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Review of Market Orientation & Competitive Advantage in the Industrial Estates Companies (Kerman, Iran): Appraisal of Model by Amos Graphics

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The purpose of this paper is to assess the impact of Market orientation on the competitive advantage of corporate organizations. A 31- item survey questionnaire to measure market orientation and competitive advantage and was developed corporate in Iran are selected from industrial estates companies in the Kerman city as a sample for this study. For analysis data used of the SPSS 16 and Amos graphics 18 for appraisal of model. The results of the study reported in this paper validated and find strong association between Market orientation and competitive advantage of corporate organizations in the Iran context. The main finding of this study is that Market orientation lead to competitive advantage in corporate organizations in Iran. The implications of the results of this study are clear for scholars and managers.

Keywords: Market orientation, Competitive advantage, Generic competitive advantages.

1. Introduction

Market orientation defines as the implementation of the marketing concept, and defined it as the ‘‘organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it’’. We adopted Deng and Dart, 1994; Nerver and slater, 1990 three domains of Market orientation scale as our criterion variables. competitive advantage simply defines how companies go to market with the goal of optimizing their market spend to achieve even better results for both short-term and long-term objectives. In the study reported in this paper, we examined the influence of Market orientation on competitive advantage of a corporate organization; we adopted (1997) as cited by Spanos & Liouka (2001) competitive advantage model as our criterion variable.

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We shall describe how the empirical study was undertaken; present the research results and findings as well as the discussion of the findings. The conclusions and the recommendations are stated finally. The next section of the paper examines the origin and development of the market orientation, the major fundamental elements and issues that embody the concept, and it's interaction with organization's competitive advantage.

2. Background and Hypotheses

2.1 Market Orientation

Recognition of the importance of market focus is reflected in the Levitt (1960) classic article‘‘ Marketing myopia’’, where the main theme is that industries a customer-satisfying process, not a goods-producing process. According to his view, the central focus of the firm's definition of its business is the customer. This is the foundation of the marketing concept. A firm must be market oriented to gain long-term competitiveness, and the actions of market-oriented firms must be consistent with the marketing concept: placing customers at the very his art of business operations. With increasing competitive pressure to be responsive to the needs of customers, the term Market orientation has gained importance and popularity among business practitioners and researchers, eventually becoming the cornerstone of the marketing concept.

•Market orientation– the generation of appropriate market intelligence pertaining to current and future customer needs and the relative abilities of competitive entities to satisfy these needs; the integration and dissemination of such intelligence across departments; and the coordinated design and execution of the organization's strategic response to market opportunities.

• *Marketing concept* – a business philosophy that holds that long-term profitability is best achieved by focusing the co-ordinated activities of the organization toward satisfying the needs of particular market segment(s).

Deng and Dart (1994), in synthesizing the models of Kohli and Jaworski (1990) and Narver and Slater (1990), define Market orientation as the implementation of a particular business philosophy, the marketing concept (p. 726). Kohli and Jaworski (1990) referred to Market orientation as the implementation of the marketing concept, and defined it as the ‘‘organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it’’. There is a distinction between ‘‘market orientation’’ and ‘‘marketing orientation’’, in that the former highlights its organization-wide application (Kohli and Jaworski, 1990; Narver and Slater, 1990), while the latter is seen to be specific to activities of the marketing department or division (Shapiro, 1988). The organization-wide context of Market orientation represents effective marketing implementation and illustrates the significance of adopting a proactive attitude to doing business and developing a competitive edge.

It includes three behavioral components—customer orientation, competitor orientation, and interfunctional coordination—and emphasizes the need for the entire organization to acquire, disseminate, and respond to market intelligence from both buyers and competitors (Zhou et al., 2008).

A customer orientation emphasizes understanding target customers sufficiently to continuously create superior value for them(Narver and Slater, 1990). Because customers' needs change rapidly, a customer orientation requires a clear understanding of both the present and future demand dynamics of target customers. With its external focus on collecting, analyzing, and disseminating information about customers, a customer-oriented firm can anticipate its customers' changing needs and respond to them through continuous innovation (Zhou et al., 2009). With the knowledge of what customer's desire, a customer-oriented firm can make its market offerings more appealing by adjusting its marketing mix. Because customer orientation aims to achieve long-term customer satisfaction, the firm is highly motivated to provide offerings that uniquely meet the particular needs of its target market (Day, 1994).

A competitor orientation focuses on watching competitors closely, matching the marketing initiatives of competitors quickly, and understanding both the short-term strengths and weaknesses and the long-term capabilities and strategies of current and potential competitors (Narver and Slater, 1990). Because its emphasis is to “meet and beat the competition,” a competitor orientation enables a firm to compare its capacities and offerings with those of its competitors. After scrutinizing its value chain compared with that of its competitors, the firm can identify possible ways to streamline and reduce costs (Porter, 1985). Moreover, with a clear understanding of its own and its competitors' strengths and weaknesses, the firm may choose to pursue a unique, untapped position and achieve a differentiation advantage (Day, 1994).

Finally, interfunctional coordination focuses on the dissemination and use of market information through coordinated efforts across the whole firm and emphasizes the collective use of the organization's resources to deliver superior customer value (Narver and Slater, 1990). The basic idea is that every employee of a company can contribute something of value to customers, so if the firm can coordinate and integrate its financial, human, and other resources, it can provide goods and services that better suit its customers' needs. In addition, by improving cooperation among different departments, inter functional coordination can lead to greater efficiency and thereby decrease production and administration costs (Jaworski and Kohli, 1993).

Researchers have demonstrated great interest in strategic issues facing firms operations. Two primary types of strategic choices seem to have emerged. The first relates to managerial ties and focuses on network based strategies that use extensive social ties, based on personal trust and relations, to achieve business success (Li, 2008; Peng and Luo, 2000). The second deals with market-based strategies such as market orientation, which promote the importance of delivering superior customer value through quality products to achieve competitive advantage (Zhou et al., 2006; Zhou et al., 2008).

Despite the growing interest in this strategic issue, researchers continue to debate which strategy is more appropriate for emerging economies (Peng, 2003). Some believe that managerial ties are more fitting because formal, market-supporting institutions are always difficult to develop in emerging economies, especially the legal systems that support the use of contracts (North, 2005). In contrast, other researchers have posited that as the construction of formal market institutions progresses, the role of managerial ties necessarily declines (Peng, 2003) and that a market orientation leads to better performance, as evidenced by the many state-owned enterprises that are losing ground to private, mainly market-driven sectors (Zhou et al., 2006). According to this perspective, the ultimate success of any business lies with its ability to serve its customers, which means that as China moves towards a market economy, firms should adopt more market-based strategies, such as market orientation, to improve performance.

Many studies have strongly advocated that firms should adopt a market orientation to achieve competitive advantage. Market orientation places the highest priority on the profitable creation and maintenance of superior customer value (Slater and Narver, 1995). It includes three behavioral components—customer orientation, competitor orientation, and interfunctional coordination—and emphasizes the need for the entire organization to acquire, disseminate, and respond to market intelligence from both buyers and competitors(Zhou et al., 2008).

Customers' service emphasis may also lead to a greater level of competitor orientation. First, a firm can better recognize its competitive position if the firm has a clear understanding of the strengths and weaknesses of its key current and potential competitors. Such an understanding enables the firm to develop a product and services mix in order to position itself effectively against the competition (Li and Calantone, 1998). Second, because customers' needs are dynamic, a firm can attempt to anticipate changing customer preferences by monitoring the successes and failures of its competitors (Porter,1985). Thus, firms can develop future products and services that are more effectively positioned in the marketplace as a result of tracking their competitors. In short, a customer value emphasis on service drives firms to gather, interpret, disseminate, and act upon competitive information so that they can meet and beat the competition. Competitor orientation essentially focuses on identifying (1) current and potential competitors, (2) the technologies they utilize, and (3) whether they represent an attractive alternative from the perspective of the target customers (Narver and Slater, 1990).

Competitor oriented businesses watch competitors closely, match the marketing initiatives of competitors quickly, and attempt to understand both the short-term strengths and weaknesses and long-term capabilities and strategies of current and potential competitors. Then, using their rivals as a frame of reference, competitor-oriented firms can identify their own advantages and disadvantages. With a clear understanding of its own strengths and weaknesses as well as those of its competitors, a competitor-oriented firm could utilize information "… internalizing a competitor's strengths by imitation, or nullifying a competitor's strength by product innovation" (Li and Calantone, 1998). Therefore, competitor orientation appears to have double-edged effects on innovation. On the one hand, with a better understanding of its relative standing in the marketplace, a competitor-oriented business can create a competitive advantage through continuous product innovation. On the other hand, a competitor-oriented firm may simply choose to imitate its competitors rather than develop innovative goods and services to decrease the high cost of product innovation.

Empirical research by Lukas and Ferrell (2000) indicates that competitor- oriented firms tend to present the market with “me-too” products and eschew “new-to-the-world” innovations. On balance, then, these conflicting effects of competitor orientation innovation may cancel each other, resulting in a non-significant relationship between competitor orientation and innovation differentiation advantage.

Because the emphasis of competitor orientation is to “meet and beat the competition,” a competitor-oriented firm matches closely its capacities and offerings with those of its competitors (Day and Wensley,1988). By focusing on its competitors, a firm may be unaware of its real interest, which may lead to inconsistent strategies and behaviors and, consequently, unstable product offerings (Armstrong and Collopy, 1996). Furthermore, a competitor-oriented firm tends to assume that what the competitors have done is correct, and thus may risk overlooking the products or services that are uniquely fitted to a particular market segment (Hamel and Prahalad, 1994). Therefore, competitor-oriented firms may have difficulty in developing a market differentiation advantage.

However, controversy exists regarding the roles of customer and competitor orientations in affecting performance. Further, customer and competitive orientations are two primary means that firms employ to interact with environments (Day and Wensley, 1988). Therefore, this study focuses on the customer and competitor orientation facets of Market orientation and treats interfunctional coordination as a control. Building on demand-based perspective, this paper examines how customer value emphasis affects a firm's adoption of a customer versus a competitor orientation. When a firm's customers are service-sensitive, their primary concern in assessing the market offering's value is the benefits they receive. Because customers differ widely in their perceptions of benefits, their demands or needs are highly specific and heterogeneous (Monroe, 1990). Over time, customers become more sophisticated and demand services with superior performance and reliability that are previously unheard of. Increasing sophistication means that customers are more sensitive to nuances and differences in the products and are attracted to those that are uniquely tailored to their particular problems and needs (Zhou et al., 2005a).

In such a market, a firm must develop a sufficient understanding of its target customers in order to deliver superior value to those customers (Desarbo et al., 2001). Because customers' perceptions of a product's benefits change over time, a firm's offerings that match customers' needs today will very likely not match their needs tomorrow (Zhou et al., 2005b). Therefore, a firm must ascertain the changing preferences of customers continuously and adjust its offerings accordingly. In other words, a tilt toward a customer focus is necessary to reach and satisfy service-conscious customers. Customers' service emphasis may also lead to a greater level of competitor orientation. First, a firm can better recognize its competitive position if the firm has a clear understanding of the strengths and weaknesses of its key current and potential competitors. Such an understanding enables the firm to develop a product and services mix in order to position itself effectively against the competition (Li and Calantone, 1998).

Second, because customers' needs are dynamic, a firm can attempt to anticipate changing customer preferences by monitoring the successes and failures of its competitors (Porter,1985). Thus, firms can develop future products and services that are more effectively positioned in the marketplace as a result of tracking their competitors. In short, a customer value emphasis on service drives firms to gather, interpret, disseminate, and act upon competitive information so that they can meet and beat the competition.

The principal features of Market orientation are actionable and include:

. the coordinated application of interfunctional resources to support the creation of superior customer value (Narver and Slater, 1990; Shapiro, 1988);
. the ability of the organization to generate, disseminate, and use superior information about customers and competitors (Kohli and Jaworski, 1990);
And
. the generation of appropriate market intelligence pertaining to current and future customer needs, the communication of intelligence across departments, and the design and execution of strategies in response to this intelligence (Deng and Dart, 1994).

Day (1994) suggested that the degree of Market orientation possessed by an organization is positively correlated with its capabilities to support and sustain behavior conducive to the development of this orientation. Capabilities in the marketing domain included market sensing, customer linking, competitor sensing, and customer service. Other capabilities could include technology monitoring, technology development, new product/service development, financial management, human resource management, organizational communication, and general strategy development. It is now broadly accepted that a Market orientation is essentially a behavioral culture that dictates how an organization's members think and act.

2.2 Competitive Advantage

Competitive advantage refers to the comparative positional superiority in the marketplace that leads a firm to outperform its rivals. For example, a firm can achieve a cost advantage when the firm operates at a lower cost than its competitors but offers a comparable product. Also, a firm can achieve a differentiation advantage when customers consistently perceive its offerings as superior to those of its competitors (Porter, 1985).

Although the competitive forces perspective recognizes demand heterogeneity its research agenda focuses mostly on interfirm competition in terms of erecting entry barriers and excluding rivals from opportunities. Particularly under-researched is how demand diversity such as customer value heterogeneity and decreasing marginal utility affects firms' strategic orientations and subsequent competitive advantage (Adner and Zemsky, 2006; Desarbo et al., 2001).

A marketing differentiation strategy provides uniqueness and points of difference through image, customer service, advertising, promotions, distribution, and other marketing-related activities. Whereas an innovation differentiation strategy ensures the functionality, design, performance, and consumption experience are unique and superior, a low-cost strategy achieves low-cost structures through superior refinement, exploitation, and control of facilities and resources. For example, firms often use automation, modernization, capacity utilization, and economies of scale to achieve lower costs Porter (1980).

Innovation differentiation strategies combine learning and innovation. That is, whereas learning occurs through research and development, innovation uses that learning to produce groundbreaking products and processes that differ from those of the competition, and innovation differentiation strategies enable firms to reinvent themselves and stay ahead of the competition constantly by penetrating existing markets or expanding into new markets. Thus, innovation differentiation strategies effectively contribute to growth in terms of firm performance. Companies such as 3M, Apple, and The Sharper Image provide excellent examples of firms that engage in innovation differentiation strategies. However, because innovation can put a strain on operational efficiency and adversely affect cost management, innovation differentiation strategies likely do not relate to the efficiency metric of firm performance (Bulent Menguc, 2007). Rust et al. (2002) also theorize that a revenue-emphasis strategy generates product innovation.

Innovation and market differentiation advantages are related yet distinct. Innovation advantage occurs when a firm leads its competitors in the development and successful commercialization of new goods and/or services. An innovating firm emphasizes R&D and the latest technologies in its new product development and aims at being the first to market with new products (Li, 2005; Miller, 1988).

An innovation advantage implies that firms provide their customers with the most up-to-date and innovative product offerings of superior value. The more value the market offering provides, the more satisfied and loyal the firm's customers; and the higher the value, the more likely the firm's customers will perceive the market offering as being of higher quality. Similarly, firms with a market differentiation advantage have successfully created unique images for their market offerings by specifically tailoring their marketing mixes to their target customers and, thus, can reap the benefits of high levels of customer loyalty and satisfaction (Li, 2005).

2.2.1 Generic Competitive Advantages

Building on Ghemawat’s (1986) treatment of the basis of sustainable advantage and relevant literature in strategy, Ma (1999) categorizes three generic types of competitive advantage: ownership-based, access-based, or proficiency-based. That is, a firm can achieve competitive advantage through ownership or possession of certain valuable assets, factors, or attributes, e.g. strong market position (Porter, 1980), unique resource endowment (Barney, 1991), or reputation (Hall, 1992). It could also achieve competitive advantage in the form of superior access to factor market and product market (Barney, 1986a; Lieberman and Montgomery, 1988), e.g. exclusive relationship with supplier or distribution channel. Moreover, a firm could enjoy competitive advantage through its own superior knowledge, competence, or capabilities in conducting and managing its business processes (Nonaka, 1991; Prahalad and Hamel, 1990; Teece et al., 1997; Winter, 1987) – producing quality products at lower costs and delivering the right products and/or service to its customers in the right place at the right price and time through the right channels.

The evolution of the competitive advantage is a function of the way the firm organizations and manages the activities. The functioning of an enterprise may be divided into various activities: Solicitation of the customers by the sellers, maintenance, conception, realization of new products by the R&D department. Each of these activities creates value to the customers. Then, the final value created is sized by the price the customers accept to pay to get the product or the service. The enterprise is profitable if this value is greater than the global cost. To get a competitive advantage against its competitors, the firm should supply its customers with the same value than the competitors and be more efficient in the production (domination by the cost), or elaborate specific activities that generate a greatest final value and authorize higher purchase prices (differentiation)(D. Passemard and Brian H. Kleiner, 2000).

Marketing differentiation, unlike innovation differentiation, does not try to create a unique position in the minds of customers on the basis of unique product features but rather works to deliver greater exchange value through branding, advertising, sales force, and other unique marketing techniques. In this respect, marketing differentiation refers to the market sensing and customer-linking capabilities that firms use to connect customers to the firm (Day, 1994). Marketing differentiation therefore should fuel growth in new markets and contribute to sales growth and market share growth. For example, Starbucks increased its sales growth and market share by expanding its distribution channels (e.g., Internet, grocery stores) to offer greater accessibility to customers who otherwise would not have purchased its coffee. Marketing differentiation strategies also contribute to operational efficiency. For example, marketing practices such as database marketing and customer relationship management contribute to more precise customer targeting and enable the firm to improve its efficiency.

Cao and Gruca (2005) show that firms can reduce their adverse selection rates through customer relationship management appropriate practices, which enhance their cost savings. Firms also invest in innovative marketing techniques, such as advanced marketing research tools, that enable them to reach customers more efficiently with superior results. In short, a positional advantage acquired through marketing differentiation strategies drives not only effective firm performance in terms of various growth metrics but also higher returns on investments, which improves firm efficiency.

A cost-leadership strategy, firms focus on reducing costs through operational efficiency. For example, they might exploit existing facilities and learn how to reduce costs through automation, modernization, capacity utilization, or economies of scale. Efficiency, control, planning, and variance reduction represent the key elements of a cost leadership strategy, and a typical example of a cost-leadership strategy involves the implementation of an experience curve, on which cumulative production determines reductions in unit production costs. Firms engage in economies of scale and economies of scope when they apply their knowledge and facilities from existing product lines to product line extensions. To this end, Rust et al. (2002) argue that a cost emphasis pertains to standardization and operational efficiency. Because the focus is on cost maintenance and reduction, cost leadership should not contribute to growth but rather should underscore streamlined operations that reduce “fat” in business practices.

The competitive advantage is born as soon as a firm discovers a new or a more efficient way to come into the industry and put the discovery in concrete form, than its competitors: That is to say, as soon as it innovates. However, the word innovation should be understood in its largest meaning. Defining the source of innovation is equivalent to describing the ways to create competitive advantages. It is in fact possible to distinguish five main sources of innovation:

* The new technologies;
* The modification of the demand or a new demand;
* The occurrence of a new segment;
* The changes in the costs or the availability of means of production;
* The changes in the regulation.

As a matter of fact, the creation of a competitive advantage is a tough task, but preserving it is much harder. The preservation of a competitive advantage depends on three conditions. One depends on the sources of the advantage: There is a hierarchy among the advantages, which can be minor (costs reduction of the work force), or major (possession of a special technology whose obtaining requires a higher skill level. The second determining factor is the number of sources of competitive advantage (the more, the better). The third factor of preservation is related to the continuous effort of modernizing and perfecting: every advantage is virtually susceptible of being copied. Then the preservation of the competitive advantage requires the firm to adopt an anti natural behavior consisting of keeping changing their strategies (naturally no one would change a winning team).

Simply put, to achieve any advantage in business, a firm has to look deeply and systematically into what it has, what it knows and does, and what it can get. The three types of generic competitive advantages are not only important for a firm's superior performance in general but are also important for its success in global competition in particular. Winning in global competition, more than ever, requires a firm to establish a defensible position (Porter, 1990) and sustain its ownership based competitive advantage, e.g. the global brand reputation of Cartier; to create and improve access to foreign suppliers and distribution channels as well as access to the state-of-the-art or the best of the breed technologies (Chandler, 2001); and to excel in the learning race (Hamel et al., 1989) and nurture core competence and skills that can be leveraged in the global market place (Prahalad and Hamel, 1990; Prahalad and Lieberthal, 2003).

2.3 Research Hypotheses

H1: Market orientation influences competitive advantage
H2: Customer orientation influences competitive advantage.
H3: Competitor orientation influences competitive advantage.
H4: Interfunctional coordination influences competitive advantage.

3. The Empirical Study

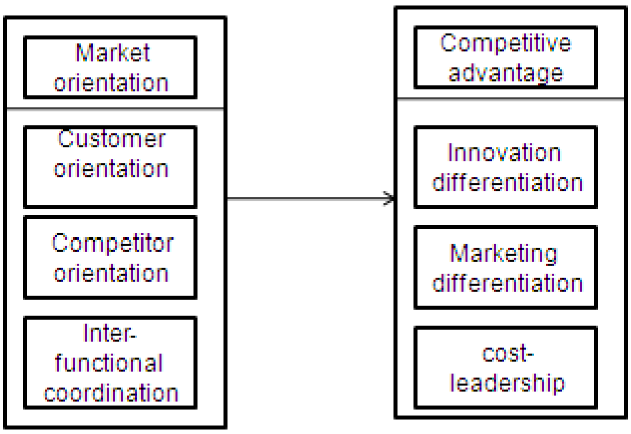
3.1 Research Methodology

Two extreme points of view can be identified in research methodology namely; quantitative and qualitative (Burrell and Morgan, 1979; Nwokah, 2006, 2008). Those who take the first approach argue that there is a similarity between social and natural phenomena and similar methods can be used to study both phenomena. They favor the positivistic quantitative methodology in social science research. Those who take the second approach believe that social and natural phenomena are different. According to them, a positivistic quantitative approach is inappropriate for studying social phenomena. They favor a humanistic, subjective or qualitative approach. Due to the nature of this study, we adopted mainly the quantitative paradigm.

3.2 Sample Selection

A sample frame was compiled from the industrial estates companies of Kerman city in the Iran. In total, 100 managers of companies in the industrial estates were asked. To obtain reliable information for this study, the key informant approach was used. Therefore, two key informants in each of the corporate organizations among the sample size constituted the respondents.

**Figure 1: Operational conceptual Framework: Relationships between market orientation
and competitive advantage.**



3.3 Construction of Research Instruments

The research instruments were designed using measures from the extant literature. Two sets of instruments were designed to test the two constructs. To measure competitive intelligence, a 20-item questionnaire contain three domains developed by dang and dart (2001) for Market orientation, an 11-item questionnaire had earlier been proposed by Spanos & Liouka (2001) three domains of competitive advantage. Five-points Likert scale anchored by “1” strongly disagree to “5” strongly agree was developed to measure market orientation and competitive advantage.

In the table 1&2 showed demographics of companies and managers that participant in the study

Tabel1: Demographics of company

Demographics of company		frequency	percent
Employees	Less than 10	10	12.5%
	10-49	42	52.5%
	50-99	8	10.0%
	100-199	11	13.8%
	200-499	9	11.2%
Industrial	Metal	13	16.2%
	Electronic	11	13.8%
	Food	22	27.5%
	Non metal	5	6.2%
	Loom	4	5.0%
	Chemical	19	23.8%
	Cellulose	6	7.5%
Native	Native	73	91.2%
	Non native	7	8.8%
Age	0-7	43	53.8%
	7-14	20	25%
	15-24	14	17.5%
	25-34	3	3.8%

Table2: Demographics of managers

Demographics of managers		frequency	Percent
Age	25-35	32	40%
	36-45	36	45%
	46-55	6	7.5%
	55& more	6	7.5%
Sex	Female	26	32.5%
	Male	54	67.5%
Education	Less of diploma	5	6.3%
	diploma	13	16.2%
	Under graduation	54	67.5%
	master	8	10.0%

3.4 Validity and Reliability of Research Instrument and Measurement Scales

The validity of an instrument refers to the extent to which it measures what it was intended to measure. The validity of the scales utilized in this study was assessed for content and construct (convergent) validity. A measure can be said to possess content validity if there is general agreement among the subject and researchers that constituent items cover all aspects of the variables being measured (Nwokah and Maclayton, 2006). Content validity was enhanced via the conventional process for measure development.

The market orientation and competitive advantage scales were tested for construct (convergent) validity. A measure can be said to have construct validity if it measures the theoretical construct or trait that it was designed to measure. The correlation among the component of competitive Intelligence and the correlation among the components of the competitive advantage may provide evidence of convergent validity to the extent that they are high; that is, they are converging on a common underlying construct. After the survey had been completed the reliability of the scales was further examined by computing their coefficient alpha (Cronbach Alpha). All scales were found to exceed a minimum threshold of 0.7 as used in previous studies (Seeman and O'Hara, 2006; Nwokah and Maclayton, 2006). Convergent validity is also suggested when the individual variable scores are combined into a single scale to give a Cronbach alpha of 0.7982. The actual results of the scale reliability analysis are reported in Table 3.

Table3: measures: scale statistics

Scale items	S.D	Cronbach Alpha	mean	T value=4	Sig
Market orientation	.52	0.911	3.65	-6.7	.000
Customer Orientation	.54	0.821	3.99	-.15	. 03
Competitor orientation	.72	0.869	3.33	-8.6	.000
Inter functional coordination	.60	0.850	3.37	-9.4	.000
Competitive advantage	.68	.921	3.14	-11.2	.000
Innovation differentiation	.78	.825	3.11	-2.1	. 02
Marketing differentiation	.73	.833	3.1	-6.2	.000
cost-leadership	.82	.875	3.24	-9.2	.000

Table4: Correlation is significant at the 0.01

Correlation	1	2	3	4	5
Market orientation	1				
Customer Orientation	.83	1			
Competitor orientation	.805	.46	1		
Inter functional coordination	.84	.60	.53	1	
Competitive advantage	.347	.266	.369	.225	1

level (2-   tailed)

3.5 Appraisal & Testing of Default Model by Amos Graphic: 2- Stage Approach

1-Appraisal & Testing of Measurement models

1-1 Measurement model of market orientation & competitive advantage

Figure 2: Measurement model competitive advantage

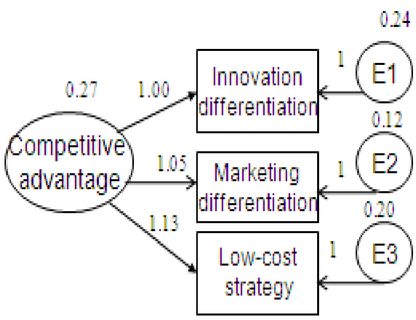


Figure3: Measurement model market orientation

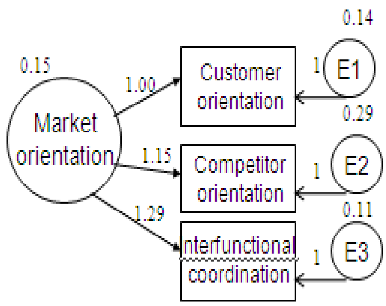
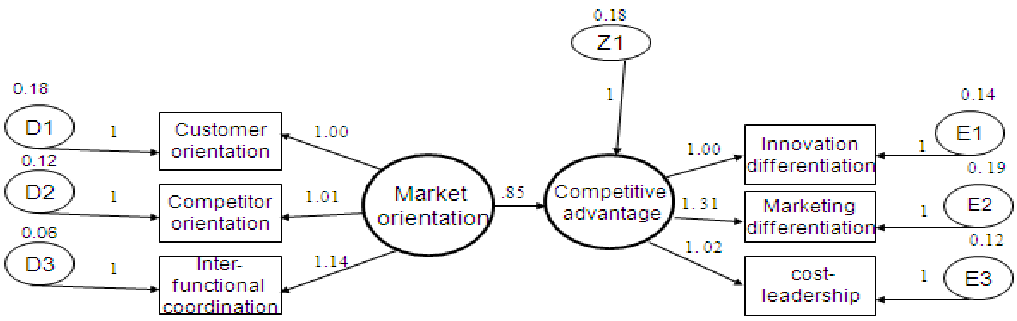


Figure 4: Appraisal of Total Model



Results of appraisal and testing model by Amos graphics represented in the table 3&4. Results show that Default model is approval, all scales of indicators: RFI should be between 0 &1, its better to near 1. The NFT must least be 0.90, the scale of PNFT must upper than 0.50 & 0.60, PCFI must be least 0.50, the scale of AIC & NCP, better if be fewer. RMSEA must be upper than of 0.05, DF must be 0 or positive, CMIN/DF must be between 1&5.

Results of model fit in the Amos Graphics show in the table4 that is approval (UN approval) measurement models (competitive intelligence, competitive advantage). To notice the range of indicators, can conclude that measurement models approved through Amos graphic.

Table 5: Results of measurements models

Approval (*) Un approval(-)	Acceptable range for indicator	Market orientation	competitive advantage	Indicator
*	Number of parameter	9	9	NPAR
*	must be 0 or positive	0	0	DF
*	the fewer the better	0	0	Chi
*	the fewer the better	-	-	P
*	Between 0& 1, upper than 0.90	1	1	CFI
*	must be least 0.50	0.52	0.601	PCFI
*	must be minimum	000	000	RMSEA

Results of model fit in the Amos Graphics show in the table 4 that is approval (UN approval) total model. To notice the range of indicators, can conclude that Default model approved through Amos graphic.

Table 6: Results of testing the default model

Approval (*) Un approval(-)	Acceptable range for indicator	Default model	Indicator
*	between 0 &1	.63	RFI
*	Must be least 0.90	.912	NFI
*	Must be upper than 0.50 & 0.60	.59	PNFI
*	must be least 0.50	.521	PCFI
*	the fewer the better	12.4	AIC
*	must be upper than of 0.05	.061	RMSEA
*	the fewer the better	16.68	NCP
*	must be 0 or positive	13	DF
*	the fewer the better	43.862	CMIN
*	between 1&5	3.45	CMIN/DF

3.6 Data Collection and Analysis

A survey questionnaire was developed for this study to measure the study constructs. Given the nature of this study as regards data generation requirements, it was considered that responses should be elicited from sources knowledgeable in the organization's Market orientation (Bowman and Abrosin, 1997). In this regard, intelligence staff and head of marketing in each sample organization were treated as the key informants. With the key informants approach; data were collected from an intelligence staff on issues relating to marketing intelligence, and a marketing manager on issues relating to competitive advantage. Therefore in the 2 stage 100 questionnaires were distributed. It was assumed that such managers have the best advantage point to provide the most accurate responses. A total of 80 copies of questionnaire were returned. To analysis our data, SPSS for windows version 16.0 was used, raw data were put into the spread sheet of the SPSS and were later transformed to obtain the sum of the values of Market orientation and competitive advantage.

4. Research Results and Findings

4.1Scale Construction

Market orientation: The descriptive findings of the Market orientation are reported in Table 3. It can be observed that the mean scores range from 3.11 to 3.99 with a reasonable dispersion about this measure of central tendency. It was found that the Cronbach Alpha coefficient for Market orientation is 0.911, costumer orientation is 0.821, competitor orientation is 0.869, and interfunctional coordination is 0.850. Mean scores range for competitive advantage from 3.10 to 3.37 with a reasonable dispersion about this measure of central tendency. Cronbach alpha coefficient for Innovation differentiation is 0.825, Marketing differentiation is 0.833, cost-leadership is 0.875 and for competitive advantage is 0.921. Also, item total scale correlation analyses calculated all variables to be positive and highly statistically significant in their relationship with competitive advantage index.

Also item total scale correlation analyses calculated all variables to be positive and highly statistically significant in their relationship with Market orientation index. Competitive advantage: Factor Analysis was conducted in this section to determine the dimensionality of competitive advantage measurement scales and item purification. Principal analysis with varimax rotation was carried out to identify a set of underlying dimensions of the construct using factor loadings greater than 0.5 and Cronbach's alpha greater than 0.6 as the cut off criteria. The scales used to capture dimensions of organization's competitive advantage are displayed in Table 4. It indicates that there are three factors to measure competitive advantage, as previously conceptualized by Spanos & Liouka (2001). Principal components analysis was used to asses the underlying relationship of each dimension within competitive advantage. Table 3&4 illustrates that in all cases; a single factor was extracted, suggesting the homogeneity within each factor. The dimension most emphasized by organizations in their overall competitive advantage appears to be customer philosophy.

4.2 Review Hypothesis

Market orientation influences competitive advantage
Table 3&4 shows of the significant and positive associations between Market orientation and competitive advantage. These results provide strong support for H1.

Costumer orientation influences competitive advantage
The findings on Table 3&4 indicate a significant and positive association between Costumer orientation and competitive advantage. These results provide support for H2.

Competitor orientation influences competitive advantage
The findings on Table 3&4 indicate a significant and positive association between of Competitor orientation and competitive advantage, these results provides strong support for H3.

Interfunctional coordination influences competitive advantage
The findings on Table 3&4 indicate a significant and positive association between of Interfunctional coordination and competitive advantage, these results provides support for H4.

In the following section of this paper, each of the findings is discussed and conclusions are made based on the findings

5. Discussion

Table 3, 4, 5&6 clearly demonstrated that where Market orientation is deemed to be effectively taking place in this exploratory study, there is evidence to suggest that it is contributing to overall competitive advantage of corporate organizations. Moreover, the underpinning hypotheses, as stated earlier are clearly substantiated by the results of this study. In general, there is a strong relationship between the Market orientation of a corporate organizations and its competitive advantage.

Each Market orientation component contributes to the competitive advantage measure examined, although their relative influences vary according to the specific competitive advantage dimension.

As can be seen from Table 5, the most significant predictor of the Market orientation based competitive advantage measure is information gathering. Furthermore, from the findings, there are implications regarding possible linkages amongst the three competitive advantage dimensions utilized. These tentative results lend credence to the propositions advanced by both scholars and practitioners that there is a relationship between Market orientation and organizational performance (Ahiauzu, 2006).

In essence; this paper reinforces the need for corporate organizations in Iran to emphasis the nurturing of a sound Market orientation if they are to benefit fully from increased competitive advantage rates.

The implications of the results of this study are clear for scholars and managers. For managers, this paper has implications on the investigation of the link between Market orientation and competitive advantage of corporate organizations in Iran In the first place, this paper provides a direct test of the applicability of a western paradigm to Iran economic system different from other culture. The competitive advantage rating scales Spanos & Liouka (2001) were developed in the context of the Western cultural setting. Even though the continued internationalization of business operations has led to the conjecture that marketing theories and models might well be transportable across national and cultural borders (Sin et al., 2001), the direct application of these model to subjects from another culture without any validation might create a “category fallacy”.

Moreover, an uncritical emulation and extrapolation of the experiences of USA marketing practices to country with different cultures and economic environments might lead to inefficient and ineffective performances of organizations in those countries. Our findings increase our confidence in the cross-cultural applicability of Deng & Dart scale and model in studying competitive advantage. Of course, this research must be replicated in other diverse market environments and overtime to increase the generalization of the theory. For managers, this paper helps to assess the effectiveness of Market orientation and competitive advantage in the transitional economy of Iran. The inconsistent growth of the Iran economy has caught worldwide attention in recent years.

Understanding more about business strategies in Iran can be enormously helpful for foreign organizations interested in collaborating and / or competing against Iran enterprises. This paper represents the first of a series of studies investigating competitive intelligence and competitive advantage in the context of corporate organizations in Iran. Given the theoretical and managerial significance of this research, it will not be the last study of its type.

6. Conclusions and Recommendations

The survey results suggest that a valid instrument for measuring the Market orientation and competitive advantage of corporate organizations in Iran has been developed. Market orientation seems to consist of three dimensions (Deng &Dart, 1994, Narver & Slater, 1990) and be measured using 20 questionnaire items. Competitive advantage appears to consist of three dimensions Spanos & Liouka (2001) and be measured using20 questionnaire items which demonstrate content, criterion and construct validity. A customer philosophy includes management recognition of the importance of designing the company to serve the needs and wants of chosen markets, management development of different offerings and marketing plans for different segments of the market and management decision to take a whole marketing system view (suppliers, channels, competitors, customer, environment) in planning its business.

An integration and control of the major marketing functions include a high level of marketing integration and control of the major marketing functions, marketing management working well with management in research, manufacturing, purchase, physical distribution, and finance; and Management usually having full knowledge of the sales potential and profitability of different market segments, customers territories, products, channels and other sizes. Adequate marketing information include regularly conducting marketing research to study customers, buying influences, channels and competitors; management having full knowledge of the sales potential and profitability of different market segments, customers territories, products, channels and other sizes; effort is expanded to measure the cost effectiveness of different marketing expenditures. Strategic orientation consists of management developing an annual marketing plan and a careful long range plan that is updated annually; the quality of current marketing strategy is clear, innovative, data based and welled reasoned; management formally identifies the most important contingencies and develops contingency plans. Operational efficiency include marketing thinking at the top are communicated and implemented down the line; management doing an effective job with the marketing resources and management showing a good capacity to react quickly and effectively on the spot development.

This paper has sought to contribute further to the knowledge concerning competitive intelligence and competitive advantage by applying the established competitive advantage model to corporate organizations in Iran under some what unique circumstances. However, in furtherance to the realization of set objectives, we make the following recommendations:

1) Management must consistently motivate its intelligence team so that it will analyze the customer's needs, seek to satisfy them, and try to adapt the products to these needs, react to competitors' actions and responses.
2) Management should also work in collaboration with other workers in the company and share information about customers and competitors with these workers.
3) Organizations in Iran should always create a competitive Intelligence unit to regularly monitor the activities of competitors and to evaluate the organizations actions in line with that of competitors
4) Research efforts in the future should consider certain themes and issues that have emerged from this paper.

In line with this, attention could be devoted to examine the relationship of these constructs in other cultural environments other than Iran.

Future research could also establish conceptual and theoretical linkages between the different causes and the particular types of competitive advantage, i.e. ownership-based, access-based, or proficiency-based. For instance, which cause within the 4Cs is most relevant across all three types of competitive advantages? What kind of causes is more likely to give rise to proficiency based competitive advantages? Addressing these specific linkages and patterns will help us better understand the theoretical underpinnings of the practical endeavor in searching for competitive advantages in global competition.

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