cross-sectional study under the current circumstances of the Libyan market. This factor is expected to be more important with opening the Libyan borders to future intense competition over the coming years. Also, this factor might be very important if the study is confined to a particular sector characterised by high competitive level as is the case in the Libyan food industry sector, which is characterised by high level of competition.

   Therefore, managers have to be aware of the nature and the intense of competition in their sector as it will help them in formulating and adopting an appropriate strategy and taking the necessary actions.

5. Despite its great importance, this study proved that the market orientation approach alone is not sufficient to achieve high levels of success in the Libyan market, and therefore, other success factors have to be considered. Based on this ground, managers in Libya are encouraged to invest in the time and resources necessary to implement a comprehensive set of market orientation and selected items from success factors.

6. This study has shown that there are many important factors crucial to the success of companies in transitional economies such as Libya; the most prominent factors include:

   a. Planning is an important cause for business success in Libya. As a result, managers are advised to allocate enough time for the planning process and continue the development of their current and future plans.

b. Marketing is another success factor in Libya, and hence, managers and businesses' owners are advised to continue the development of their marketing strategies and development of marketing knowledge within their companies.

c. It is vital to take advantage of the presence of some useful factors such as government assistance, local market competition and demand conditions as those factors might act as success factors in some economies as it is the case in Libya.

d. It is important to take advantage of production capabilities; technological advancements and the flexibility of production lines. These elements of success provide companies with competitive advantages.

e. The study recommends businesses' owners and decision makers continue to improve their relationships with local consultant agencies. In addition, it is recommended to increase the awareness of the importance of other vital factors in the market such as employees' needs, shareholders' aspirations, local community needs, supplier relations and government regulations as those are important elements for business success in Libya.

f. The scales validated in this study have potential for managerial application in Libyan companies. Therefore, the study suggests retest these scales in future research to assess business performance and to identify the source of business success.

g. Finally, entering any new market can be tricky and the Libyan market is not an exception. Therefore, international businesses who are interested in doing business in Libya should build a good relationship with local agencies and consultancy offices that give advice and facilitate the procedures of doing business in the Libyan market.

9.4.4 Implications for Public Sector Businesses

1. The study advises decision makers in the Libyan public and privatised sectors' executives to follow the successful management and marketing practices embraced by the successful Libyan private sector businesses.

2. The study advises managers and decision makers to increase the awareness of management knowledge in general and marketing skills in particular among employees at different organisational levels.

3. The study also advises public sector authorities to fund and conduct projects focused on employees' managerial and marketing skills.

   In addition, the study recommends undertaking marketing training for employees at different organisational levels.

4. The study recommends establishing a close relationship with leading marketing institutions and universities to develop specific training programmes suitable for public sector employees'.

5. The study advises public sector's decision makers to increase the awareness of the importance of the market orientation culture as a successful strategy in the Libyan market under the current transition process.

   This is of great importance to the public companies especially with increasing the local competition from the private sector companies and opening the country's boundaries to foreign competition.

6. With the growing number of foreign companies in Libya, the study recommends decision makers in public sector companies consult and recruit experts in market orientation and customer orientation fields.

7. The study recommends public sector's authorities develop an updated customer information database. This, in turn, will help in having good understanding of the nature of Libyan market behavior.

8. The study advises managers and decision makers in Libyan public sector companies to encourage their employees to spend time with their customers in order to understand and continuously investigate their existing and latent needs.

9. In addition, the study recommends decision makers in public sector companies encourage the collective work approach within all organisational levels and all managers and employees should cooperate and listen to input from all members of the organisation to serve their customers.

10. Since this study explained that a market orientation approach alone is not sufficient to achieve high performance, managers in the public sector companies are encouraged to invest in the time and resources necessary to implement a comprehensive set of market orientation and selected items from success factors as those proved in this research to have positive effect on business success in the Libyan market.

11. Planning is an important cause for business success in Libya. Consequently, public sector managers are advised to allocate enough time and resources for the planning process.

12. It is vital for public sector companies to take advantage of the presence of some useful factors such as government assistance, local market competition and demand conditions as those factors might act as success factors in some economies as it is the case in Libya.

13. It is important to take advantage of production factors. These elements of success help public sector companies to acquire competitive advantages to compete in the local market.

14. The study recommends public sector managers continue to increase the awareness of the importance of stakeholders' factors as those factors are important elements for business success in Libya.

15. The scales validated in this study have potential for managerial application in Libyan companies.

    Therefore, the study suggests retest these scales in future research and check their suitability and validity in different sectors.

9.4.5 Implications for the Libyan Government

1. The study advises the Libyan Government to allocate the necessary financial and human resources to increase awareness of the importance of market orientation and success factors as source of business success.

2. With the increasing level of competitive pressure imposed on public sector companies, it is recommended that the Libyan Government support public sector companies and reinforce their competitive position through providing modern manufacturing facilities; developing managerial and marketing training; recruiting market orientation experts.

3. The study, additionally, recommends the Libyan Government to establish a close relationship with leading marketing institutions and universities to develop specific training programmes suitable to public sector employees' needs especially in management and marketing issues.

4. The study advises the Libyan Government to benefit from successful private and foreign businesses' practices and establish a close relationship with those successful businesses.

9.5 Research Limitations

Although this study provides fruitful insight to understanding the sources of success in the Libyan business environment, the limitations of this study can be summarised as follows:

1. Although it was intended to generalize the study's findings, the respondent number of businesses (53 different companies) might not be enough to generalize the findings to all businesses in the Libyan market.

2. The study does not explain the independent effect of each type of business as it was intended (banking, insurance, furniture, cloths etc) on market orientation adoption, on business success and on the type of success factors for those particular businesses. This due to two reasons. First, the large number of variables included in this study (market orientation; business success; success factors; ownership type; nature of business). Second, the inadequate number of responses collected from those different industries to be analysed.

3. Market orientation adoption was measured in the research based on Narver and Slater's construct (1990). Therefore, the results may differ if another market orientation scale were used in that particular market.

4. The study has looked for reasons and factors for business success in Libya based on the respondent sample. Therefore, there could be other success factors unintentionally overlooked or which have not been realised by the sample of this research. In addition, it was not possible in this research to test success factors scale and target great number of respondents on a very large survey.

5. The distribution of responses across the categories of these three key pillars (ownership type, nature of business and business age) was not consistent due to the fact that the sample was incomparable.

6. As is the case in the majority of previous studies, the current study managed to obtain the main research data only from high level executives in Libya (e.g.

SBUs, high level managers, directors, etc). Junior managers and bottom line workers could not be consulted for two reasons. First, all important information of the business was kept at the top level. Second, the role of junior managers and bottom line workers are to execute the decisions rather than participate in making them.

9.6 Reflection on the Thesis

This section is dedicated to reflect on three key issues in this research: literature, research process and findings.

9.6.1 Literature

In order to formulate the research framework that would guide data collection to test the research hypotheses, a review of the market orientation, business performance and success factors literature were undertaken to assess previous evidence on factors contributing to business success in both developed and developing countries.

The findings from the literature have produced mixed results but the main stream views are that market-oriented companies have better chances of being successful. Also, businesses that focus on certain success factors are seen to have better chances to be successful.

It was also noted that substantial evidence is confined to the experience of businesses in advanced nations. Empirical evidence on companies from developing and transitional countries is new and rather limited.

The recent trend in understanding the sources of business success is focusing on market orientation applications in developing and transitional countries. This study provides new information and insights by focusing on the experience of businesses from the Libyan transitional business environment as a good representative to the North African region's companies.

This study developed a comprehensive model contains market orientation components; success factors; ownership type; nature of business and business success. The study explained that ownership type and nature of business are key determinants to business success. The study also proved that market orientation theory is still valid in developing countries as a source of business success.

However, market orientation alone cannot guarantee success and other key factors are critical in developing countries such as marketing; production; and planning. In addition, the contribution of each component of market orientation construct is not equal as assumed in previous research. The development of competition component is critical and might be irrelevant is transition economies in some sectors characterised by low level of competition.

9.6.2 Research Process Undertaken

This section is devoted to reflect on the research process undertaken. Sampling; data collection methods, constructs and measurement; field work challenges; data analysis and findings are covered in this reflection.

9.6.2.1 Sampling

Some sampling issues were noticed in this research as the sample was incomparable among the targeted businesses. This had some sequences as it has not been possible to investigate the effects of type of industry or business age in this research. These issues should be avoided in future research.

The choice of research population was based on three reasons: (1) The vast majority of previous studies were a cross-sectional in nature. (2) Targeting different businesses will increase the response rate. (3) Some marketing scholars consulted at earlier stage of conducting this research and recommend surveying different sectors to detect differences among them.

Brennan for example stated that: *"There is clearly, from your proposal, still an outstanding question concerning the relevant population. You can conduct a research in a population in which there is a reasonably degree of natural variation in these phenomena within that population".*

Matsuno also has similar opinion when he said: *"In my opinion, it is the only meaningful way to compare a phenomenon across different business organizations".*

Aurthur Meidan is in support to this opinion as he maintained that: *"Perhaps you could analyse / compare a few different sectors say food, home apparel, banking, etc where the level of adoption of this orientation might be different"*

Despite the importance of the above directional comments, it was only possible to investigate the expected effect of nature of business and ownership type.

9.6.2 2 Data Collection Methods

The nature of the current study required using questionnaire survey and interviews. Using this methodology was also supported buy some experts.

Sydenstricker, for example, explained that: *"Your research looks quite interesting and I am sure will provide valuable data. Any method has its own limitations and potentials. My personal approach is to use multiple methods in order to obtain better and more meaningful results. Some researchers are purists and stick with a sole paradigm/research tool I am more pragmatic - like Michael Patton - and like to combine".*

Teddlie also has similar view as he stated that: *"You apparently have a mixed methods study. Therefore, I believe that you should use the philosophy of pragmatism which Abbas Tashakkori and I first advocated in our 1998 book.*

On the other side, Stake states that: "It appears that you may be doing a mixed model study. Or you could just have a project, in which part of it is quantitative and part of it qualitative without need for combining the two".

Wolcott also has similar view as he states*:"Why don't you just tell the reader what you learned? Perhaps first from the interviews then from the questionnaire if there is a difference, explain that. Your problem seems pretty straightforward to me".*

Finally, Gummesson has another view as he said: *"Design you own philosophy. The issue is to get access to the data that are relevant and to analyse the data in some orderly way and come up with the answer. Write about what you have done and make it credible that you have chosen a path that leads you somewhere"*.

These directional comments formed the basis of the research methodology. Stake and Wolcott advice were adopted in presenting the research findings. Future research in Libya might need to focus more on qualitative research such as interviews and focus groups to study in depth such issues.

9.6.2.3 Constructs and Measurement

One of the key issues in this research was to develop the research constructs. Narver and Slater's construct was used in this research and found to be valid. The choice of this construct is recommended by some leading marketing scholars. Brennan states that:

"*Presumably your plan is to use well-established measurement instruments from the literature to measure the dimensions of market orientation and business performance. I expect that Narver and Slater (1990) will be the seminal reference that you are using here*".

Two components of the scale customer orientation and interfunctional co-ordination were found relevant to successful businesses in Libya. Contrary to expectations, competitor orientation was noticed to be irrelevant to successful businesses in the Libyan market.

Business success was measured by nine-item scale developed based on reviewing the literature; discussions with supervisors; discussions with academics in Libya and the UK; discussions with PhD students; interviews to ensure construct validity.

The elements of this scale were also supported by some experts.

For instance, Brennan mentioned that: *"Probably you will want to explore the balanced scorecard approach to business performance measurement (Kaplan and Norton 1996) -*

such items as customer retention and customer satisfaction, I think, fall into the balanced scorecard category".

Kaplan also said: *"You are correct that the BSC can be applied productively in SMEs so investigating its use for Libyan companies should be a productive area for your research".*

Additionally, Matsuno has similar view as he said: *"The balanced score card might be a good one, but a potential problem for the balanced score card is that it is not valid across different organizations – the BSC and what should be measured to arrive at such score should be unique to different organizations. If you could, somehow, develop a broadly acceptable BSC, then that would be meaningful.*

Success factors scale was measured by 60-item scale grouped into 12 acknowledged groups developed based on several sequential stages.

A discussion took place with supervisors; academics and thesis committee members at The Department of Marketing/ The University of Strathclyde. Discussion with academics from Garyounis University in Libya considered important.

Referring to references on scale development process in marketing research was another important step applied. Surveying prior research was an important step at the scale development process in this research.

Previous research on success factors were reviewed to choose the scale items. Conducting interviews with Libyan managers and decision makers to obtain the more relevant success factors that should be included in the scale and hence to be tested was another critical step. The final step was purifying the scale through reliability analysis.

For time and financial constraints, the success factors scales was not possible to be pretested in a very large survey.

This drawback should be avoided in future research to validate the scales and more qualitative research is required to improve the content of these scales.

9.6.2.4 Field Work Challenges

During the process of conducting the field work, some challenges faced the researcher in terms of businesses' details; geographical locations; weather conditions; address and contact numbers; performance details; respondents' responses to the study.

These challenges were dealt with as follows. (1) The researcher agreed that the voices of the interviewees would not be recorded and there was no requirement for them to sign the consent form provided.

This step was taken in order for interviewees to feel comfortable in divulging the necessary and relevant information. (2) A formal letter from the Department of Graduate Studies at Garyounis University was requested addresses the following official Libyan bodies: The Libyan Ministry of Economy; The Libyan Ministry of Finance; The Libyan Ministry of Businesses' Monitoring; and the Libyan businesses requesting them to cooperate with the researcher.

(3) In the private sector, the researcher sought help from his relatives; colleagues and friends at Garyounis University in Libya, to offer guarantees and give promises to the private businesses' owners that such information would only be used for the purposes of the scientific research by the researcher and would not be disseminated to any other parties.

This approach was extremely successful and had a significant influence on the response rate.

Personal relationships and networking are critical elements for succeeding in collecting the research data in developing countries in general and in Libya in specific.

In other words, social networking was of great importance as an effective tool during the field work process.

This emphasises the key importance of social networking and informal communication in data collection phases in developing countries.

9.6.2.5 Data Analysis

In this research, data analysis was done using Analysis of Variance and Path Analysis.

Market orientation; success factors, business success; two levels of ownership type (private and public) and two levels of nature of business (manufacturing and services) were investigated in this research. Other variables could not be investigated for sampling issues.

Two techniques were seen by experts to be appropriate to analyse questionnaire data: hierarchical regression and path analysis with preferences given to path analysis (e.g. Dr. Tagg; Dr. Hair; Dr. Luisa and Dr. Gue).

Path Analysis was preferred to test the research hypotheses due to the fact that this technique is both more rigorous and more flexible than is the traditional technique based on multiple regressions (Kelloway, 1998). Path Analysis is extensively used in many studies.

Consulting such experts is critical step guided the researcher to choose the appropriate data analysis techniques.

In terms of analysing the interviews' data, content analysis was seen to be the more appropriate techniques to analyse the collected data.

One of the key issues emerged from this research during the data analysis process was that the sample was incomparable due to the distribution of responses across the categories of the three key pillars (nature of business; ownership type and business age) was not consistent.

This, in fact, made it difficult to analyse the three desired variables at the same time. Future research should ensure the availability and validity of sufficient samples from all sectors under investigation.

9.6.3 Findings

The findings of this research explained that market orientation theory is still valid in transitional economies. Market orientation is a success factor but alone cannot guarantee success.

The components of market orientation are unequally contributing to business success. Competitor orientation proved to be irrelevant in this research and hence, other studies in developing and transitional economies have to consider this component.

The level of market orientation embraced and implemented is higher in private manufacturing sector, with the focus on customer orientation and inter-functional coordination as success factors in Libya.

Nature of business (manufacturing/ services) was seen to be critical to business success in this research. Ownership type (private; public; under privatization and privatised) was also seen to be critical to business success with the private sector (service and manufacturing) the more successful.

Production factors; marketing factors; stakeholders' factors; external support factors and planning factors are proved to be critical to business success. Hence, developing countries' businesses need to pay attention to such elements to be successful.

Based on the research results, it is clear to say that businesses focusing on both market orientation and success factors can achieve superior business success.

Consequently, the implementation of both business approaches is highly recommended by this research.

9.7 Further Research Recommendations

The limitation of the current research can be at least partly overcome by suggesting further research.

1. Despite the importance of the views of customers in measuring business success, it has been difficult in this research to target customers to measure business success. Customers' perception of business performance in terms of product quality and reliability, and customer satisfaction, are examples of key parameters that can be used to judge business success. Therefore, future research might use customers' perceptions to measure business success.

2. For the purpose of obtaining a more accurate picture about market orientation, business success and success factors, future research should perhaps focus on certain sectors or certain industries to obtain more credible results such as food industries characterised by high level of competition.

3. Despite the importance of the views of customers in measuring market orientation adoption, it has been difficult in this research to target particular customers due to time and financial constraints. Indeed, many researchers have emphasised the importance of customer involvement in measuring market orientation (e.g., Deshpande et al. 1993, Harris 2002).

   Moreover, scholars in this area have also long recognised the crucial role of customer value in explaining the construct of market orientation (e.g., Narver et al. 1998). Therefore, it would be valuable to involve customers in future research to measure the level of market orientation adoption.

4. Based on the results and the recommendations of the current study, future research could focus on other applicable business orientations such as: production orientation, sales orientation, quality orientation and entrepreneurial orientation.

The consequences of adopting these orientations on business success might open the door for interesting future research in this area.

5. The extant research has studied market orientation mainly at the organisational (e.g., firm and strategic business unit) level. However, given that market orientation places a special emphasis on the dissemination of, and responsiveness to, market intelligence throughout the whole organisation it would be of interest in future research to compare employee perceptions at different levels (top, middle and low levels) to understand better the role of market orientation in the company. Studying market orientation at the employee level is also important for firms to implement their strategic decisions.

   Leaders of a firm may be market oriented and think and act strategically, yet without employees to support and implement its strategies, the firm will not realise its goal (e.g. Jaworski and Kohli, 1993). It is thus critical for the company to obtain the support of employees from all ranks to successfully facilitate the market-oriented activities (Zhou et al., 2004).

6. Business size is an important determinant factor and it has been difficult to include business size as one of the study's main variables due to sample constraints. Future research might consider this factor to test its expected effect on market orientation adoption in transitional economies.

7. In this cross sectional study, the component competitor orientation has been found to be negatively connected with business success. An intriguing future research would be to test the effect of this component in two different sectors. One with very intense competition such as food industries and the second with low level of competition such as banking.

9.8 Concluding Remarks

It is believed that the aims of the study have been achieved. It has demonstrated that ownership type, nature of business and market orientation affect business success in Libya. It has also demonstrated that other success factors are crucial to business success.

Positive correlation between market orientation and business success was detected. The level of market orientation embraced and implemented is higher in private sector, with the focus mainly on customer orientation and inter-functional coordination.

Also, privately owned businesses in the manufacturing and services sector perform much better than businesses in other sectors. It is also observed that market orientation is not the only drive to business success in Libya. Planning factors; marketing factors; production factors stakeholders' factors and external support factors have demonstrated their effects on business success in the Libyan market.

In addition, the factors determined to be associated with business success in Libya are similar to that of the successful businesses from other developing and developed countries. Finally, it is hoped that this work will stimulate and encourage several future research.

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Appendices

Appendix 1 Consent Form

I, the undersigned……………………………certify that I freely participate to the research project entitled "The Contribution of Market Orientation to Business Success in The Libyan Transitional Economy: A Mixed-Methods Approach". The nature of the research project is as follows:

1. The project aims to explore the source of business success using the market orientation and key success factors approaches.
2. The interview aims to obtain insights about the research main issues. It is expected to last no longer than one hour, and with the interviewee's consent, will be tape recorded.
3. The interviewee has the right to refuse to answer any question, and may terminate the interview at any time, without providing justification.
4. To protect participants, the following steps will be taken with regards to anonymity and confidentiality of information:
    a. In research papers the identity of the organization and the interviewee will be kept anonymous. An alphabetical code will be used to refer to specific organizations. Any other information that could be used by a reader to identify the organization will be avoided.
    b. Only the researcher will have access to the interview tapes and transcripts.
    c. Once the interview is transcribed, and if the interviewee requests, a copy of the transcript can be sent. The interviewee will be given four weeks to communicate to the researcher any transcript concerns or modifications. Once this four week period is over, it will be assumed that the interviewee agrees with the transcript.
    d. When a draft of a research paper is produced, and if the interviewee requests it, a copy will be sent for the interviewee to review.
    e. The original tapes will be destroyed after the Ph.D. has been awarded, as will any transcripts remaining.
5. Research papers and/or presentations will be written from the information gathered, and eventually published in academic and/or practitioner journals.
6. A summary of the research will be sent to participants upon request.
7. The research project is under the responsibility of Sabri G. M. Elkrghli, Doctoral Researcher at the University of Strathclyde in Glasgow. Supervisors are Dr Jim Hamill and Prof Stan Paliwoda.

Read and approved on……………………Participant's signature……………………….

Researcher's signature…………………… ….…………………………………………

Appendix 2 Interview Protocol

Section (A) General Information

1.) Name of Organisation ……………………………………………….…………………
2.) Nature of Ownership ……………………….……………….…………………
3.) Interview's Location ……………………………….……….…………….
4.) Interview's Duration …………………………………….……………….…..
5.) Interview's Date ………………………………………….……………….……….
6.) Interviewee's Academic qualification …………….………………………....
7.) Interviewee's Major ……………………………….……..……………….
8.) Interviewee's Experience …………………………….………………………
9.) Interviewee's Position ……………………………………….…………………….

Section (B): Business Performance and Success

10.) Performance indicators in use. Details
11.) Perform relative to major competitors over the past five years. Details

Section (C): Market Orientation

1.) In this part of the interview, I would like to ask you some questions about three main things for your business, customers, competitors and the internal coordination among the different organisational levels of your company. Details
   a. Customers: examples

Commitment to customers
Create products / services that offer value for customers
Understanding customers' needs
Customers' satisfaction as a major objective
Measuring customers' satisfaction
Providing after-sales service for customers

b. Competitors: examples

Salespeople share competitor information
Salespeople respond rapidly to competitors' actions
Top management discuss competitors' strategies
Top management target opportunities to creating competitive advantage

c. **Interfunctional Coordination: examples**

Different units work closely together to meet customers' needs
Various units share business information with each other
Business strategies are integrated among various units
All functions work together and contribute to customer value
Resources are shared among business units

Section (D): Success Factors

1.) In this part of the interview, I am going to ask you some questions about the meaning of success form your businesses' perspective. More details
2.) How could you assess your business's degree of success over the past five years? More details
3.) From your point of view, what are the main success factors of your business? More details

a. Planning Factors
b. Organizational Factors
c. Leadership and Top Management Factors
d. Human Resource Factors
e. Financial Resource Factors
f. Production / Service System Factors
g. Marketing Factors
h. Purchasing and Storage Factors
i. Market Factors
j. Stakeholder Orientation Factors
k. Foreign Support Factors
l. Other Factors

Thank you very much for your participation

If you need copy of the research summary, please send your contact details in a separate envelop to the researcher's Postal Address as follows: Mr. Sabri G. M. Elkrghli / the University of Garyounis/ Faculty of Economics/ Management Department / Benghazi – Libya / Sabri.elkrghli@strath.ac.uk

Appendix 3 Questionnaire Covering letter

Dear Participant,

The researcher is a lecturer in the Business Administration Department at the University of Garyounis in Libya and is currently undertaking research for a PhD at Department of Marketing, The University of Strathclyde, UK

My research is focusing on the contribution of market orientation to business success in the Libyan transitional economy.

Since your company has been identified as one of the companies in the Libyan market, your inputs to my research are crucial. Therefore, I would be very grateful if you could allocate around 20 minutes to fill in the questionnaire attached with this letter. As the success of this survey will also have a direct impact on the completion of my PhD study, your help is sincerely appreciated. If you cannot find time to fill in the questionnaire, will you please kindly pass it to the more knowledgeable candidate in your company to fill it in. All the information gathered from the questionnaire will be treated in strictest confidence and no individual respondents will be identified in any subsequent analysis. Once you complete the questionnaire, send me an email or give me a call to come and collect it. If you are interested in the results, please attach your business card with this questionnaire or write to me. And finally, you can contact me if you have any other questions regarding this survey.

Thanks once again for your help and support.

Yours sincerely,

Sabri Elkrghli

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The University of Strathclyde

Strathclyde Business School

The Department of Marketing

Appendix 4 Questionnaire Survey

Section (A) Background Information about Company

1.) Name of the company ……….........…………………………………………...

2.) Ownership: ☐ private ☐ Public ☐ Is being privatised ☐ Privatized

3.) Business Nature: ☐ Manufacturing ☐ Trading ☐ Service ☐ Mixture

4.) Type of business: ☐ Insurance ☐ Banking ☐ Hospitality

☐ Air Travel ☐ Food Industries ☐ Communication

☐ Cement ☐ Electricity ☐ Paper and Tissue

☐ Paint ☐ Clothes ☐ Furniture

☐ Pipes ☐ Wires and Cables ☐ Others

5.) Age of Business: ☐ 1-4 years ☐ 5-9 years ☐ 10 years and above

6.) Number of Employees: ☐ 1- 49 ☐ 50 – 249 ☐ 250 and above

Section (B) Demographical Information

1.) Academic qualification:

☐ High school level ☐ Bachelor ☐ Master ☐ PhD Other

Qualification …………………………………………………………...……………

2.) Your major: ☐ Business ☐ Science ☐ Engineering ☐ Education

Other subjects ………………………...…………….……….....……………..

3.) Experience in the current position: ☐ Less than 5 Years ☐ 5-10 years

☐ More than 10 years

4.) Position: ☐ Owner ☐ General Manager ☐ Marketing Manager ☐ Sales Manager ☐ Financial Manager Other position ………………………….…

Section (C): Business Performance (Financial department might be consulted to fill in this part)

1.) What is the main performance indicators widely employed in your business? Please choose from the following options as many indicators as you use at work.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

Item	1	2	3	4	5
The availability of high level of Liquidities all times					
The ability of paying short liabilities such as monthly wages and salaries					
Achieving high levels of profitability (ROI)					
Gaining high volume of market share					
Reaching high levels of customer retention					
Improving operating efficiencies					
Attaining high levels of growth and penetrating of new markets					
Succeeding of the new products / services in the market					
Building a respectful image for your business					

2.) Based on your judgement, how did your company perform relative to your major competitors over the past five years for each of the following measures? Use the scale provided.

Among the lowest	Somewhat low	Average	Somewhat high	Among the highest
1	2	3	4	5

Item	1	2	3	4	5
The availability of high level of Liquidities all times					
The ability of paying short liabilities such as monthly wages and salaries					
Achieving high levels of profitability (ROI)					
Gaining high volume of market share					
Reaching high levels of customer retention					
Improving operating efficiencies					
Attaining high levels of growth and penetrating of new markets					
Succeeding of the new products / services in the market					
Building a respectful image for your business					

Section (D): Success Factors

1.) What does success mean to you in your business? Please choose the most appropriate answers from the table based on the scale underneath:

Totally Disagree	Disagree	Neither Agree Nor Disagree	Agree	Totally Agree
1	2	3	4	5

Item	**1**	**2**	**3**	**4**	**5**
The availability of high level of Liquidities all times					
The ability of paying short liabilities such as monthly wages and salaries					
Achieving high levels of profitability (ROI)					
Gaining high volume of market share					
Reaching high levels of customer retention					
Improving operating efficiencies					
Attaining high levels of growth and penetrating of new markets					
Succeeding of the new products / services in the market					
Building a respectful image for your business					

2.) How could you assess your business's degree of success over the past five years? Please choose from the following options:

Extremely unsuccessful	Unsuccessful	To some extent successful	Successful	Extremely successful
1	2	3	4	5

3.) If your answer 4 or 5, please decide which of the following factors have made a major contribution to that success? You can choose as many factors as they have an effect on your business's success.

No contribution	low contribution	Moderate contribution	high contribution	Very high contribution
1	2	3	4	5

We are more successful because of the following factors:	**1**	**2**	**3**	**4**	**5**
Planning Factors					
We have a clear mission in our company					
we are giving greater attention to strategic planning					
We have a very clear and achievable strategic goals set at the outset					
we are effective in implementing our plans					
we revise our plan continuously					
we think globally not just on a local base					
Organizational Factors					
we have an effective organisational structure					
we have a clear classifications to authorities and responsibilities					
We work as a one co-operative team in our business					
We have a very effective communication system in our business					
Leadership and Top Management Factors					
The level of education and experience of the founder (entrepreneur) of our business					
Personal knowledge of the founder of our business					
We have distinctive personal managers'/ owners' characteristics					
Our leaders have the willingness to take some risk at work					
We have a high level of support from the top management team					

Human Resource Factors					
We have a very kind and polite staff					
We have a knowledgeable and professional staff					
we have a satisfied and enthusiastic staff					
We have a very effective incentive and reward system					
Financial Resource Factors					
We have a strong financial position and fund resources					
The availability of the financial infrastructure and financial market					
We keep a good relationship with our financers and debtors					
Our concern is to keep the costs of our products/ services as lower as we can					
Production / Service System Factors					
We have a manufacturing system with high capability and flexibility					
we offer a high quality products/services than others do					
we relying intensively on technology and more advanced techniques in our business					
We are more creative and innovative in our business than others do					
Marketing Factors					
We implement a winning marketing strategy in our market					
We integrating the internet with our marketing strategy					
We have effective pricing policy					
We implement effective promotion campaigns					
We use effective advertising policy					
We have a variety of high performance products and services					
We consider ourselves as professional in launching new products and services in the market					
we guarantee better value for customer more than competitors do					
We deliver products in appropriate times for our customers					
we have effective customer services					
We are excellent at selling and building a relationship with our customers					
We have professional sales people					
Purchasing and Storage Factors					
We are very effective in buying the required materials for our business					
We are effective at storing our materials and products					
Market Factors					
We have a growing and promising market					
we work in a market with little competition					
We have a stable political environment					
We have a suitable legal and administrative framework in our business environment					
We have a stable economical environment					
Stakeholder Orientation Factors					
we fully understand our customers' needs and wants and respond accordingly					
we have a good relationship with our suppliers and dealers					
we understand what our society needs and satisfy those needs					
we understand all government regulation and comply with them					
we are giving more attention to competitors strategies and actions					
We are giving more attention to our organisational environment needs					
we are giving more attention to our employees' needs and wants					

we are giving priorities to our shareholders rights and ambitions					
Foreign Support Factors					
We enjoy a high level of government assistance and support					
We gain support from professional associations available in our business					
We have professional consultants and experts we resort to at all times					
We have a co-operation contracts with universities and research centers					
Other Factors					
We have distinctive geographical location for our business					
Our business's size is large enough to compete and stay in the market					

Section (E): Market Orientation

1.) Please use the response scale below to indicate the extent to which those statements are true by circling the appropriate point.

Not at all	To a lesser extent	To some extent	Very much	To a great extent
1	2	3	4	5

Item	**1**	**2**	**3**	**4**	**5**
Customer Orientation					
We show commitment to customers					
We create products / services that offer value for customers					
We fully understand customers needs					
We consider customers satisfaction as a major objective					
We regularly measure customers satisfaction					
We provide after-sales service for customers					
Competitor Orientation					
Our salespeople share competitor information					
Our salespeople respond rapidly to competitors' actions					
In our business, top management discuss competitors' strategies					
In our business, top management target opportunities to creating competitive advantage					
Interfunctional Coordination					
In our business, different units work closely together to meet customers' needs					
In our business, various units share business information with each other					
In our business, business strategies are integrated among various units					
All functions in our business work together and contribute to customer value					
In our business, resources are shared among business units					

Thank you very much for your participation

If you need copy of the research summary, please send your contact details in a separate envelop to the researcher as follows: Mr. Sabri Elkrghli / the University of Garyounis/ Faculty of Economics/ Benghazi – Libya/ sabri.elkrghli@strath.ac.uk

Appendix 5 University Letter

University of Garyounis

Faculty of Economics

Benghazi – Libya

Reference Number: 11026

Date: 31/ 10/ 2007

To Whom It May Concern

This is to confirm that ***Mr. Sabri G M Elkrghli*** is one of the Libyan sponsored students who are studying abroad for the degree of PhD. Mr. Elkrghli studying Strategic Marketing and performance assessment is seeking assistance in obtaining the necessary information required for his research. We very much appreciate your cooperation in giving him access to the required information during the period of conducting his field work on businesses working in Libya. All the collected data will only be used by the researcher for the purposes of scientific research and none will have access to the revealed information except the researcher.

Your cooperation is very much appreciated

Yours faithfully,

Dr. Juma Khalifa Elhassi

Head of the Graduate Studies and Training Office

Faculty of Economics/ Garyounis University

Benghazi – Libya

Tel: 00218612228825

Appendix 6 Successful and Unsuccessful Businesses

Ownership & Type of Business	Successful Public	Unsuccessful Public	Successful Privatised	Unsuccessful Privatised	Successful Private
Tourism Industry and Hospitality (T) (8 Businesses)	1T	6T			7T
	2T				8T
	3T				
	4T				
	5T				
Banking (9 Businesses) (B)	1B				6B
	2B				7B
	3B				8B
	4B				9B
	5B				
Airlines Industry (3 Businesses) (A)		1A			2A
					3A
Insurance Industry (4 Businesses) (I)		1I			2I
					3I
					4I
Food Industry (15		1F	3F	4F	5F

Businesses) (F)					
		2F			6F
					7F
					8F
					9F
					10F
					11F
					12F
					13F
					14F
					15F
Cement Industry and Construction (4 Businesses) ©	1C	2C			4C
		3C			
Communication Industry (4 Businesses) (CO)	1CO				
	2CO				
	3CO				
	4CO				

Clothes and Carpets (2 Businesses) (CL)				1CL	2CL
Furniture Industry (1 Business) (FU)		1FU			
Paper and Tissues Industry (2 Businesses) (P)				1P	2P
Electricity Industry (1 Business) (E)	1E				

Source: Created by the researcher (Classification of Businesses in Libya according to the TAX PAYMENT criterion)

Appendix 7 Respondent Sample

Sector	Name	Ownership	Employees	Business Age	Interviewees' Positions
Tourism and Hospitality (T) (8 Businesses)	1T	Public	283	25	Financial manager
	2T	Public	276	24	Administrative manager
	3T	Public	254	22	Marketing manager
	4T	Public	446	19	Marketing manager
	5T	Private	110	6	Financial manager
	6T	Private	25	6	General Manager
	7T	Public	220	18	Administrative manager
	8T	Public	429	24	Administrative manager
Banking (9 Businesses) (B)	1B	Is being privatised	3500	38	Loans manager
	2B	Is being privatised	4900	38	Benghazi branch manager
	3B	Is being privatised	2700	40	Benghazi branch manager
	4B	Is being privatised	3200	44	Accountant
	5B	Is being privatised	4100	33	Accountant
	6B	Private	450	12	Marketing manager
	7B	Private	97	6	Benghazi branch manager
	8B	Private	120	11	Manager of credit department
	9B	Private	110	8	General manager
Airlines Industry (3	1A	Is being privatised	7000	38	Benghazi branch manager

Businesses) (A)	2A	Private	220	8	Sales manager
	3A	Private	180	7	Sales manager
Insurance Industry (4 Businesses) (I)	1I	Is being privatised	800	31	Financial manager
	2I	Private	70	5	Benghazi branch manager
	3I	Private	60	8	Benghazi branch manager
	4I	Private	230	5	Benghazi branch manager
Food Industry (15 Businesses) (F)	1F	Privatised	300	21	Administrative manager
	2F	Privatised	185	34	Administrative and financial manager
	3F	Privatised	780	29	Sales and marketing manager
	4F	Private	600	5	Marketing manager
	5F	Private	500	7	Benghazi branch manager
	6F	Private	200	19	General manager
	7F	Private	348	14	Administrative and financial manager
	8F	Private	53	6	Factory manager deputy
	9F	Private	90	8	General manager
	10F	Private	205	4	General manager deputy
	11F	Is being privatised	1200	24	Administrative manager
	12F	Private	45	6	General manager
	13F	Private	55	11	General manager

	14F 15F	Private Private	198 252	38 5	Purchasing and storage manager Sales assistant
Cement Industry and Construction (4 Businesses) ©	1C 2C 3C 4C	Is being privatised Private Is being privatised Is being privatised	2779 296 1198 800	26 15 30 30	Marketing assistant General manager Training and quality control manager Financial manager
Communication Industry (4 Businesses) (CO)	1CO 2CO 3CO 4CO	Public Public Is being privatised Is being privatised	4300 98 379 319	24 9 4 8	Head of communication department/ Benghazi branch manager Benghazi branch manager Sales manager / Benghazi branch
Clothes and Carpets (2 Businesses) (CL)	1CL 2CL	Is being privatised Private	160 75	30 10	Financial manager Factory manager
Furniture Industry (1 Business) (FU)	1FU	Privatised	82	30	General manager
Paper and Tissues Industry (2 Businesses) (P)	1P 2P	Privatised Private	35 78	19 8	Sales and marketing manager General manager
Electricity Industry (1 Business) (E)	1E	Public	6500	24	Sales assistant / Benghazi branch

Source: Collected by the researcher

Appendix 8 Literature Review

Table (3.11.1) Market Orientation and Business Performance (1987 – 2008)

Author/Authors	Area of the Field Work	Market Orientation Measurements	Performance measurements	Results
Lusch and Laczniak (1987)	Large industrial USA firms. Interviews and mail surveys targeted senior marketing executives.	Cultural scales referred to as marketing concept and extended marketing concept. Response of vice president of marketing and planning	Subjective measure based on overall financial performance, closeness to the breakeven point, ROA, corporate liquidity and ROE, as expected in the future	Positive relationship
Narver and Slater (1990)	A number of 113 SBUs in a corporation in the USA. Averaged responses of members of the top management team.	MKTOR scale developed based on literature review.	Subjective single measure of ROA in principal served market segment over the past year in relation to all other competitors	Positive relationship. Moderating effects were not identified.
Hooley et al. (1990)	Cross-sectional UK industrial businesses were targeted. Response of chief marketing executives.	Cultural scale to classify approaches to marketing.	Objective primary measure of ROI, profit, sales volume, market share, and subjective single measure of performance relative to major competitors.	Positive relationship.
Kohli and Jaworski (1990)	A number of 47 large and small industrial and services firms in the USA were targeted. Interviews conducted with 61 different managers and ten academicians at two universities.	Initial MARKOR scale based on literature review and interviews.	Subjective and objective measures: ROI, profits, sales volume, market share and sales growth.	Positive association for subjective but not for objective measures. A moderator effect was identified for: market turbulence, technological turbulence, competition and economy condition.
Naidu and	A sample of 153 questionnaires	A scale based on Kotler	Objective measure of occupancy rate.	Positive relationship.

Narayana (1991)	collected from US hospitals administrators.	(1977), and Kotler and Clarke (1987).		
Esslemont and Lewis (1991)	3 surveys each used cross-industry New Zeland samples.	A scale based on Kotler (1977). Five components marketing philosophy, integrated marketing organization, adequate marketing information, strategic orientation, and operational efficiency.	Objective indicators such as: ROI, the change in ROI and profit margin.	No association. The moderating effects were not investigated.
Ruekert (1992)	Managers and sales representatives from the five SBUs of a large high technology company based in the US.	A scale based on discussions with managers consists of three components: use of information, development of strategy, and implementation of strategy.	Objective measure based on SBU's profitability and sales growth over the five preceding years.	Positive relationship. The moderating effects were not investigated.
Slater and Narver (1993)	140 SBUs in a forest product company and a diversified USA manufacturing company and top management members was the targeted respondents.	MKTOR scale was adopted.	Performance measured Subjectively through ROA, sales growth, and new product success relative to all other competitors over the past year.	Positive relationship. No moderating effects of market turbulence, technological turbulence, competitive hostility and market growth.
Deshpande et al (1993)	A cross-industry study targeted SBUs of 50 public Japanese firms. Staff and customers were investigated. Averaged responses of two marketing executives: self-reported customer orientation, and averaged responses of two purchasing executives of a customer firm: customer orientation reported by customers.	A scale known DFW and based on MARKOR, MKTOR, literature review and interviews with marketing managers.	Subjective evaluation. Overall performance was measured based on profitability, size, and market share and growth rate in comparison with the largest competitor.	Positive relationship for customer orientation reported by customers. No relationship for self-reported customer orientation. Moderating effects were not identified.

Diamantopoulos and Hart (1993)	A number of 87 interviews with managing directors in the Uk manufacturing companies were conducted. Different industries were targeted in two different economic conditions.	A developed measure based MARKOR.	Objective measure based on sales growth and average profit margin compared to average industry.	Weak association. The study provided mixed support regarding the effects of market turbulence, some support regarding the impact of competition and no support regarding the role of demand conditions. Association depends on certain conditions.
Jaworski and Kohli (1993)	A number of 222 SBUs and 230 managers from sample of US corporations across industries. Averaged responses of two senior executives (one marketing and the other non-marketing).	MARKOR scale based on Kohli and Jaworski (1990).	Both indicators objective and subjective were adopted. (1) Objective measure of market share. (2) Subjective measure based on organisational commitment, esprit de corps, and overall performance relative to major competitors, over the past year.	Strong positive relationship for subjective performance regardless of the effect of environmental factors. No relationship for objective performance (market share). No moderating effects of market turbulence, competitive intensity and technological turbulence were identified.
McDermott et al (1993)	Large US general hospitals. Response of chief marketing officer.	A scale based on MKTOR, MARKOR and prior health care research.	Objective primary measure of operating margin.	Positive relationship. Stronger for market intelligence and interfunctional

				coordination than for strategy and tactical responsiveness.
Deng and Dart (1994)	Across-industrial study of 248 Canadian companies. Response of general manager or marketing manager.	A scale based on MKTOR consists of: customer, competitor, interfunctional coordination, and profit orientations.	Subjective assessment of: liquidity, sales, market share, penetration, export, development of new products and new markets, quality, productivity, and expectations over the previous three years.	Positive relationship was identified especially for market performance. Moderating effects were not identified.
Slater and Narver (1994)	Two samples were targeted. The first 36 SBUs in one US forest company and the second 81 SBUs in another manufacturing company. Top management members were targeted.	MKTOR scale was adopted.	Performance measured Subjectively through ROA, sales growth, and new product success relative to all other competitors over the past year.	Positive association for ROA, sales growth and new product success. Moderating effects for market and technological turbulence were identified.
Atuahene-Gima (1995)	275 Australian service and manufacturing single firms and SBUs of large multisided firms were investigated. Response of the marketing manager.	A scale based on Ruekert (1992).	Subjective measures of new product market performance based on market share, sales, growth and profit objectives-and new product project performance based on cost efficiencies, proprietary advantage, sales and profitability of other products, and new market opportunities in relation to one new product introduced in the last 5 years.	Positive relationship. Moderating effect of environment hostility, stage of the product life cycle, and service vs. product innovations.
Au and Tse (1995)	A sample of 41 Hotels in Hong Kong and another 148 hotels in New Zealand. Response of general managers.	Kotler scale (1977) was employed. Operative scale based on.	Objective measure of occupancy rate in both cases.	Negative association. Moderating effects were not investigated.
Greenley (1995)	A sample of 240 UK companies in a cross-industrial study. Companies with more than 500	A scale based on MKTOR.	Subjective evaluation of ROI, new product success, and sales growth over the last 3 years, relative to those	Weak association. Moderating effects of market turbulence and

	employees were investigated. Single responses of managing director/CEOs.		of major competitors.	technological change. Association may be positive or negative depend on competitive environment.
Raju et al. (1995)	A sample of 176 US Hospitals. Averaged responses of top executives.	A scale based on MARKOR.	Subjective measures of financial performance based on profit, margin, ROI and cash flow, market/product development based on new product and market development and R and D, and internal quality based on service quality, employee turnover, mortality and cost per adjusted discharge.	Positive relationship. Moderating effect of size and environmental uncertainty.
Atuahene-Gima (1996)	158 manufacturing and service firms in Australia.	A scale based on Ruekert (1992).	Subjective measures of: ROI, new product success rate, sales growth, market success and project impact performance.	In general weak effect on performance.
Balakrishnan (1996)	A sample of 139 US manufacturers in one industry of machine tools. Response of chief executive.	A scale of Four components: basic market orientation, competitive benchmarking, customization and international orientation.	Subjective evaluation of satisfaction with profit and profit relative to competition both based on profit and ROA, and subjective measures of customer retention and repeat business generated from customers.	Positive relationship. No investigation made for the moderating effects.
Fritz (1996)	A sample of 144 Industrial firms in West Germany. Response of corporate executives. .	Six orientations have been considered in this research. Market orientation has been measured based on Narver and Slater's (1990) construct.	Subjective measure based on competitiveness, customer satisfaction, continuance of the firm, and long-term profitability in relation to objectives within the last 3 years.	Positive relationship. Moderating effects of position of the top marketing executive, influence of the marketing sector, and co-operation of marketing, production and R and D.
Llonch and	Industrial firms based on	A scale based on MKTOR.	Subjective measures of ROI, ROS,	Positive relationship.

Walino (1996)	Catalonia (Spain). Response of chief executive.		sales growth and overall performance in relation to competitors over the last 3 years.	Moderating effects of size, industrial sector and foreign property.
Pelham and Wilson (1996)	A sample of 61 Greek food SMEs were investigated. Response of firm president.	A scale based on MARKOR and MKTOR.	Subjective measures of new product success, growth/share-based on sales and employment growth and market share, and profitability: profits, margin, cash flow, ROI and ROA, product quality, in relation to objectives and business position relative to expectations.	Positive relationship except for growth/share performance. Moderating effects were not investigated.
Pitt et al (1996)	A study based on 161 questionnaires directed to marketing directors in UK service firms and 193 interviews in Malta.	MARKOR construct was used.	Subjective measure based on ROCE, sales growth and overall performance relative to other companies in the industry over the last 5 years.	Positive relationship for both countries. Moderating effects were not investigated.
Selnes et al. (1996)	Two samples: 222 SBUs of the top US companies and firms of the Marketing Science Institute, and 237 Largest firms in Norway, Denmark and Sweden. Averaged responses of two senior executives (one marketing and the other non-marketing).	A scale based on MARKOR.	Objective measure of share of the market and subjective measure based on overall performance and overall performance relative to major competitors, over the past year.	Positive relationship only for subjective performance. No moderating effect of country related to national culture and political economy.
Slater and Narver (1996)	A sample of 228 questionnaires directed to US manufacturers in a across-industrial study.	MKTOR scale was employed and presidents or general managers were targeted.	Subjective single measures of ROA and sales growth rate relative to all other competitors over the past year.	Weak relationship.
Appiah-Adu (1997)	A sample of 110 small UK firms. Responses from managing directors.	Pelham and Wilson scale (1996).	Subjective measures of sales growth, new product success rate and return on investment over the previous 3 year period in relation to all other competitors	Positive relationship. Moderating effects of market turbulence, competitive intensity and market growth. No moderating effect of technological

				turbulence.
Avlonitis and Gounaris (1997)	A sample of 444 Greek firms in an across-Industrial study was conducted. Response of marketing manager.	Cultural scale to classify approaches to marketing and behavioral scale based on MARKOR.	Subjective measures based on profit, turnover, ROI and market share in relation to objectives and competitors over a 4 year time.	Positive relationship. Moderating effect of type of business-industrial vs. consumer goods.
Balabanis et al. (1997)	A sample of 58 top British charities. Response of directors.	A scale based on MARKOR.	Objective measures of situation and change in donor contribution ratio and number of volunteers. Subjective measures of achievement of long-term and short-term objectives.	Weak association.
Becherer and Maurer (1997)	A sample of 215 usable questionnaires collected from presidents of small industrial US enterprisers.	Market orientation measured by Morris and Paul scale (1987), and Miles and Arnold scale (1991). Entrepreneurship orientation measured by Covin and Slevin scale (1989).	Objective measure of change in profit over the last 3 years.	Weak influence of market orientation on performance, strong effect of entrepreneurship on performance, both orientations are closing related and stronger under the hostile environment (moderating effect of environment hostility).
Bhuian (1997)	A sample of 92 bank managers in 30 bank branches. Managerial level personnel in bank branches in Saudi Arabia.	A scale based on MARKOR	ROA, ROE and sales per employee were measured subjectively.	No relationship.
Gatignon and Xuareb (1997)	A sample 393 questionnaires collected from marketing executives in different US firms.	A scale of strategic orientations: customer and competitor, interfunctional based on MKTOR, and technological orientation.	Subjective measure of innovation performance based on ROI of the last new product introduced in the market in relation to: other products of the firm, competitors and objectives.	In general weak effect. Moderating effect only of demand uncertainty.
Pelham (1997)	A sample of 160 small US	Scale based on MKTOR,	Firm effectiveness (new product	Positive association

	manufacturing firms. Questionnaires directed to presidents and sales managers.	MARKOR and other scales.	success, customer retention and product quality), sales growth and market share were used as performance measurements.	only with firm effectiveness.
Greenley and Foxall (1998)	A sample of 242 different UK companies with more than 500 employees was targeted. Response of managing director/CEO.	MKTOR scale was employed and a scale of stakeholder orientation. Three dimensions: research, management judgment, planning and corporate culture and mission-in relation to five stakeholder groups-competitors, consumers, employees, shareholders and unions.	Subjective measures of ROI, sales growth, market share and new product success rate compared to that of the competitors.	Weak association. Moderating effects of competitive hostility, market growth and market turbulence.
Kumar et al (1998)	A sample of 159 US hospitals. Response of chief administrator.	A scale based on MKTOR.	Subjective measures of satisfaction with growth in revenue return on capital, success of new services, success in retaining patients and success in controlling expenses.	Positive relationship. Moderating effects of competitive hostility, market turbulence, supplier power and emphasis on differentiation strategy.
Appiah-Adu (1998)	Across-sectional study on 74 service and manufacturing Ghanaian Large firms. Response of managing directors.	A scale based on MKTOR and Golden et al (1995).	Subjective single measures of sales growth and ROI in relation to expectations over the previous 3 years.	Strong positive link only when moderated by competitive intensity and market dynamism. Indirect effect of market orientation.
Appiah-Adu and Ranchhod (1998)	A sample of 62 UK firms in the biotechnology industry. Response of managing director.	A scale based on MKTOR.	Subjective measures of new products/services success, market share growth, profit margin, and overall performance relative to the main competition in the past 3 years.	Positive relationship except for new products/services success.
Appiah-Adu and	Only 108 questionnaires were	A scale based on DFW.	Subjective measures of new product	Positive relationship.

Singh (1998)	analyzed, which obtained from 500 manufacturing and services Small and medium UK enterprises. Response of marketing executive or managers.		success rate, sales growth and ROI relative to the main competition over the previous 3 year period .	Different influences of innovation orientation and competitive environment on the level of market orientation.
Bhuian (1998)	115 manufacturing companies in Saudi Arabia. Response of CEO.	A scale based on MARKOR and performance anticipation.	Subjective measure based on quality of products, revenues, financial position, customer satisfaction and overall performance over the last 3 years	Positive relationship. Moderating effects of competitive intensity and technological turbulence.
Caruana et al. (1998)	A samples of 84, 171 public sector organizations in Australia Were targeted. Response of head of public sector organization or university department.	A scale based on MARKOR.	Subjective measures of overall performance and ability to attract non-government funding during the last 5 years	No association.
Deshpande and Farley (1998)	A sample of 82 different managers in Germany and US companies.	A scales based on all of MARKOR, MKTOR and DFW.	Subjective measures of performance: customer retention, sales growth, ROI and ROS, the other based on profitability, size, market share and growth.	Positive relationship. Moderating effects were not investigated.
Doyle and Wong (1998)	A sample of 344 SBUs of large UK firms. Responses from marketing/sales, financial, and manufacturing/operations managers.	A scale based on MARKOR structure.	Subjective measure based on ROC, market share, sales growth and overall performance in relation to competitors.	Positive relationship.
Gray et al. (1998)	A sample of Senior managers in 490 New Zealand companies.	Developed scale based on MARKOR, MKTOR and Deng and Dart (1994).	Objective measures of ROI, relative ROI and pretax profit. Subjective measures of brand awareness, customer satisfaction and loyalty, market share, sales growth and profitability relative to nearest competitor.	Positive relationship except for relative ROI. Stronger relationship for subjective than for objective performance.

				Moderating effects of competitive intensity, market growth, entry barriers and buyer power.
Han et al. (1998)	A sample of 134 US banks in a Mid-western state of America. Marketing managers.	A scale based on MKTOR.	Objective measures of net income growth and ROA. Subjective measures of growth and profitability.	Positive relationship through innovation.
Horng and Chen (1998)	A sample of 76 small and medium firms in Taiwan was targeted through mail survey. Response of CEO or top manager.	A scale based on MARKOR and MKTOR.	Subjective measure of performance for the last year. Overall performance, organizational commitment and esprit de corps were employed.	Positive relationship.
Chang and Chen (1998)	Retail sector brokerage firms in Taiwan were targeted in this study. 150 personnel interviews were planned with the heads of these firms. Only 116 were performed.	Market orientation was measured by MKTORN scale which consists of: customer orientation, competitor orientation, inter-functional co-ordination and performance anticipation.	Performance data was collected subjectively by sales volume and market share.	Positive relationship among market orientation, service quality and business profitability. Market orientation has stronger effect on service quality than business profitability. Service quality acts as a mediator and has a stronger effect on business profitability
Ngai and Ellis (1998)	A sample of 73 Textile and garment companies in Hong Kong. Response of managing director.	A scale based on MKTOR.	Subjective measures of business position based on sales growth, market share, and profitability based on operating profits, profit/sales, and cash-flow, ROI and ROA, in relation to competition over a five year period and in relation to expectations for the most recent year.	Positive relationship
Oczkowski and	A sample of 237 Large public	A scale based on MKTOR and	Subjective measure based on	Positive relationship.

Farrell (1998)	and private companies in Australia. Response of CEO/general manager.	MARKOR.	customer retention, new product success, sales growth, ROI and overall performance to competitors over the past year.	Moderating effect of structure of ownership.
Siguaw et al. (1998)	A sample of 179 questionnaires collected from US distributors and their primary suppliers. Response of the distributor's employee: distributor market orientation and the supplier's employee: supplier market orientation.	A scale based on MARKOR.	Subjective measures of trust, cooperative norms, commitment, ROE, ROI, gross profit, margin, net profit and profit to sales ration.	Market orientation directly or indirectly affects performance.
Thirkell and Dau (1998)	A sample of 323 questionnaires collected from New Zealand manufacturing exporting firms. Respondents are export directors and managers.	A scale based on the literature and consists of three components: customer focus, integration and goal directed behavior.	Measure of export performance based on objective export intensity and sales, and subjective assessment of export market share, profitability, market diversification and customer satisfaction, and overall performance.	Positive relationship
Tse (1998)	A sample of 13 Large property developers in Hong Kong. Response of a manager.	A scale based on literature.	Objective measures of total asset, total equity, sales, net income, ROI, ROE and profit margin. Financial data supplied by external organizations was used.	No association. Moderating effects were not investigated.
Egeren and O'Connor (1998)	A sample of 289 responses from 67 Large and independent US service firms. Averaged responses of top management team.	A scale based on MKTOR.	Measure based on objective measures of financial performance, and subjective assessment of organisational performance.	Positive association for organisational performance.
Chan and Elis (1998)	A study targeted 73 Hong Kong's' textile and garment companies.	MKTOR scale was employed.	Objective and subjective evaluation through: growth share, profitability, growth share and profitability.	Positive for all.
Barret and Weinstein (1998)	A sample of 142 different diverse businesses in the USA. Response of senior level	A developed scale based on MARKOR.	Subjective measure based on overall performance relative to competitors over the last year.	A strong positive relationship. Moderating effect of

	manager at the firm's headquartering.			size and, to a lesser extent, flexibility.
Moorman and Rust (1999)	A sample of 128 managers from different functions from US business organizations	A scale based on MARKOR and MKTOR.	Subjective measures of costs, sales, profitability, market share, customer relationship performance based on customer satisfaction and retention, and quality, and new product performance based on speed, creativity and financial performance of new product/service development, relative to objectives.	Positive relationship.
Alvarez et al (1999)	A sample of Non for profit organizations in Spain. Response of supplier's employee.	A DFW and MARKOR scale to measure distributor market orientation as perceived by supplier.	Objective measures of number of associates, expenses and number of activities.	In general weak effect.
Baker and Sinkula (1999)	A sample of 411 SBUs of USA firms. Response of marketing or non-marketing executives.	A scale based on MARKOR.	Subjective single measure of market share new product success and overall performance relative to competitors over the last year.	Positive relationship. Moderating effect of learning orientation.
Sargeant and Mohamad (1999)	A sample of 86 hotel groups in the UK. Response of marketing directors.	A scale developed by Parasuraman et al (1983).	Objective primary measures of turnover and profit after tax	No relationship.
Becker and Homburg (1999)	A sample of 234 questionnaires across different industries and services in Germany. Response from (SBUs) general managers.	A scale consists of: organization, information, planning, controlling and human resource management systems.	Objective measure of ROI. Subjective measures of market performance based on customer satisfaction, value and attraction in relation to competitors, and financial performance relative to the industry's average.	Positive relationship for financial performance through market performance.
Caruana et al. (1999)	A sample of 171 heads of government Largest Australia and UK based service firms. Response of marketing directors.	A scale based on MARKOR.	Subjective measures consist of: improvements achieved level of customer services, cost effectiveness and overall performance.	Positive association.

Caruana et al. (1999)	A number of 131 questionnaires were collected from marketing and senior managers in the largest British service-based firms in South Africa.	MARKOR scale was employed.	Subjective measures consist of: improvements achieved level of customer services, cost effectiveness and overall performance.	No association.
Baker et al (1999)	A broad range of industries in the USA. 380 questionnaires collected from both suppliers and distributors and the respondents were: presidents, vice presidents, marketing and purchasing managers, and CEOs.	DFW scale.	Subjective measures of trust, cooperative norms, commitment and satisfaction with financial performance of primary supplier.	Positive relationship.
Deshpande and Farley (1999)	56 SBUs of Japanese firms traded in Tokyo and 29 SBUs of Indian firms. Responses from marketing executives self-reported customer orientation, and responses from purchasing executives of a customer firm customer orientation reported by customers.	DFW was employed.	Subjective measure based on profitability, size, market share and growth rate in comparison with the largest competitor.	Positive relationship for both self-reported and reported-by-customers market orientation.
Harris and Piercy (1999)	A sample of107questionnaires filled by store managers in large UK retail organizations.	A scale based on MARKOR.	Subjective measures of company and store performance.	Positive relationship with different levels of market orientation.
Vorhies et al (1999)	A sample of 87 Large manufacturing and service firms with Australian operations. Response of top marketing executives.	Operative scale MARKOR.	Subjective single measures of profitability, growth, adaptability and customer satisfaction relative to that of major competitors.	Positive relationship.
Llonch and Lopez (1999)	A sample of Large Spanish industrial companies. Response of chief executive.	A scale based on MKTOR.	Subjective measures of ROI, margin, sales growth, pace of new product launching, and overall performance.	Positive relationship.
Mavondo (1999)	A sample of 146 Food manufacturing business in	Scale based on the literature.	Objective measure of ROA and measure of marketing effectiveness	Positive relationship for marketing

	Zimbabwe		based on sales growth, changes in market share and number of successful new products in the last three years.	effectiveness.
Chang et al (1999)	A sample of 153 questionnaires collected from general managers in automobiles industry in Finland and Poland.	MKTOR employed.	Subjective assessment of: total sales, sales volume, market share, net profit, ROA, and overall profitability.	Positive effect on effectiveness and efficiency.
Harris and Ogbonna (1999)	A number of 322 Medium and large UK firms. Response of managing director/chief executive officer.	A scale based on MKTOR and MARKOR.	Objective secondary measures of sales growth and ROI and subjective measures of sales growth and ROI relative to competitors.	Positive association. Moderating effect of market turbulence and competitive hostility.
Dawes (1999)	Investigation lasted two years. 123 Firms in South Australia were studied. Average of responses of CEO and other senior managers.	A scale based on MKTOR, MARKOR, DFW, Faulkner (1998), Deng and Dart (1994), and interviews. This scale consists of: customer orientation, customer responsiveness, competitor orientation and market information sharing.	Subjective and objective measure of profitability.	Positive relationship except for market information sharing. No link with objective measures. Moderating effects were not investigated.
Alvarez et al. (2000)	A sample of Industrial firms in Spain. Response of firm's director.	Cultural scale based on MKTOR and operative scale based on MARKOR.	Subjective measure of ROI, profits, sales and new product success relative to objectives and competitors in the last period.	Positive relationship, especially for ROI and new product success. Moderating effect of uncertainty.
Cravens and Guilding (2000)	A sample of 235 US companies with strong brands. Response collected from 392 senior level accounting/finance or marketing executive.	A scale based on MKTOR.	Subjective measure based on customer satisfaction, sales volume, sales growth and profits relative to expectation.	Positive relationship.
Akimova (2000)	A sample of 500 small, medium and large services and manufacturing Ukrainian firms were targeted. In-depth	Market orientation was measured by a mix of market orientation scales: Kotler,	Subjective assessment include: Financial indicators (better profit and ROI). Market indicators (sales volume and market share). Survival	Strong relationship. The level of a firm's competitiveness in the turbulent environment

	personal interviews with 221 marketing managers or general managers of Ukrainian enterprises were conducted.	1974; Shama, 1978, 1992; Hooley et al., 1990 and Marinov et al., 1993).	indicators (cash flow).	of transitional economy is associated with the level of the development of market orientation. Moderating effects were not investigated.
Deshpande and Farley (2000)	A sample of senior managers of 100 Chinese companies headquartered in Shanghai.	DFW scale was employed.	Subjective measure based on profitability, size, market share and growth rate in comparison with the largest competitor	Positive relationship
Deshpande et al. (2000)	A sample of Japanese firms, US firms, UK firms, German firms and French firms. Averaged responses of two marketing executives-self-reported market orientation, and averaged responses of two purchasing executives of a customer firm-market orientation reported by customers.	A scale based on DFW.	Subjective measure based on profitability, size, market share and growth rate in comparison with the largest competitor. Averaged responses of two marketing executives	No relationship.
Dobni and Luffman (2000)	A sample of 210 US telephone companies. Response of marketing or non-marketing manager.	A scale consists of: formal and informal intelligence generation, intelligence dissemination, profit orientation, customer orientation, response design and implementation, and PSI factor.	Objective measure of ROI	Positive relationship. Moderating effects of competitive pressure, products/services dynamism and environmental unpredictability
Farrell (2000)	A sample of 268 Large Australian companies was targeted. Response of the CEO/marketing director.	MKTOR scale was employed.	Subjective measure based on customer retention, new product success, sales growth, ROI, and overall performance relative to competitors over the last year.	Positive relationship.

Homburg and Pflesser (2000)	A sample of 1100 SBUs from five different industries in Germany. . Response of 173 managers (general, marketing or non-marketing) through interviews and questionnaires.	Cultural and operative scales. Multilayer model of market orientation based on values, norms, artifacts and behaviors.	Objective primary measure of ROS during the last three years. Subjective measure of market performance based on value generation, customer satisfaction, attraction and retention, growth and market share, relative to competitors during the last three years	Positive relationship and it becomes stronger under market dynamism (moderating effect of market dynamism).
Loubser (2000)	A sample of 500 cross-sectional South African industries. Focus groups and questionnaires conducted with members from business and academia.	A scale based on the literature and consists of: business philosophy, market orientation and business behavior.	Subjective measures of growth in market capitalization, total assets, equity and sales, ROE, ROA, and price earnings.	Positive association and market orientation is not enough a loan as a strategy.
Kwon and Hu (2000)	A sample of 341 questionnaires was collected from small export Korean firms.	MARKOR scale was utilized.	Subjective assessment of: export to total sales, growth rate, export profit to total profit, and overall performance over the last three years.	Significant positive association. No effect to environmental factors.
Pelham (2000)	A sample of 160 USA manufacturing firms.	A scale based on MARKOR and MKTOR.	Subjective assessment of: marketing/sales effectiveness, growth share and profitability.	Positive association.
Matsuno et al (2000)	A sample of 364 US manufacturing companies was targeted. Response of marketing executive (vice president or director level).	Extension of MARKOR to include supplier relationships, regulatory aspects, social and cultural trends, and the macro-environment.	Subjective measures of market share, sales growth, percentage of new product sales to total sales, and ROI relative to those of relevant competition.	Positive relationship.
Pelham (2000)	A sample of 229 and 235 Small US industrial manufacturing firms. Response of sales manager and president.	Three components-customer understanding, customer satisfaction and competitive orientation.	Subjective measures of firm effectiveness based on relative product quality, new product success and customer retention, growth/share based on sales level, growth rate and target market share, and profitability based on ROE, gross margin and ROI.	Positive relationship. Moderating effect of customer differentiation. No moderating effect of product differentiation.

Schlegelmilch and Ram (2000)	A sample of US firms. Response of chief marketing executive officers.	Cultural scale of strategic market orientation.	Objective measures of profitability and ROI. Subjective single measures of profitability and ROI relative to objectives in the last year.	Positive relationship for subjective ROI.
Shoham (2000)	A sample of SBUs of Israeli exporters. Response of marketing managers.	Operative scale of market orientation strategy.	Subjective measures of static and dynamic sales and profitability, satisfaction and confirmation-of-expectation, in relation to export activity, based on objective and subjective items.	Positive relationship for managerial expectations, confirmation of expectations and dynamic sales.
Sin et al. (2000)	A sample of 210 Firms in mainland China Firms in Hong Kong. Response of top administrator, and marketing director/manager.	MKTOR scale was used. .	Subjective measure based on sales growth, customer retention, ROI, market share and overall performance.	Positive relationship for customer orientation and sales growth and customer retention in China. Moderating effect of country-related to economic context.
Slater and Narver (2000)	A sample of 53 US business (services and manufacturing) corporations. SBUs of multi-business corporations were targeted. Response of chief marketing officers, general managers and HRM managers.	MKTOR scale was used.	Subjective measure of ROI relative to primary competitors over the past 3 years.	Market orientation has positive effect on performance, while entrepreneurial orientation has no effect.
Voss and Voss (2000)	A sample of 229 US nonprofit professional theatre industries. Response of managing directors.	Scales of strategic orientation and interfunctional coordination, customer orientation, competitor orientation and product orientation.	Objective measures of attendance attributable to subscription and single tickets, total income and net surplus/deficit. Subjective measures of season subscription sales, single ticket sales and overall financial performance compared with similar firms.	Negative relationship between customer orientation and performance. Moderating effect of interfunctional coordination. The link depends on

				performance measurement type.
Webb et al (2000)	A sample of 77 usable responses from corporate bank and their client firms in the US. Response of the main contact person in each of the client firms.	A scale based on MKTOR.	Subjective measures of customer satisfaction and service quality.	Positive relationship.
Wood et al. (2000)	A sample of 237 not-for-profit US hospitals. Response of chief executives and administrators.	A scale based on the literature and MARKOR structure.	Subjective measure based on quality of care, revenues, financial position and patient satisfaction over the last 3 years.	Positive relationship.
Wren et al (2000)	A sample of new product development projects for high technology industrial products in US, New Zealand, Norway, Korea, Sweden and Belgium. Response from chief marketing and chief R & D officers.	Scale of two components based on the literature: customer orientation and marketing intelligence.	Subjective measure of the degree of commercial success for the new product in relation to expectations.	Positive relationship.
Cervera et al. (2001)	A sample of 399 Local governments in (Spain) was targeted. Response of chief secretary.	A scale based on MARKOR.	Subjective measures of global performance and citizen participation.	Positive relationship.
Atuahene-Gima and Ko (2001)	A sample of 181 cross-sectional responses from Australian firms. Response of senior managers.	A scale based on MARKOR.	Objective measures of percentage of profits and sales, and average profits over the last 3 years derived from new products. Subjective measure based on market share, sales and profit derived from the recent new product in relation to objectives.	Positive relationship, stronger for objective performance. Moderating effect of entrepreneurship orientation.
Beam (2001)	A sample of 183 US daily newspaper companies. Averaged response of 406 senior editors.	A scale based on MARKOR.	Objective secondary measures of total and home-county circulation, and current rate and change in home-county household penetration.	Weak association.
Grewal and	A sample of 120 Small and	A scale based on MARKOR.	Subjective measure based on	Positive and negative

Tansuhaj (2001)	medium-sized Thai firms were investigated. Response of middle managers and owners.		satisfaction with ROI, sales, profit and growth before and after crisis.	relationship for performance before and after crisis, respectively. Moderating effects of competitive intensity, and demand and technological uncertainty.
Ngansathil (2001)	A sample of 147 questionnaires collected from marketing and export managers (SBUs) in across-sectional study in Thailand.	Three scales combined: MKTOR, MARKOR and Evanglista scale (1994).	Subjective assessment of: sales growth, ROA, success of new services, customer retention, export intensity, average export, quality of decision, word of mouth, overall performance.	Positive association. No effect for environmental factors.
Lonial and Raju (2001)	A sample of 175 US hospitals. Only 293 usable responses were received from the top executives.	A scale based on MARKOR.	Subjective assessment of: Net profits, ROI, cash flow, profit to revenue ratio, new product / service development, investment in R&D, capacity to develop competitive profile, market development. Mortality and morbidity, service quality as perceived by customers, cost per adjusted discharge and employee turnover.	Strong positive association. Environmental uncertainty is an important moderator, which makes the link is stronger.
Harris and Ogbonna (2001)	A sample of 1000 multi-industries medium and large UK firms. Response of heads of marketing departments.	A scale based on MKTOR.	Subjective measure based on customer satisfaction, sales growth, market share, competitive advantage and sales volume pertaining to long and short-term.	Positive relationship.
Harrison-Walker (2001)	A sample of SBUs of US organizations in hospitality and beverage manufacturing industries. Averaged responses of senior level marketing	A scale of two components: customers and competitors, and four stages: information acquisition, sharing and shared interpretation, and	Subjective measures of financial performance based on sales, sales growth, profit, ROI and market share, customer response performance-based on propensity, willingness and	Weak association.

	executives.	developing and implementation of strategies.	perception of superiority-and innovation performance-based on new product success and time to market.	
Harris (2001)	A sample of 273 major private and public firms in the UK market. Senior level respondents.	A scale based on MKTOR and Kumar et al (1998).	Objective and subjective measures of profitability and sales growth.	Direct association.
Hult and Ketchen (2001)	A sample of 181 SBUs of large multinational corporations in the USA. . Response of senior executives.	A scale based on MKTOR.	Objective measures of change in ROI, income, and stock price over the past 5 years.	Positive relationship through positional advantage.
Kahn (2001)	A sample of 156 US apparel and textile manufacturers. Response of marketing, R & D and manufacturing managers.	A scale based on MKTOR.	Subjective measures of product development (pre-launch) and product management (launch and post-launch) performance.	Positive relationship.
Langerak (2001)	A sample of 72 (questionnaires) matched sets of suppliers, manufacturers and customers in across-sectional study in (Netherlands). Response of general managers, suppliers and customers.	A scale of downstream (customers) and upstream (suppliers) market orientation based on MKTOR, Langerak (1997) and MARKOR. Scales of customer orientation of salespersons (COS) and of supplier orientation of purchasers (SOP) adopted from Michael and Day (1985).	Subjective measure of financial performance based on sales growth, profit, new product success and ROI. Subjective measures of trust, cooperative norms and satisfaction.	Significant positive association.
Prasad et al (2001)	A sample of 381 US manufacturing firms involved in exporting. Response of chief executive officers.	A scale based on MKTOR.	Subjective measure based on economic/financial and strategic outcomes of exporting and satisfaction with them.	Positive relationship. Moderating effects of competitive intensity, integration of the internet, size and degree of export dependence.
Santos et al. (2001)	A sample of medium and large industrial firms in Spain. Response of 272 general	A scale based on MARKOR.	Subjective measure based on ROI, sales, new product success and profit.	Positive relationship.

	manager or marketing managers.			
Shoham and Rose (2001)	A sample of 101 Israeli firms from four industries. Response of managers.	A scale based on MARKOR.	Measures of sales, growth in sales, profitability and growth in profitability based on objective and subjective items.	Positive relationship.
Agus, Hart and Tagg (2001)	A sample of 1820 Indonesian retail firms was targeted. Only 159 usable questionnaires were analyzed. Respondents were managers.	New scale developed based on previous scales: customer, competitor and profit orientation, and interfunctional coordination.	Subjective measurements: sales growth, gross margin, sales volume, market share, space productivity, stock age and overall performance.	Market orientation has a positive effect on performance. The effects of demand volatility, competitive intensity and market turbulence on market orientation are negative, no effect and positive respectively.
Subramanian and Gopalakrishna (2001)	A sample of 162 manufacturing and services Indian firms located in Chennai. Response of senior marketing executives.	A scale based on MKTOR.	Subjective measures of growth in overall revenue, ROC, new product success, customer retention and control of expenses based on their importance and satisfaction with them.	Positive relationship. No moderating effects.
Tzokas et al (2001)	A sample of 246 small manufacturing enterprises in Greece. Response of managing directors and owners.	A scale based on MKTOR and MARKOR.	Measure based on objective sales, profit and adoption of innovations and subjective ability to respond to changes in the market over the past three years.	Positive relationship. Moderating effect of entrepreneurial orientation. Companies with high market and entrepreneurial orientation have higher performance.
Lado et al (2001)	Samples of 211, 137 and 74 insurance companies in the European Union and the USA.	A scale developed by: Lado et al (1998) and Lambin (1996).	Subjective assessment of: innovation degree and innovation performance.	Positive association.

	Senior management levels.			
Agus W. Soehadi (2001)	890 Indonesian retail firms were targeted in this study	MKTOR, MARKOR and Deng and Dart (1994). This process resulted in the following dimensions: customer orientation, competitor orientation, inter-functional co-ordination and profit orientation	Financial indicators consisted of: sales growth, gross margin, sales volume and sales growth. Non-financial indicators comprised: overall performance, market share, space productivity and stock-age.	Positive relationship. Demand volatility had a negative effect on market orientation. Competitive intensity had no effect on market orientation. Market turbulence had a positive effect on market orientation.
Tay and Morgan (2002)	A sample of 179 UK general practice chartered surveying firms. Response of head of marketing.	A scale based on MARKOR.	Subjective measures of business performance based on market share, ROI, new services, etc. relative to competitors, and marketing performance based on customer satisfaction, firm awareness, etc. relative to competitors.	Positive relationship. No moderating effects.
Vazquez et al. (2002)	A sample of private non-profit Spanish organizations. Respondents were senior level.	A scale based on MARKOR structure.	Subjective single measures of number of activities addressed to beneficiaries, volume of obtained income from donors, and ratio of donors contribution to non-profit expenditure, in relation to other similar organizations, and degree of fulfillment of the mission.	Positive relationship.
Cadogan et al (2002)	A sample of 783 Finnish exporting firms (product and service) in Finland. Respondents were export managers.	A scale of export market orientation based on MARKOR developed by Cadogan et al (1999).	Objective measure of efficiency performance based on export sales. Measure of sales performance based on objective and subjective sales. Subjective measure of profit performance based on satisfaction with export profits.	Positive relationship. Moderating effect of the complexity of the export environment and product vs. service exporters.
Deshpande and	A sample of senior managers of	A DFW scale was employed.	Subjective measure based on	Positive relationship.

Farley (2002)	Chinese companies.		profitability, size, market share and growth rate in comparison with the largest competitor.	
Matear et al. (2002)	A sample of 231New Zealand service firms. Only 398 questionnaires were collected and used from marketing managers or CEO.	A scale based on Gray et al (1998).	Subjective measures of financial performance based on profitability, change in profitability and revenue, and market performance based on customer satisfaction and loyalty, brand awareness, brand equity, reputation/image and new product success.	Significant positive relationship, both directly and through innovation.
Anttila (2002)	A sample of 42 manufacturing companies in Finland. Senior level respondents.	A scale based on MARKOR.	Assessment based on subjective profitability.	Positive association.
Noble et al. (2002)	A sample of 36 US firms over ten years. Mass merchandiser and discount sector of the retailing industry. Senior level respondents.	Measure based on MKTOR of the letter to shareholders in corporate annual reports. Seven components: customer and competitor orientation, interfunctional coordination, and profit, long-term, private label brand and national brand focus.	Objective measures of ROA and ROS	Significant positive relationship for customer orientation and national brand focus. Negative relationship for private label brand focus. Moderating effects of learning and innovation.
Perry and Shao (2002)	A sample of 1005 Foreign affiliates of US-based advertising agencies in the world. Response collected from 148 managing directors.	A scale based on MARKOR.	Subjective measures of qualitative and quantitative performance based on the extent to which Internet-based services increase new and existing client revenue, profitability, image, responsiveness and attraction	Significant association based on qualitative performance moderated by traditional competition.
Ramaseshan et al (2002)	A sample of 127 questionnaires from consumer and industrial products and services Singaporean firms. . Response	Ruekert scale (1992) was adopted.	Subjective measures of new product market performance-based on market share, sales, growth and profit objectives, and new product project	Significant positive relationship based on collection of marketing

	of product development managers.		performance-based on cost efficiencies, proprietary advantage, sales and profitability of other products, and new market opportunities, in relation to one new product introduced in the last 5 years and overall performance.	information for market performance, development of strategy for project performance, and both of them for overall performance.
Rose and Shoham (2002)	A sample of 789 Israeli exporters in 9 industries. 124 questionnaires were collected from senior level respondents.	A scale based on MARKOR.	Measures of export sales and profitability, and change in export sales and profitability based on objective and subjective items.	Positive effect. Moderating effect of technological environment.
Matsuno et al (2002)	A sample of 364 questionnaires collected from marketing executives of the US manufacturing companies.	A scale developed by Matsuno et al (2000) was utilized.	Subjective assessment of: market share, new product sales to total sales, and ROI relative to competition.	Positive effect of market orientation on performance. Entrepreneurial orientation has stronger effect on performance when it mediated by market orientation.
Oliver et al (2003)	122 questionnaires collected from private and mass insurance companies in European Union market. Averaged responses of senior executives marketing and non-marketing managers.	A scale developed by Lado, Maydeu, Oliver and Rivera in (1998) known MOS consists of: analysis of final client, distributor, competitors and environment, interfunctional coordination, and strategic actions on consumers, distributors, competitors and macro-environment.	Objective secondary (published financial information) measure of market share contrasted with subjective responses of managers. Market share, premium growth and profitability over the past three years.	Positive relationship mediated by innovation degree and innovation performance.
Tse et al. (2003)	A sample of 573 medium and large companies located in Hong Kong and with operations in Hong Kong and China.	A scale based on MKTOR and Kotler (1977). It is similar to scale used by Tse (1995).	Subjective measures of current and future performance based on sales growth, customer retention, ROI, market share, ability to get valuable	Positive relationship. In 1995 was negative due to economic conditions.

	Response of marketing director/managers.		information, loans, better terms in loans and government approval, contact with important persons and employee motivation relative to major competitors.	
Hooley et al. (2003)	A sample of 1396 service companies in three countries. Small services firms in transition economy of Central and Eastern Europe were targeted: Hungary, Poland and Slovenia. 346 responses were collected from marketing executives.	MKTOR were utilized.	Subjective measures based on financial profit and ROI and market sales volume and market share criteria, in relation to main competitors, budget and last year.	Positive relationship. Effects identified (the linkage moderated by environment). Higher degrees of market orientation were found in the turbulent, rapid changing markets.
Agarwal et al. (2003)	A sample from 201 International hotels in the USA. Response of general managers.	A scale based on MKTOR.	Objective measure based on occupancy rate, gross operating profit and market share. Subjective measure based on service quality and customer and employee satisfaction in relation to competitors.	Positive relationship, both directly and through innovation.
Calantone et al (2003)	A sample of medium and large US firms in diverse industries. Response of marketing, engineering or new product managers.	A scale based on MARKOR.	Subjective measure of new product development performance based on profit, sales and market share relative to objectives in the last year.	Positive relationship through new product development speed and corporate strategic planning.
Chang et al (2003)	A sample of 500 US firms engaged in e-commerce.	Measure based on content analysis of the letter to shareholders in corporate annual reports. Two components customer and competitor orientation-in relation to e-commerce.	Objective measures of gross profit margin and company profit growth.	Positive relationship.
Farrelly and Quester (2003)	A sample of Australian Football League and its sponsors. Managers responsible for the	Scale based on MARKOR.	Subjective measures of trust and commitment.	Positive relationship for property market orientation perceived

	relationship in the club property market orientation and the sponsor firm sponsor market orientation and property market orientation perceived by the sponsor			by the sponsor, and sponsor market orientation.
Hult et al. (2003)	A sample of SBUs in the UK. Response of management or marketing executives.	A scale based on MKTOR.	Subjective measures of competitor-based performance based on market share, growth, profit and size, and overall performance-based on performance and performance relative to competitors in the last year.	Positive relationship. Moderating effects of size and age.
Jones et al. (2003)	A sample of US consumer goods manufacturer's sales force and retail trade customers. Response of sales managers and salesperson.	A scale based on MKTOR.	Subjective measures of overall service quality and propensity to switch.	No relationship.
Krepapa et al. (2003)	A sample of managers from different SBUs of a major international bank and their respective industrial customers in China.	A scale based on MKTOR.	Subjective measure of overall satisfaction with the business relationship.	Positive relationship for market orientation perceived by customers. Negative relationship for the gap between customers' and providers' perceptions of market orientation.
Lai (2003)	A sample of 304 quality oriented firms in Hong Kong. Response of quality managers.	A scale based on MARKOR.	Subjective measures of motivation performance based on employee training, satisfaction and security, market performance based on new product success, competitive price and customer satisfaction, productivity performance based on materials usage, labour and capital	Positive relationship.

			utilization, and societal performance-based on consumer rights, environmental concern, expansion and employment opportunities.	
Liu et al. (2003)	A sample of 304 service and industry state-owned enterprises in China. Level senior manager's respondents.	Deshpande and Farley (1998) scale was employed.	Subjective measure of marketing program dynamism.	Positive relationship. Higher performance was associated with higher degrees of market, entrepreneurial and learning orientations.
Kim (2003)	A sample of 307 questionnaires surveys were sent to a sample from Korean subsidiaries acting in North American markets. Only 61 useable questionnaires were analyzed.	A scale based on MARKOR, MKTOR and Kwon (1996).	Business performance is measured through growth and profitability. Growth is measured as average sales growth rate compared to competitors for three years. Profitability is measured as average net profit growth rate compared to competitors for three years.	Positive association regardless of environmental factors. Subjective measures for performance is higher correlated to market orientation than objective measures.
Luneborg and Nielsen (2003)	A sample 278 of Scandinavian (Denmark, Finland, Norway and Sweden) banks. Responses of marketing and IT managers.	A scale based on MARKOR.	Subjective measures of internet-bank attractiveness, relationship marketing performance, sales performance, and financial performance relative to competitors.	Positive relationship for attractiveness and relationship marketing performance. Small banks outperforms the bigger one (moderating effect of size).
Martin and Grbac (2003)	A sample of manufacturers, wholesalers and industrial service firms from US. Response of CEO/President.	A scale consists of: customer and competitor oriented information, cross-functional information, customer responsiveness, and response	Objective measure of sales growth. Subjective measure of sales growth, and measures of profitability based on comparison with objectives and competitors, and customer loyalty	Positive relationship.

		to competitor price change and campaign.	based on customer satisfaction and retention.	
Langerak (2003)	A sample of manufacturing firms in the Netherlands. Response of general manager or member of the management team.	A scale based on MKTOR.	Subjective measure based on sales growth, profitability, new product success, new product sales, market share and ROI relative to competitors over the last year.	Positive relationship through differentiation advantage based on customer and competitor orientation. Moderating effects of strategy type.
Morgan and Turnell (2003)	A sample of 324 UK marketing financial services. Response of executive of marketing and business development.	A scale based on MKTOR.	Subjective measure based on market share, customer satisfaction, competitive position, customer retention and sales growth relative to major direct competitors over the last year.	Positive relationship.
Qu and Ennew (2003)	A sample of Hotels in China. Response of general managers.	A scale based on MARKOR.	Subjective measures of performance based on sales growth, ROE and industry specific performance measures, and customer retention, and single measure of customer satisfaction.	Positive relationship.
Salomo et al. (2003)	A sample of Innovation projects in five German industries. Response of marketing managers.	A scale based on MARKOR. Three components intelligence generation (market research activities and customer orientation), intelligence dissemination (customer integration and customer orientation) and responsiveness (market preparation, launch activities and customer orientation).	Subjective measure of overall project success based on technical and financial success, market share, competence, costs; meet regulatory requirements and image, and single measure of technical success.	Weak association.
Singh (2003)	A sample of 138 questionnaires	A scale based on MKTOR.	Subjective measures of performance	There is a positive

	was analyzed. Data was collected from firms who have marketing and sales departments in Indian firms. Businesses were targeted small, medium and big industrial and service firms.		were utilized such as: ROI, customer retention and foreign market presence in relation to competitors since the economic reform took place.	change in MO and it was significantly and positively related to ROI and customer retention. This link was strong when the competition level was high and market dynamism was low.
Pulendran et al (2003)	A sample of 89 usable questionnaires was collected from marketing directors in SBUs of multi-industries in Australian.	MARKOR scale was employed.	Subjective measure based on overall performance, overall performance relative to competitors and expectations, and ROI and sales relative to competitors.	Strong positive relationship. Moderating effect of market turbulence.
Narver, Slater and MacLachlan (2004)	A random sample of 41 business units from 25 different companies in the US was targeted. A number of 120 general managers, marketing managers and sales managers were targeted.	Market orientation was measured based on both proactive market orientation and responsive market orientation.	Subjective measure of performance based on new product success indicator.	Positive association between market orientation and business performance (new product success).
Kaynak and Kara (2004)	A sample of 300 industrial and consumer goods in China. Only 179 questionnaires were usable. Respondents of marketing managers.	MARKOR scale was employed.	Subjective assessment of: revenue growth, market share and ROI over the past three years.	Positive association. Producers of industrial goods have higher performance as opposed to consumer goods producers.
Sittimalakorn and Hart (2004)	A sample of 282 usable questionnaires was collected in across-sectional study in Thailand. These questionnaires targeted the top management of domestic and international firms operating throughout	MKTOR scale was utilized with some adjustments.	Subjective assessment of: Sales volume, ROI, Pre-tax-profit, Market share and Brand image.	Market orientation did not have a direct positive relationship with performance. Quality orientation has a positive effect on performance. Both

	Thailand.			orientations are highly related and are complementary approaches to achieve business success regardless of external environmental factors. In uncertain markets, high levels of market orientation are required.
Kara Ali et al (2004)	A sample of 1000 questionnaires directed to executives of non-profit organisations in the USA market.	MARKOR scale used in this study.	Subjective assessment of fund raising activities.	Positive association.
Verbees and Meulenberg (2004)	A sample of 152 rose growing firms in The Netherlands.	Scale based on the literature.	Objective assessment of performance.	Positive effect of market orientation on performance. Owner's innovativeness has positive influence on market orientation, innovation and performance.
Zhou et al (2004)	A sample of 371 large different manufacturing firms in China Interview survey included 1,357 general and marketing managers and workers.	MARKOR scale was adopted in this study.	Performance was measured in psychological way through: Job Satisfaction, organizational commitment, employees' confidence in their Companies' future Performance.	Market orientation has a strong positive impact on firm's performance through the mentioned three performance indicators.
Gopalakrishna and	A sample of 160 Indian manufacturing and service	A scale developed by Kumar, Subramanian and Yauger	Subjective assessment of: growth in overall revenue, customer retention,	Positive association.

Subramanian (2004)	companies. Senior level of marketing executives in domestic and multi-national large and medium size firms was targeted.	(1998), which based on MKTOR and consists of: customer, competitor, profit orientation, and inter-departmental cooperation and long term focus.	success of new products and services, controlling of operational expenses and ROC.	
Kara Ali et al (2005)	A sample of 153 USA small and medium size businesses. Respondents are owners and managers (interview).	MARKOR scale.	Subjective assessment of profit, ROI and sales.	Positive association.
Ellis (2005)	A sample of 57 exporting manufacturers (workers) in China was interviewed.	MKTOR.	Subjective assessment of: satisfaction, competitive position and overall performance.	Marketing practice has more positive effect on performance than market orientation.
Oscar and Javier (2005)	A sample of 428 medium and large Spanish Industrial firms Only 174 usable questionnaires was analyzed. Respondents were managers from operating departments especially from production and management.	A scale based on MARKOR and MKTOR.	Subjective organizational performance: Profitability, Market performance (company reputation and image, alignment between company's offer and market expectations, success of new product launches). Operational performance (pace of new product launching and range of products in catalogue, time needed for designing and/or manufacturing products, flexibility to adapt production to different volumes of demand, product quality, capacity to meet customers' requirements in time, operational costs). Objective organizational performance: Sales, Profit and ROI.	Stronger positive relationship between operational market orientation and subjective performance. Moreover, the adoption of operational recipes' of market orientation by the production and operations function seems to improve organizational performance regardless of the existence of any cultural support for

				market orientation. Market orientation contributes to the long-term viability of the firm by improving market and operational performance.
Shergill and Nargundkar (2005)	A sample of 170 manufacturing and service, local and foreign, with different sized, companies in India. Respondents were senior level marketing executives, general managers or owners through structured interviews.	MARKOR and MKTOR.	Subjective assessment of: profitability, market share and sales growth.	Strong positive association. Small moderating effect of ownership type.
Shoham et al (2005)	Across-sectional study was conducted. American companies contrasted with other countries companies.	Meta-analysis study depends on collecting results from different related studies on market orientation literature.	Performance measurements included: subjective, objective and mixed measurements.	Market orientation affects positively, directly and indirectly performance. The strength of the impact depends on the country in which it was implemented. Managers should expect higher payoffs in less-developed countries. No moderating effect found. Mediating effect was found.
Tse et al (2005)	A sample of 63 hotel industry in Hong Kong was the place of the field work. 81 self-administered questionnaires	Market orientation scale developed by Kotler (1977) was employed in this study.	Subjective measurements of financial and non-financial indicators such as: ROI, ROS, market share, sales growth, customer retention, trust and	Significant positive relationship.

	were directed to directors of marketing or their nominees.		satisfaction.	
Ge and Ding (2005)	A sample of 371 large different manufacturing firms in china. Respondents: Questionnaire directed to strategic business units (SBUs) marketing directors or general managers.	MKTOR scale was employed on a multi-dimensional constructs	Two-dimensional framework of performance: Market performance (sales growth, market share and new product success). Financial performance (ROA and ROI).	Market orientation exerts different impacts on competitive strategy and market performance: customer orientation has significantly positive impact on market performance; competitor orientation has significantly negative effect on market performance, while inter-functional co-ordination has insignificant impact. Mediating effect was found through innovation strategy as a major mediator of competitive strategy in creating superior value for the company.
Baker and Sinkula (2005)	A sample of national marketing executives with at least a vice-presidential level of responsibility in the USA. A number of 243 questionnaires were completely collected and analyzed.	MARKOR scale was used.	Subjective assessment of: new product success, Profitability and market share.	Strong positive relationship between market orientation and product success.
Yoon and Lee	A sample of 113 Korean	Homburg and Pflesser's	Subjective assessment of customer	Strong direct and

(2005)	businesses in Seoul was investigated. Questionnaires and interviews were conducted with heads of marketing divisions or departments.	(2000) scale for market orientation.	satisfaction levels, customer value, customer retention, customer acquisition, revenue growth rate and market share.	indirect association.
Bhuian et al (2005)	A sample of 1000 hospitals in the USA. Only 231 usable questionnaires were collected from top management team.	MARKOR and MAKTOR scales were adopted and modified in this study.	Subjective assessment of profitability, growth and overall performance.	Both orientations market orientation and entrepreneurial orientation are key elements in organizational success. The best mix is high market orientation with moderate entrepreneurial orientation.
Wang and Wei (2005)	A sample of 101 questionnaires collected from small Taiwanese software firms. Responses from managers or owners.	Appiah-Adu (1997) was employed.	Subjective assessment of: firm effectiveness, growth, market share and profitability.	Direct positive effect of market orientation on performance. Direct and indirect effects of learning and quality orientations (mediating) on performance.
Gonzalez and Chiagouris (2006)	A sample of internet service providers and web hosting companies in the US. Questionnaires directed to 800 marketing and non-marketing managers.	A scale based on MARKOR.	Subjective assessment based on: ROI and sales growth.	Strong positive association. Big companies have higher market orientation.
Blankson et al (2006)	A sample of small manufacturing businesses in the US. 10 interviews with owner-	MARKOR scale adopted in this study.	Subjective assessment of profitability and market share over the past years.	Positive association.

	managers and two with expert consultants were conducted.			
Bathgate et al (2006)	A sample of 273 Medium and large Chinese enterprises light industries. A self-administered questionnaire survey with Vice presidents, marketing managers, general managers.	MARKOR.	Objective measure of market share of the market. Subjective measure based on overall performance and overall performance relative to major competitors, over the past year.	Positive association. Differences between companies in adopting the market orientation concept were found.
Hynes and Mollenkopf (2006)	A sample of 1307 questionnaires targeted biotechnology firms in the UK, USA, Australia and Canada. Respondents were senior people of CEOs and MDs.	A scale developed by Greenley (1995).	Subjective assessment of: sales, sales growth, ROI, new product success, profitability and increasing profitability compared with competitors and the last three years.	Weak positive association. No association between technology orientation and business performance.
Green Jr et al (2006)	A sample of US large manufacturing firms was targeted. 80 respondents from sales managers participated in the survey.	A scale developed by Deshpande and Farley (1996) was employed.	Subjective assessment of: market share, sales volume, sales performance, profit, profit growth and ROS.	Positive association between market orientation and business performance mediated and strengthened by the firm's supply chain management strategy.
Keskin (2006)	Across-sectional sample including several industries and services. SMEs in Turkey were investigated. A total of 157 questionnaires usable for analysis were received from directors and managers.	Ruekert's construct (1992) for market orientation was employed: collection and use of market information, development of market-oriented strategy and Implementation of market-oriented strategy.	Subjective assessment of: market share, Growth rate, Profitability, Overall success and Business size.	Firm market-orientation indirectly impacts firm performance via firm innovativeness and learning
Hammond et al (2006)	A sample of 1052 questionnaires was directed to the deans of US business	MKTOR and MARKOR scales were reworded and	Subjective performance measurement of: Overall of business schools	- Market orientation was found to be positively affects

	schools. Only 225 completed instruments were received and analyzed. Samples are students, parents of students and employers of graduates.	employed in this study.	performance from poor to excellent. Overall business schools performance relative to the expectations. Performance goals over the past four years especially rate of enrollment.	overall performance.
Demirbag et al (2006).	A sample of 141 manufacturing Textile Turkish SMEs. Self-administered questionnaires were directed to Turkish managers in the top.	MARKOR scale was adopted in this study.	Subjective assessment of: Revenue growth over the past three years, Net profit, Profit to revenue ratio, Return On Assets. Invest in R&D aimed at new innovations, Capacity to develop a unique competitive profile. New product / service development, Market development and market orientation, Cost per adjusted discharge, Reject rate and waste.	Market orientation has a strong positive effect on TQM. Market orientation has a strong positive effect on organizational performance through mediating role of TQM.
Jimenez and Navarro (2007)	A sample of 451 manufacturing and services Spanish firms were investigated. Data collected via structured interviews and questionnaires with top executives managements.	A scale based on MARKOR	Subjective assessment of: change in market share, new product success, growth and profitability.	Significant positive association when mediated by organisational learning. Also, the later has a positive effect on performance.
Panigyrakis and Theodoridis (2007)	A sample of retail supermarket chains with nation-wide stores in Greece. A number of 10 in-depth interviews with15 branch managers and 10 marketing executives were performed. 252 questionnaires out of 1288 were usable.	MARKOR.	Subjective measures of Total sales, Growth rate of sales, Gross margin, Market share, Space productivity, Stock age.	Positive association.
Carr C.Jon and Lopez Tara Burnthorne	A sample of 2000 professional salespeople was targeted in different industries. Only 250	MARKOR and MKTOR scales were employed.	Subjective assessment to the following performance indicators: organisational commitment, job	General positive effect.

(2007)	useable questionnaires were analyzed.		satisfaction, esprit de corps and salesperson customer orientation	
Ho and Huang (2007)	A number of 92 useable mail questionnaires were collected from various middle and top managers in 30 Taiwanese insurance companies.	Five components: customer orientation, competitor orientation, distributor orientation, inter-functional co-ordination and finally environment orientation.	Financial performance indicators were utilized and measured subjectively.	No support for positive relationship between the level of market orientation and business performance was detected.
Tay and Tay (2007)	A number of 41 useable questionnaires were collected from ECO in the property developer firms in Singapore.	Five components: customer orientation, competitor orientation, inter-functional co-ordination, profit orientation and responsiveness.	Different indicators were utilized to measure performance subjectively. Market share, sales growth, average profit, ROI, profitable developments, overall performance, identify new opportunities, raising awareness of firm, client satisfaction, client retention and finally cross-selling.	Positive relationship was detected.
Ellinger et al (2007)	A sample of 123 US logistics service provider firms (b-to-b). In a multi-survey design this study was conducted with managers and employees.	Deshpande et al (1993) construct was adopted.	Subjective organisational performance assessment of: ROI, market share, cost per transaction, customer retention, customer satisfaction, expenditure on technology and information and average productivity per employee.	Positive effect on both organisational performance and employees' performance. Coaching moderates both links and service-related training moderates the link with employee performance.
Wong and Ellis (2007)	A sample of multi-manufactories in Hong Kong and China. Responses from CEOs and MDs.	A scale based on MKTOR.	Subjective assessment of: sales growth, sales volume, net profit, ROA and ROI.	Market orientation has positive effect on performance and becomes stronger (moderated) in the growing stage of product life than the

				introductory stage.
Recela et al (2007)	A sample of 388 different industrial exporting firms in Thailand. Questionnaires directed to SBUs members knowledgeable about sales and exporting issues.	MARKOR construct wad adopted.	Subjective assessment of: export sales (export market share and export profits), performance satisfaction, overall performance, export sales volume, export profitability, export market share and rate of new market entry.	Market orientation enhances co-operation with distributors, which in turn, leads to higher performance.
Qu Riliang (2007)	A sample of 252 questionnaire survey mailed to managing directors of multi-national foreign subsidiaries in the UK.	Narver and Slater scale (1990) has been adopted in this research.	Subjective assessment of: customer satisfaction, sales growth, ROE, productivity and overall performance.	Positive association.
Haugland et al (2007)	530 Norwegian hotel industries is the empirical context.	Different items were used from different authors	The study applies two objective performance measures: relative productivity, and return on assets (ROA) and one subjective performance measure perceived profitability compared to key competitors.	Market orientation has only a modest effect on relative productivity and no effect on return on assets. The strongest effect of market orientation occurs when applying the subjective performance measure.
Martin-Consuegra and Esteban (2007)	Data were collected by mail survey from Spanish airline companies.	MARKOR	Subjective measures of profitability, size, market shares and growth rate were used to measure performance.	The results support the Positive influence of market orientation on business performance.
Olavarrieta and Friedmann (2008)	Survey data were collected from the universe of 317 publicly traded firms in Chile. Surveys were personally delivered to CEOs and Marketing Vice Presidents of those firms.	Narver and Slater scale (1990) has been adopted in this research.	Return on assets, growth rate, market share and overall success relative to competitors in the last 3 years have been used to subjectively measure businesses' performance.	The results show a significant impact of: market orientation, market sensing and innovativeness on superior performance.

Li et al (2008)	300 small Chinese firms were targeted through questionnaire survey.	A modified Narver and Slater's (1990) construct was adopted.	Performance measured subjectively based on: Return on investment (ROI), profits and market shares all compared with Competitors.	MO, alone and in conjunction with EO, is positively related to firm performance. More specifically, innovativeness and pro-activeness have positively moderated the MO –performance link.
Subhash et al (2008)	A number of 145questionnaires were directed to senior executives in 129 Turkish privately owned hospitals.	MARKOR scale was adopted in this research.	Subjective performance measurement was used with: revenue, net profits, ROI, profit to revenue ration and cash flow.	Market orientation has positive effect on business performance direct and indirect (mediated) influence through new service development performance.
Nwokah (2008)	A number of 145questionnaires were directed to senior executives in food and beverage Nigerian organisations.	MARKOR scale was adopted in this research.	Subjective performance measurement was used with: sales growth, profitability and market share.	Weak association between market orientation and business performance.

Source: Collected by the researcher

Appendix 9 Market Orientation and Business Performance Relationships

Table (16.a) Market Orientation and Business Performance Relationships

Author Name	**Direct Positive**
Lusch and Laczniak (1987)	Direct
Narver and Slater (1990)	Direct
Hooley et al (1990)	Direct
Naidu and Narayana (1991)	Direct
Ruekert (1992)	Direct
Slater and Narver (1993)	Direct
Deshpande et al (1993)	Direct
Jaworski and Kohli (1993)	Direct
McDermott et al (1993)	Direct
Deng and Dart (1994)	Direct
Balakrishnan (1996)	Direct
Doyle and Wong (1998)	Direct
Pelham and Wilson (1996)	Direct
Pitt et al (1996)	Direct
Selnes et al (1996)	Direct

Horng and Chen (1998)	Direct
Ngai and Ellis (1998)	Direct
Deshpande and Farley (1998)	Direct
Pelham (1997)	Direct
Appiah-Adu (1998)	Direct
Siguaw et al (1998)	Direct
Thirkell and Dau (1998)	Direct
Egeren and O’Connor (1998)	Direct
Chan and Ellis (1998)	Direct
Vorhies et al (1999)	Direct
Llonch and Lopez (1999)	Direct
Mavondo (1999)	Direct
Chang et al (1999)	Direct
Moorman and Rust (1999)	Direct
Becker and Homburg (1999)	Direct
Caruana et al (1999)	Direct
Baker et al (1999)	Direct
Deshpande and Farley (1999)	Direct

Harris and Piercy (1999)	Direct
Dawes (1999)	Direct
Cravens and Guilding (2000)	Direct
Deshpande and Farley (2000)	Direct
Farrell (2000)	Direct
Webb et al (2000)	Direct
Wood et al (2000)	Direct
Wren et al (2000)	Direct
Cervera et al (2001)	Direct
Loubser (2000)	Direct
Kwon and Hu (2000)	Direct
Pelham (2000)	Direct
Matsuno and Mentzer (2000)	Direct
Schlegelmilch and Ram (2000)	Direct
Shoham (2000)	Direct
Slater and Narver (2000)	Direct
Santos et al (2001)	Direct
Shoham and Rose (2001)	Direct

Ngansathil (2001)	Direct
Harris and Ogbonna (2001)	Direct
Harris (2001)	Direct
Kahn (2001)	Direct
Langerak (2001)	Direct
Agus et al (2001)	Direct
Subramanian and Gopalakrishna (2001)	Direct
Lado et al (2001)	Direct
Ramaseshan et al (2002)	Direct
Matsuno et al (2002)	Direct
Martin and Grbac (2003)	Direct
Tay and Morgan (2002)	Direct
Vazquez et al (2002)	Direct
Deshpande and Farley (2002)	Direct
Anttila (2002)	Direct
Tse et al (2003)	Direct
Chang et al (2003)	Direct
Farrelly and Quester (2003)	Direct

Krepapa et al (2003)	Direct
Lai (2003)	Direct
Kim (2003)	Direct
Morgan and Turnell (2003)	Direct
Qu and Ennew (2003)	Direct
Kaynak and Kara (2004)	Direct
Kara et al (2004)	Direct
Verbees and Meulenberg (2004)	Direct
Zhou et al (2004)	Direct
Gopalakrishna and Subramanian (2004)	Direct
Kara et al (2005)	Direct
Ellis (2005)	Direct
Benito and Benito (2005)	Direct
Shoham et al (2005)	Direct
Tse et al (2005)	Direct
Baker and Sinkula (2005)	Direct
Yoon and Lee (2005)	Direct
Blankson et al (2006)	Direct

Bathgate et al (2006)	Direct
Hammond et al (2006)	Direct
Panigyrakis and Theodoridis (2007)	Direct
Recela et al (2007)	Direct
Panigyrakis and Theodoridis (2007)	Direct
Carr C.Jon and Lopez Tara Burnthorne (2007)	Direct
Tay and Tay (2007)	Direct
Qu Riliang (2007)	Direct
Haugland et al (2007)	Direct
Martin-Consuegra and Esteban (2007)	Direct
Olavarrieta and Friedmann (2008)	Direct
Li et al (2008)	Direct
Subhash et al (2008)	Direct
Authors Name	**Positive Moderated**
Kohli and Jaworski (1990)	Market and technological turbulence, competition and economy condition
Slater and Narver (1994)	Market and technological turbulence
Atuahene-Gima (1995)	Environmental hostility, stage of product life and service vs. product innovation

Raju et al (1995)	Effect of size and environmental uncertainty
Fritz (1996)	Position of top marketing executives, influence of the marketing sector, and cooperation of marketing, production and R&D
Llonch and Walino (1996)	Size, industrial sector and foreign property
Bhuian (1998)	Competitive intensity and technological turbulence
Gray et al (1998)	Competitive intensity, market growth, entry barriers and buyer power
Appiah-Adu (1997)	Market turbulence, competitive intensity and market growth
Avlonitis and Gounaris (1997)	Type of business-industrial vs. consumer goods
Kumar et al (1998)	Competitive hostility, market turbulence, supplier power and emphasis on differentiation strategy
Appiah-Adu (1998)	Competitive intensity and market dynamism
Appiah-Adu and Singh (1998)	Innovation orientation and competitive environment
Oczkowski and Farrell (1998)	Structure of ownership
Barret and Weinstein (1998)	Size and flexibility
Baker and Sinkula (1999)	Learning orientation
Harris and Ogbonna (1999)	Market turbulence and competitive hostility
Hult and Ketchen (1999)	Positional advantage

Alvarez et al (2000)	Uncertainty
Dobni and Luffman (2000)	Competitive pressure, products/services dynamism and environmental unpredictability
Homburg and Pflesser (2000)	Market dynamism
Atuahene-Gima and Ko (2001)	Entrepreneurial orientation
Pelham (2000)	Customer differentiation
Sin et al (2000)	Country-related to economic context
Voss and Voss (2000)	Interfunctional coordination
Lonial and Raju (2001)	Environmental uncertainty
Prasad et al (2001)	Competitive intensity, integration of internet, size and degree of export dependence
Tzokas et al (2001)	Entrepreneurial orientation
Perry and Shao (2002)	Competition
Rose and Shoham (2002)	Technological environment
Luneborg and Nielsen (2003)	Size
Cadogan et al (2002)	Complexity of the export environment and export vs. service exports
Hooley et al (2003)	Environment
Hult et al (2003)	Size and age

Langerak (2003)	Differentiation advantage and strategy type
Singh (2003)	Competition and market dynamism
Pulendran et al (2003)	Market turbulence
Shergill and Nargundkar (2005)	Ownership type
Bhuian et al (2005)	Entrepreneurial orientation
Gonzalez and Chiagouris (2006)	Size
Ellinger et al (2007)	Coaching
Wong and Ellis (2007)	Growing stage of product life
Qu Riliang (2007)	The strength of the relationship depends on the subsidiary role.
Wong and Ellis (2007)	Market orientation has positive effect on performance and becomes stronger (moderated) in the growing stage of product life than the introductory stage.
Recela et al (2007)	Market orientation enhances co-operation with distributors, which in turn, leads to higher performance.
Author Name	**Mediated Positive Relationship**
Han et al (1998)	Innovation
Chang and Chen (1998)	Service quality
Matear et al (2002)	Innovation
Oliver et al (2003)	Innovation

Agarwal et al (2003)	Innovation
Calantone et al (2003)	New product development speed and corporate strategic planning
Liu et al (2003)	Market entrepreneurial and learning orientation
Green Jr et al (2006)	Supply chain management strategy
Keskin (2006)	Firm innovativeness and learning
Demirbag et al (2006)	TQM
Jimenez and Navarro (2006)	Organisational learning
Wang and Wei (2005)	Learning and quality orientation
Ge and Ding (2005)	Innovation strategy
Jimenez and Navarro (2007)	Significant positive association when mediated by organisational learning. Also, the later has a positive effect on performance.
Subhash et al (2008)	Market orientation has positive effect on business performance direct and indirect (mediated) influence through new service development performance.
Author Name	**Weak Association**
Beam (2001)	Weak association
Greenley (1995)	Weak link moderated by technological turbulence and competitive environment
Harrison-Walker (2001)	Weak association

Balabanis et al (1997)	Weak association
Atuahene-Gima (1996)	Weak association
Becherer and Maurer (1997)	Weak association
Slater and Narver (1996)	Weak association
Hynes and Mollenkopf (2006)	Weak association
Gatignon and Xuareb (1997)	Weak link moderated by demand uncertainty
Greenley and Foxall (1998)	Weak association moderated by competitive hostility, market growth and market turbulence
Alvarez et al (1999)	Weak association
Salomo et al (2003)	Weak association
Nwokah (2008)	Weak association

Author Name	**Negative Association**
Au and Tse (1995)	Negative
Author Name	**No Association**
Esslemont and Lewis (1991)	No relationship
Bhuian (1997)	No relationship
Caruana et al (1998)	No relationship

Tse (1998)	No relationship
Sargeant and Mohamad (1999)	No relationship
Caruana et al (1999)	No relationship
Deshpande et al (2000)	No relationship
Jones et al (2003)	No relationship
Ho and Huang (2007)	No relationship
Author Name	**Mixed Results**
Grewal and Tansuhaj (2001)	Mixed results under the effects of competitive intensity, and demand and technological uncertainty
Noble et al (2002)	Mixed results

Appendix 10 Data Analysis Tables

Figure 1 Difference Mean Scores

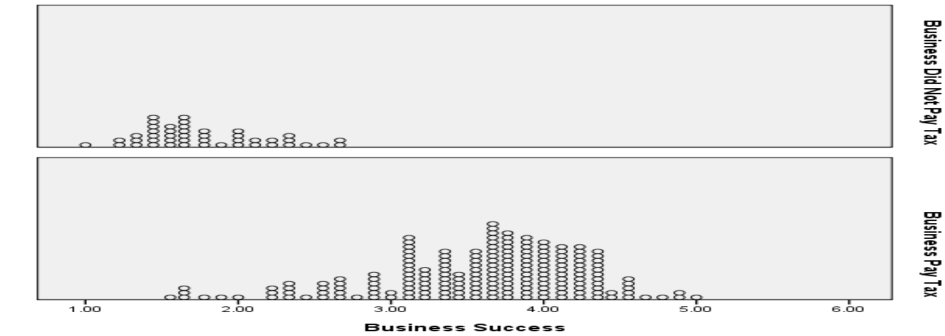

Figure (2) Difference Mean Scores

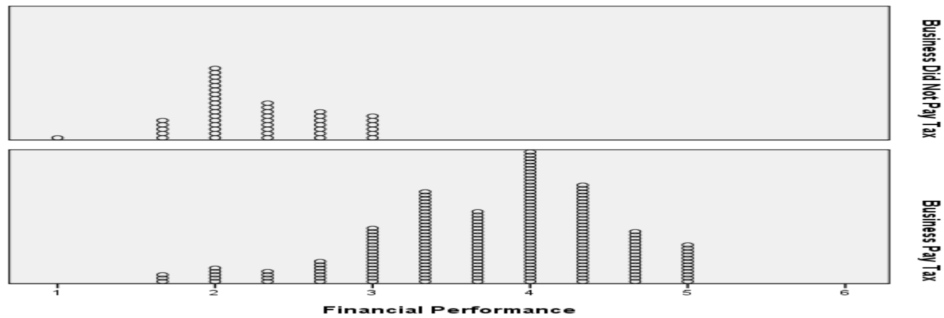

Figure (3) Difference Mean Scores

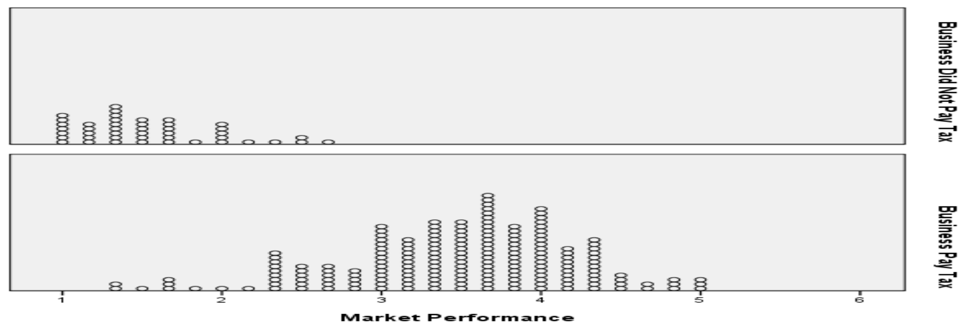

Figure (4) Difference Mean Scores

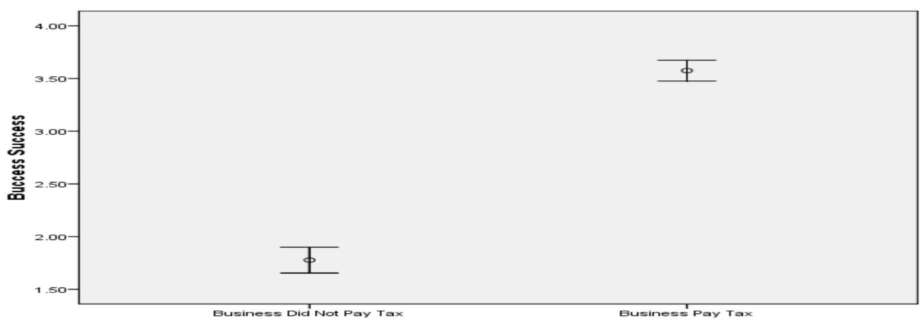

Figure (5) Difference Mean Scores

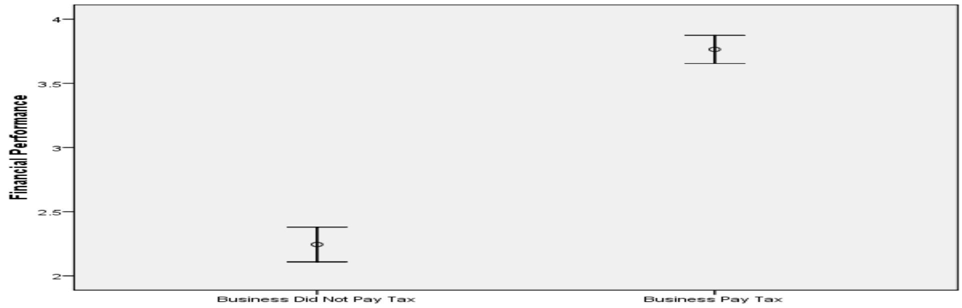

Figure (6) Difference Mean Scores

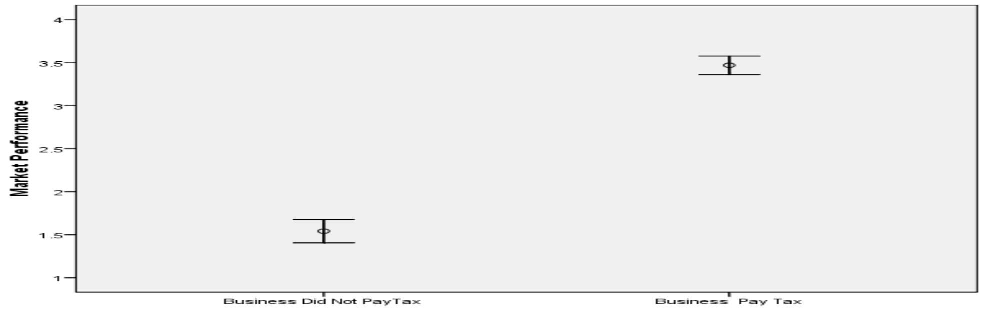

Table (1) ANOVA Performance Relative to Competitors

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	65.10	2	32.55	50.96	0.00
Within Groups	146.91	230	0.64		
Total	212.00	232			

Table (2) Multiple Comparisons (Post Hoc Tests) (Bonferroni)

(I) Ownership Type	(J) Ownership Type	Mean Difference (I-J)	Std. Error	Sig.
Private	Public/being privatized	0.86692*	0.110	0.00
	Privatized	1.68727*	0.197	0.00
Public/being privatized	Private	-0.86692*	0.110	0.00
	Privatized	0.82036*	0.193	0.00
Privatized	Private	-1.68727*	0.197	0.00
	Public/being privatized	-0.82036*	0.193	0.00

*The mean difference is significant at the 0.05 level.

Table (3) ANOVA Business Performance and Businesses' Nature

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	10.78	1	10.78	12.38	0.001
Within Groups	201.22	231	0.87		
Total	212.00	232			

Table (3) Two Way ANOVA: Performance Relative to Competitors

Source	Type III Sum of Squares	DF	Mean Square	F	Sig.
Corrected Model	84.76[a]	3	28.25	64.66	0.00
Intercept	1859.73	1	1859.73	4255.99	0.00
Ownership Type (A1_2)	65.65	1	65.65	150.23	0.00
Nature of Business (A1_3)	13.68	1	13.68	31.31	0.00
A1_2 * A1_3	31.82	1	31.82	72.82	0.00
Error	91.33	209	0.44		
Total	2537.48	213			
Corrected Total	176.09	212			

a. R Squared = 0.48 (Adjusted R Squared = 0.47)

Table (4) Multiple Comparisons (Post Hoc Tests) (Bonferroni)

(I) Ownership Type	(J) Ownership Type	Mean Difference (I-J)	Std. Error	Sig.
Private	Public/being privatized	4.20432*	0.53	0.00
	Privatized	7.78352*	0.95	0.00
Public/being privatized	Private	-4.20432*	0.53	0.00
	Privatized	3.57920*	0.93	0.00
Privatized	Private	-7.78352*	0.95	0.00
	Public/being privatized	-3.57920*	0.93	0.00

* The mean difference is significant at the .05 level

Table (5) Market Orientation and Business Performance (Success)

Factors	Coefficient	Performance against competitors	Market orientation
Performance against competitors	Pearson Correlation	1.000	0.58**
	Sig. (2-tailed)		0.00
	N	233	233
Market orientation	Pearson Correlation	0.58**	1.000
	Sig. (2-tailed)	0.00	
	N	233	233

** Correlation is significant at the 0.01 level (2-tailed).

Table (6) ANOVA

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	55.31	2	27.65	151.15	0.00
Within Groups	42.08	230	0.18		
Total	97.39	232			

Table (7) Post Hoc Test (Bonferroni) Multiple Comparisons

(I) Ownership Type	(J) Ownership Type	Mean Difference (I-J)	Std. Error	Sig.
Private	Public/being privatized	1.01011*	0.05925	0.00
	Privatized	0.91964*	0.10563	0.00
Public/being privatized	Private	-1.01011*	0.05925	0.00
	Privatized	-0.09047	0.10319	1.00
Privatized	Private	-0.91964*	0.10563	0.00
	Public/being privatized	0.09047	0.10319	1.00

*The mean difference is significant at the 0.05 level.

Table (8) ANOVA

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	6.44	1	6.44	16.36	0.00
Within Groups	90.95	231	0.39		
Total	97.39	232			

Table (9) ANOVA

Source	Type III Sum of Squares	DF	Mean Square	F	Sig.
Corrected Model	68.21[a]	3	22.74	226.25	0.00
Intercept	1586.77	1	1586.77	15789.82	0.00
Ownership Type A1_2	52.25	1	52.25	519.89	0.00
Nature of Business A1_3	1.13	1	1.13	11.24	0.001
A1_2 * A1_3	13.92	1	13.92	138.48	0.00
Error	21.00	209	0.10		
Total	1953.79	213			
Corrected Total	89.21	212			

R Squared = 0.77 (Adjusted R Squared = 0.76)

Table (10) ANOVA

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	40.31	2	20.15	89.47	0.00
Within Groups	51.81	230	0.23		
Total	92.12	232			

Table (11) Post Hoc Tests (Multiple Comparisons)

(I) Ownership Type	(J) Ownership Type	Mean Difference (I-J)	Std. Error	Sig.
Private	Public/being privatized	0.85265*	0.07	0.00
	Privatized	0.85183*	0.12	0.00
Public/being privatized	Private	-0.85265*	0.07	0.00
	Privatized	-0.00082	0.11	1.00
Privatized	Private	-0.85183*	0.12	0.00
	Public/being privatized	0.00082	0.11	1.00

* The mean difference is significant at the (0.05) level

Table (12) ANOVA

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	2.28	1	2.28	5.86	0.016
Within Groups	89.84	231	0.39		
Total	92.12	232			

Table (13) ANOVA

Source	Type III Sum of Squares	DF	Mean Square	F	Sig.
Corrected Model	51.20[a]	3	17.07	106.97	0.00
Intercept	1282.55	1	1282.56	8039.05	0.00
Ownership Type A1_2	40.67	1	40.67	254.93	0.00
Nature of Business A1_3	0.10	1	0.10	0.62	0.43
A1_2 * A1_3	13.21	1	13.21	82.80	0.00
Error	33.34	209	0.16		
Total	1614.54	213			
Corrected Total	84.54	212			

R Squared = 0.61 (Adjusted R Squared = 0.60)

Table (14) ANOVA

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	149.97	2	74.99	138.83	0.00
Within Groups	124.23	230	0.54		
Total	274.20	232			

Table (15) Post Hoc Tests (Multiple Comparisons)

(I) Ownership Type	(J) Ownership Type	Mean Difference (I-J)	Std. Error	Sig.
Private	Public/being privatized	1.70*	0.10	0.00
	Privatized	0.97*	0.18	0.00
Public/being privatized	Private	-1.70*	0.10	0.00
	Privatized	-0.73*	0.18	0.00
Privatized	Private	-0.97*	0.18	0.00
	Public/being privatized	0.73*	0.18	0.00

* The mean difference is significant at the (0.05) level

Table (16) ANOVA

Source	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	47.13	1	47.13	47.94	0.00
Within Groups	227.08	231	0.98		
Total	274.20	232			

Table (17) ANOVA

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	28.02	2	14.01	56.17	0.00
Within Groups	57.37	230	0.25		
Total	85.39	232			

Table (18) Post Hoc Tests (Multiple Comparisons)

(I) Ownership Type	(J) Ownership Type	Mean Difference (I-J)	Std. Error	Sig.
Private	Public/being privatized	0.64*	0.07	0.00
	Privatized	0.96*	0.12	0.00
Public/being privatized	Private	-0.64*	0.07	0.00
	Privatized	0.32*	0.12	0.028
Privatized	Private	-0.96*	0.12	0.00
	Public/being privatized	-0.32*	0.12	0.028

*The mean difference is significant at the 0.05 level

Table (19) ANOVA

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	0.07	1	0.07	0.19	0.67
Within Groups	85.32	231	0.37		
Total	85.39	232			

Table (20) ANOVA

Source	Type III Sum of Squares	DF	Mean Square	F	Sig.
Corrected Model	29.95[a]	3	9.98	45.87	0.00
Intercept	2196.15	1	2196.15	10091.11	0.00
Ownership Type A1_2	24.82	1	24.82	114.05	0.00
Nature of Business A1_3	0.05	1	0.05	0.21	0.65
A1_2 * A1_3	8.26	1	8.27	37.98	0.00
Error	45.49	209	0.22		
Total	2697.30	213			
Corrected Total	75.44	212			

R Squared = 0.40 (Adjusted R Squared = 0.39)

Table (21) Success Factors and Ownership Type (Private and Public Only)

Success Factors		Sum of Squares	DF	Mean Square	F	Sig.
Planning Factors	Between Groups	26.85	1	26.85	89.60	0.00
	Within Groups	46.45	155	0.30		
	Total	73.30	156			
Organizational Factors	Between Groups	4.97	1	4.97	23.69	0.00
	Within Groups	32.54	155	0.21		
	Total	37.51	156			
Leadership Factors	Between Groups	106.32	1	106.32	728.74	0.00
	Within Groups	22.61	155	0.15		
	Total	128.93	156			
HR Factors	Between Groups	19.72	1	19.72	80.66	0.00
	Within Groups	37.90	155	0.24		
	Total	57.62	156			
Production Factors	Between Groups	13.57	1	13.57	39.12	0.00
	Within Groups	53.75	155	0.35		
	Total	67.32	156			

Marketing Factors	Between Groups	42.19	1	42.19	190.35	0.00
	Within Groups	34.36	155	0.22		
	Total	76.55	156			
Purchasing Factors	Between Groups	11.33	1	11.33	10.01	0.002
	Within Groups	175.49	155	1.13		
	Total	186.83	156			
Business Environment Factors	Between Groups	0.63	1	0.63	1.58	**0.21**
	Within Groups	61.81	155	0.40		
	Total	62.44	156			
Stakeholder Factors	Between Groups	44.81	1	44.81	210.76	0.00
	Within Groups	32.95	155	0.21		
	Total	77.76	156			
External Support Factors	Between Groups	196.43	1	196.43	392.41	0.00
	Within Groups	77.59	155	0.50		
	Total	274.02	156			
Special Factors	Between Groups	92.70	1	92.70	143.68	0.00
	Within Groups	100.01	155	0.65		
	Total	192.71	156			

Table (22) Success Factors and Nature of Business

Success Factors		Sum of Squares	DF	Mean Square	F	Sig.
Planning Factors	Between Groups	18.29	1	18.29	52.45	0.00
	Within Groups	56.50	162	0.35		
	Total	74.79	163			
Organizational Factors	Between Groups	3.36	1	3.36	15.65	0.00
	Within Groups	34.72	162	0.21		
	Total	38.08	163			
Leadership Factors	Between Groups	35.48	1	35.48	59.44	0.00
	Within Groups	96.70	162	0.60		
	Total	132.18	163			

HR Factors	Between Groups	15.38	1	15.38	57.54	0.00
	Within Groups	43.29	162	0.27		
	Total	58.66	163			
Production Factors	Between Groups	27.13	1	27.13	105.40	0.00
	Within Groups	41.70	162	0.26		
	Total	68.83	163			
Marketing Factors	Between Groups	42.94	1	42.94	199.66	0.00
	Within Groups	34.84	162	0.22		
	Total	77.79	163			
Purchasing Factors	Between Groups	89.88	1	89.88	141.71	0.00
	Within Groups	102.75	162	0.63		
	Total	192.63	163			
Business Environment Factors	Between Groups	3.17	1	3.17	8.50	0.004
	Within Groups	60.35	162	0.37		
	Total	63.52	163			
Stakeholder Factors	Between Groups	53.076	1	53.08	315.36	0.00
	Within Groups	27.27	162	0.17		
	Total	80.34	163			
External Support Factors	Between Groups	82.51	1	82.51	67.38	0.00
	Within Groups	198.36	162	1.22		
	Total	280.86	163			
Other Factors	Between Groups	31.57	1	31.57	31.13	0.00
	Within Groups	164.28	162	1.01		
	Total	195.85	163			

Appendix 11 Scholars Comments

Sequence	Author	Area of Interest	Content of Feedback
1	John Narver	Market Orientation	I retired in 1999, and I must decline your invitation. I am copying Prof. Stan Slater, my long-time colleague in market orientation research, in this reply to you. I suggest that you get in touch with him.
2	Ajay Kohli	Market Orientation	A couple of observations you may want to think about: 1. You are positing that regulation etc. serve as antecedents to Market orientation, as moderators to the MO-BP relationship, and as antecedents to BP. Personally, I don't see any issue with this, but others may. Second, it may be more impactful if you focused on one of these three "roles" played by the variables (regulation, ownership etc.) and went into greater depth. 2. I think it is a good idea to collect data from managers and customers. You may, however, carefully think through the kinds of questions customers can and cannot respond to. For example, they cannot be expected to know the internal workings of a firm.
3	Graham Hooley	Market Orientation	Thanks for the email and the flattering comments about my work. Much appreciated. I can't really comment much on the model you attached as this is at a very high level. What will be most interesting is when you get into more details about the constructs and their relationships. That should lead to hypotheses and, once you have identified how to measure your constructs, testable hypotheses. Hope this helps
	Matsuno	Market Orientation and Business Success	I think you need a stronger academic rationale here why you need to study a market orientation phenomenon in this particular region. What would make this particular study in Libya (not Dubai in UAE, not India, not China, not…) theoretically interesting? You seem to have some speculation or hypothesis that MO-Performance relationship might be different in transitional economy, correct? In your dissertation, you need to articulate not only why you hypothesize so but also why not. Many dissertations seem to simply find out the statistical relationships without giving much thought (or theoretical building) and report the results. The focus on SBU in the past studies, however, has a good reason for doing so because it is the unit of strategy formulation and execution. In my opinion, it is the only meaningful way to compare a phenomenon across different business organizations. Regarding the performance indicators, I think your idea of comparing how the customers perceive and managers perceive is a good one. The balanced score card might be a good one, but a potential problem for the balanced score card is that it is not valid across different organizations – the BSC and what should be measured to arrive at such score should be unique to different organizations. If you could, somehow, develop a broadly acceptable and standardized BSC for a particular industry, then that would be meaningful.

4	Satyendra Singh	Market Orientation	I have a couple of suggestions: 1. If possible, include sales orientation and stakeholders orientations as they are applicable in Libya. In case a relationship between market orientation and business performance is not detected, at least we will know that Libyan markets are still in sales mode. 2. Re. Govt. regulations, I am not sure if it is theoretically a moderator, because all government regulations are designed to enhance business performance. So it is hard to argue against this. May I suggest you to read a recent article by Burgess and Steenkamp (2006), Marketing Renaissance; IJRM, vol. 23, 337-356, Best wishes
5	Theodoridis	Market Orientation	I have these comments: 1. It is better to focus on a consumer market like the bank or the hotel sector. The oil sector seems to be influenced by many factors more than the factors you describe. 2. You investigate at the same time 3 types of orientation: market, sales and stakeholder. This could be a problem as a market orientated company is not sales orientated one. On the other hand a non-market orientated company is simply non-marketing. The stakeholder orientation has no meaning for the SME; as they do not have stakeholders. 3. Cultural factors: too many parameters behind this notion. It could be difficult to describe it in terms of specific variables (measurement variables and number of items you will need to complete examine the specific notion). 4. Probably it is better to simplify your model to market orientation, business performance and some mediated variables from your list of your Transitional factors describing in a great degree the picture of your country.
6	Adamantios Diamantopoulos,	Market Orientation	Thank you for your email, which I am forwarding to Prof. John Cadogan who is a foremost expert in the area of market orientation and who should, hopefully, be in a position to help you. While I have also done some work in this area in the past, Prof. Cadogan is still very active in this field.
7	Arthur Meidan	Market Orientation	US and European companies are entering now the Libyan market so I think that in fact this is a good market where one could look at the market orientation development. Perhaps you could analyse / compare a few different sectors (say food, home apparel, heavy equipment, banking, etc) where the level of adoption of this orientation might be different. I do not know of any specific literature on Libya on market orientation, but you could find some basic statistics in Dunn & Bradstreet publications
8	Ross Brennan	Market Orientation	Here are some thoughts that I have on your outline research proposal. 1. I am not entirely clear on what you expect the unit of analysis to be. Initially one gets the impression that it will be the firm level. However, further on you explicitly mention the SBU level of analysis. There is the potential for confusion here, so it will be worth clarifying this before you go too far. For example, firms often compete in multiple markets, whereas SBUs are likely to compete in only one (or a small number of related markets). Different markets will have different regulatory forms and different levels of competition. Therefore, I imagine that you will want to use the SBU as the principal unit of analysis. 2. Presumably your plan is to use

			well-established measurement instruments from the literature to measure the dimensions of market orientation and business performance. I expect that Narver/Slater (1990) will be the seminal reference that you are using here, which, of course, has spawned a large number of subsequent studies. Similarly, there are well-established measures of business performance (for example, Matsuno/Mentzer, Ozsomer 2002). Although, since this is a PhD research project, naturally, you will have to delve deeply into the conceptual foundations of these measurement instruments, probably you will want to explore the balanced scorecard approach to business performance measurement (Kaplan/Norton 1996) - such items as customer retention and customer satisfaction, I think, fall into the balanced scorecard category. 3. I get the impression that you are intending to pursue a predominantly quantitative enquiry involving the operationalisation and measurement of key constructs/variables with a view to carrying out some kind of cross-sectional survey, in order to conduct some form of analysis of covariance/correlation. (The exact nature of these designs and analyses can be worked out at a later date - at the moment I am just trying to ensure that I have a clear idea of the broad research approach.) There is clearly (from your proposal) still an outstanding question concerning the relevant population. If government regulation, ownership type and emerging competition are the three variables in which you are particularly interested, then you will have to conduct the research in a population that is defined so that there is a reasonably degree of 'natural variation' in these phenomena within the population. Perhaps you could identify industry sectors in which there are good a priori reasons for expecting high, medium and low levels of government regulation to exist? Then, within those industry sectors, identify sectors that you would expect a priori to have high, medium and low levels of 'emerging competition'. 4. I am not entirely sure that I understand what is meant by 'emerging competition'. One could readily come up with a proxy measure for 'competition' - for example, the 5-firm concentration ratio could probably be used for that purpose (economists do this sort of analysis all the time, so you will find suitably validated measures in the industrial economics literature). However, you refer explicitly to 'emerging competition'. Is this because the Libyan economy has been, in the past, heavily monopolised, and is now opening up to competition? 5. As far as the overall logic of your diagrammatic representation of the model is concerned, I have one or two observations. In particular, do you really expect government regulation, ownership type and emerging competition ALL to DIRECTLY influence market orientation, business performance, and the effect of market orientation on business performance? That is the way the diagram is drawn. It seems a little lazy to me - suggesting that anything might influence anything else, and you will wait until you gather the data and then do the analysis post hoc to see 'what works best'. But, of course, that would make the underlying logic of your research design INDUCTIVE rather than DEDUCTIVE. If I am correct at point 3 (above) then your research approach is based in the hypothetic-deductive logic, and so you cannot really allow yourself the luxury of post hoc inductivism. Your

			hypotheses will be stated propter hoc, and they will either be disconfirmed by your data, or they will not. 6. A further observation on the diagram is that I cannot see why government regulation, ownership type and emerging competition all appear in a single box. It is obvious why this is so for the other elements in the diagram, because the literature tells us that 'market orientation' is a construct with a number of dimensions, and the same is true of 'business performance'. But it is by no means clear that 'transitional factors' is a single construct with the three dimensions mentioned in that box. Or perhaps it is, and I am just not familiar with the relevant work - you will know whether or not this is the case. If there is no good reason to treat regulation, ownership and emerging competition as three dimensions of a single construct, then they ought to be treated as separate independent constructs (i.e. separate boxes in the diagram). Narver and Slater (1990), "The effect of market orientation on business profitability", Journal of Marketing, 54 Matsuno, Mentzer and Ozsomer (2002), "The effects of entrepreneurial proclivity and market orientation on business performance", Journal of Marketing, 66 Kaplan/Norton (1996), The Balanced Scorecard, Harvard Business School Press
9	Robert S. Kaplan	Business Performance	Due to the press of many demands for my time, including from doctoral students at HBS, I am unable to serve as advisor or counselor to the doctoral research of non-HBS students. You are correct that the BSC can be applied productively in SMEs so investigating its use for Libyan companies should be a productive area for your research.
10	Charles Teddlie	Mixed-Methods Approach	Thanks for your interest in our work. Sorry I haven't responded sooner, but I retired last year and I only work a few days a month. You apparently have a mixed methods study. Therefore, I believe that you should use the philosophy of pragmatism which Abbas Tashakkori and I first advocated in our 1998 book: Tashakkori, A., & Teddlie, C. (1998), Mixed methodology: Combining the qualitative and quantitative approaches/. Thousand Oaks, CA: Sage Publications, Inc. I have attached a copy of the second chapter from that book. I believe that this will answer your questions.
11	Mary T. Holden	Mixed-Methods Approach	I'm sorry that I haven't replied to your email until now but I have been extremely busy without a moment to spare. Further, my reply might be too late to be of any assistance. However - in reply to your email you may find a paper by Morgan and Smircich a lot of help. Their paper shows how you can take 'middle' or near 'middle' ground in philosophy thereby allowing the use of both quantitative and qualitative methodologies in your research. The paper is: Morgan, Gareth and Smircich, Linda (1980), "The Case of Qualitative Research," Academy of Management Review, Vol. 5, pp. 491-500.
12	John Creswell	Mixed-Methods Approach	Your research looks quite interesting and I am sure will provide valuable data. Any method has its own limitations and potentials. My personal approach is to use multiple methods in order to obtain better and more meaningful results. Some researchers are purists and stick with a sole paradigm/research tool I am more pragmatic - like Michael Patton - and like to

			combine. I would suggest. 1- Discussing the issue with your advisor. Each field of study has its own "laws and dos and don'ts" and you don't want to be in the middle of a fight among fields on what is the RIGHT way to do research. You want to get your PhD. 2- examining the mixed methods social inquiry literature. This page you mention has some references. Two additional references are: Greene JC, Caracelli VJ, eds. 1997. Advances in Mixed-method Evaluation: The Challenges and Benefits of Integrating Diverse Paradigms. San Franscisco, CA: Jossey-Bass Publishers. 97 pp. the whole book is good but particularly: Greene JC, Caracelli VJ. 1997. Defining and describing the paradigm issue in mixed-method evaluation. In Advances in Mixed-method Evaluation: The Challenges and Benefits of Integrating Diverse Paradigms, ed. JC Greene, VJ Caracelli, pp. 5-18. San Francisco: Jossey-Bass Publishers Greene has a recent book - Mixed methods in social inquiry 2007 (Jossey Bass - John Wiley and Sons). Tashakkori, A. has also an excellent book Mixed Methodology: combining qualitative and quantitative approaches (Sage 1998).
13	Wassila Mehanna	Mixed-Methods Approach	Often people who use questionnaires assume they are within the positivist approach. However, questionnaires questions are of qualitative nature; so all depends on what are you trying to achieve. It could be very well an interprevist approach. I have looked at your proposal and from what it seems you have formulated hypotheses and you are trying to test them. I would recommend that you read more about the paradigms to help you with your decision. Rather than me finding the answer for you, I am going to give you hints and cues as part of your learning curve similar to what I do with my students. As I see you struggling, I would assist rather than spoon-feed. Here are some cues to start working from: Questions for you: is your research causal or non-causal, Causal-Research Does X causes Y? (Do children read better as a result of…) What happens when? Non-Causal what is? (What are the daily experiences of young children attending pre-schools?) Non-Causal-Policy what do we mean by special education? What do we mean by ICT integration? Another non-causal - How? How students learn? Causal normally indicate - quantitative; non-causal is a qualitative. Quantitative confirms a theory whereas qualitative research helps a theory to emerge. A final clue, Phase a questionnaire was more of an exploratory for you to learn. The semi-structured interviews were the main tools for your data collection. The way you analyse them has nothing to do with the tools such as NVIVO, Nudist and so forth. You can do manual analysis if you wish. What approach you use to tease out the findings - I recommend you read Miles and Huberman. The final questionnaire was to confirm your findings from the interviews probably on a larger scale; however, adopting the same questions within the interviews? So, no causal nature, mainly percentages and primary stats such as means etc Correct? Think and get back to me.
14	Jennifer C. Greene,	Mixed-Methods Approach	There is no quick answer to your question, but here is a start. 1. Follow the paradigm that makes the most sense to you as a social researcher. 2. Endeavour to mix paradigms as you mix

			these methods. I encourage you to read some of the sources on this issue in the literature to better inform your thinking.
15	Vicki L. Plano Clark,	Mixed-Methods Approach	John Creswell received your message and suggested that I be the one to respond to your inquiry. The issue of the philosophy behind one's research is a difficult issue no matter what design is used. It does become even more complicated when using a mixed methods approach. However, I don't feel that any one (including me) can tell you which paradigm you need to use. You need to sort this out based on your own beliefs, the paradigms available, and the assumptions you bring to your study. Fortunately, there are a number of available options for you to consider (pragmatism, transformative/critical, dialectical, positivist, and constructivist). You stated that you have purchased our book. I invite you to read chapter 2 and the discussion of worldviews as they relate to mixed methods research. We outline three stances that have been written about philosophy and mixed methods. Our book will give you a brief introduction to the issues and different stances, but our book focused more on the methods of doing mixed methods. Therefore, you should examine paradigmatic-focused writings such as Tashakkori & Teddlie (1998), Mertens (2003), Greene and Caracelli (1997, 2003), and Greene (2007). These writings will provide you with insightful discussions to inform your decision about the philosophy that can provide the basis for your work. I wish you the best for your doctoral research.
16	Richard Thorpe	Mixed-Methods Approach	My advice is that what you shouldn't do is to undertake both simultaneously. I would let one lead. Either, use the qualitative analysed in a more grounded way to help you form the basis of your questionnaire (at least in part) and in this way guide the questions you asking with increased confidence that you already have a good understanding of what you are looking for OR undertake the qualitative interviews after you have undertaken and analysed your questionnaires. The interviews can then be used to create richer insights into the analysis of the questionnaires. Either way your use of interviews will be positivistic in that you assume an objective 'universal' true and your additional qualitative work is being undertaken to at 'flavor' and 'richness' to this understanding.
17	Evert Gummesson	Mixed-Methods Approach	Design you own philosophy! What I mean is that none of these paradigms -- positivistic, interpretive etc. -- are clearly defined and God-given. They lead to the use of certain techniques and approaches and you have combined two of them. Some people see that as a problem; I don't. The issue is to get access to the data that are relevant and to analyse the data in some orderly way and come up with the answer (or partial answer) to some research questions. Write about what you have done and make it credible that you have chosen a path that leads you somewhere. Others can have their say and ask you to be clearer about it. It is important that your supervisor has an open mind and is not stuck in either-or thinking. I can only give you my view but you need a supervisor to guide you and to support you in the social environment of academe. If you have that, there should not be

			a problem. If you don't, you can always argue with him/her but then you may also have to adapt to the supervisor's wishes or you get no support. So it is a balancing act. In a chart that summarizes my view of the PhD process I have written that 50% of research work is intellectual, 50% is social. Maybe you have seen it because there is a Strathclyde version by I attach it anyway. You have a lot of data and you are going to use both a quantitative and a qualitative programme for your analysis. To me it simply means that get results from two philosophies and they probably supplement each other.
18	Bob Stake,	Mixed-Methods Approach	It appears that you may be doing a mixed model study, See John Cresswell's book on that topic. Or you could just have a project in which part of it is quantitative and part qualitative without need for combining the two.
19	David Silverman	Mixed-Methods Approach	In answer to your question, I think that what matters is how you proceed in analysing your data. You tell me that you have decided to triangulate your semi-structured interviews with your questionnaires. As you will see from my chapter on interviews, this is a standard positivistic method. Please consult your supervisor for more information. Good luck in your research
20	Easterby-Smith, Mark	Mixed-Methods Approach	Interesting question, I think it depends on your research question. If you are trying to find out the strength of the correlation of market orientation then you are in the positivist or relativist camp. If you are more interested in what people mean by 'market orientation' or 'business success', then you are in the constructionist camp. The former is easier to do, but the latter is (in my view) more interesting.
21	Harry F. Wolcott	Mixed-Methods Approach	Why don't you just tell the reader what you learned perhaps first from the interviews, then from the questionnaire? If there is a difference, explain that. I am not sure what you mean by a philosophy, your problem seems pretty straightforward to me. Did you ever make a formal statement of purpose for the study? How did it affect the strategy you have followed? How did you define key words like Market Orientation and Business Success? Hope this helps.