

# MARKET ORIENTATION OF MALE AND FEMALE ENTREPRENEURS: A PRELIMINARY STUDY IN MALAYSIA HALAL FOOD INDUSTRY

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## ABSTRACT

*This paper examines the relationship between market orientation and firm performance for male and female entrepreneurs among small and medium firms in the Malaysia halal food industry. In this preliminary study, results indicate that market orientation had a positive impact on the sales growth of men and women-owned firms. The relationship was investigated using Pearson product-moment correlation coefficient. There was a weak, positive correlation between the two variables. An independent samples t-test was conducted to compare the market orientation scores for males and females. There was no significant difference in scores for males and females.*

Keywords: market orientation, halal food, male and female entrepreneurs

## 1.0 INTRODUCTION

Halal food consumption is compulsory upon Muslims as being stipulated in Al Quran (Al Baqarah:172). Halal is an Arabic word which means lawful or permissible by Islamic Law (An Nahl:114) and is not only suitable to Muslims but to everyone including non Muslims. Halal foods have a huge market not only in Malaysia but also in overseas. The food sector contributes over 60% of the global market for Halal products (Corporation, n.d). This includes primary meat, processed goods, bakery food and confectionary, with processed goods contributing around 35% of the total (Corporation, n.d).

The great demand of food will generate growth opportunities throughout the agri-food industry (Halal, 2012) . The Muslims are compulsory to consume halal products to be healthy and fit (Al Baqarah: 172). Presently, with the advancement of food technology industry, all types of ingredients had been utilised in foods which is complicated and difficult to be understood by the consumers (Fadzlillah, Man, Jamaludin, & Rahman, 2012). Hence, in this situation it causes difficulties to the consumers to assess whether the food is Halal or non Halal. Consumers are the victims when inappropriate halal certification is being granted. With these emerging trends, there is a pressure for the producers to obtain halal certification to gain trust and confidence (Abdul, Ismail, Mustapha, & Man, 2011) from the consumers. Halal aspect is now accepted as a quality system worldwide requested by world consumers (Halal.com).

The Halal Industry has been one of the lucrative and profitable areas of business. It is regarded as one of the engines of growth for Malaysia's economy as visualized under the third Industrial Master Plan to promote the country as a global halal hub. It is anticipated that halal industry to add 5.8% to the country's gross domestic product by 2020 from less than 2% currently (Seong, 2011).

In 2009, the Malaysia halal food market is worth RM 41.5 billion or contributed 6.3% of its nominal gross domestic products (Admin, 2011) . Malaysia Halal Food Industry is no longer simply an industry that conforms to religious obligations, yet it is becoming one of the significant contributors to economic performance (Corporation, n.d.). Recent data stated that the market size of the halal industry is estimated to be RM15 billion and ninety percent is contributed by the food industry that is worth RM13.5 billion (Jamali, 2011).

## **2.0 MARKET ORIENTATION**

Generally, market orientation is a business philosophy that focuses on identifying and fulfilling the needs of the customers, through its own or acquired products. Market orientation refers to an organization has the capacity in gathering customers' needs and distribute the obtained customers and market information within the organization in order to react to the market timely (Narver & Slater, 1990). Market orientation is being practiced by the organizations if they adopt the marketing concept whereby the customers' satisfaction is the focal point of their business strategy. In other words, employees are dedicated to the continuous creation of greater value for customers.

Kohli & Jaworski (1990) defined market orientation as a set of three activities related to generation of market intelligence, dissemination and responsiveness to it. They further explained that market intelligence involves gaining information regarding current and future customer needs. Dissemination activity includes distributing intelligence across departments and responsiveness consists of developing plans based on intelligence and executing the plan.

Narver & Slater (1990) proposed market orientation comprise of three behavioural elements that are related to customer orientation, competitor orientation and interfunctional coordination. Customer orientation reflects essential activities for obtaining and

distributing customers' information while competitor orientation refers to the gathering and circulating information on competitors throughout the organization. The third component which is called interfunctional coordination implies that the efforts of business units are synchronized to produce continuous greater value to customers.

A meta analysis study regarding market orientation and business performance from five continents by Cano, Carrillat, & Jaramillo (2004) confirmed a strong correlation between those two constructs in non-profit service industry compared to manufacturing and profit oriented industry. Market orientation concept is beneficial irrespective of the organizational objective. The study indicated that the relationship of market orientation and performance is stronger in non-profit organizations.

In a study of 153 small sized business owners in the United States, by using MARKOR scale adopted from (Kohli, Jaworski, & Kumar, 1993), Kara, Spillan, & Oscar W. DeShields (2005) found that market orientation of small-sized service retailers is positively related to business performance. This implies that organization with market orientation perform better in the long term. However by adopting this scale, customer orientation is being ignored.

To examine that training system support market oriented strategy, Ruekert (1992) investigated SBUs of high technology firms in the United States. He confirmed that the degree of training is positively related to market orientation. The result also support that market orientation is significantly related to business performance.

Slater & John C (1994) in an extended study of Narver & Slater (1990) investigated the role of the environment as a moderator for market orientation-performance relationship. The findings indicated that market orientation is positively related to sales growth and new product success. They also proposed that being market oriented is the foundation for producing superior value for buyers.

The findings by Mahmoud (2011) in a survey among Ghanaian SMEs is consistent whereby market orientation is significantly and positively related to business performance. Interestingly, he found that organizational commitment directly related to market orientation. This leads to an increasing in generating, disseminating and respond to market intelligence among SMEs.

Using MARKOR scale to assess the applicability of market orientation scale in the European setting, Pitt, Caruana, & Berthon (1996) examined the samples from Malta and UK. Their findings support the significant relationship between market orientation and business performance. However the study focused on service firms and the weakness identified is whether the comparison can be made with other service firms.

Mostly, the empirical evidence related to a link between market orientation and performances were obtained from United States (Ruekert, 1992; Selnes, Jaworski, & Kohli, 1996) and other countries in Europe (Hooley, et al., 2000; Pitt, et al., 1996). Therefore, adding to the literature in Asian context, (Ngai & Ellis, 1998) performed a study among local manufacturers in textile and garment industry of Hong Kong. They confirmed that there is a positive relationship between market orientation and performance.

With relation to the above findings, this study is intended to close the research gaps by investigating market orientation and business performance in the Asian context among SMEs in halal food industry by focusing on these research questions:

RQ1: Is there any significant relationship between market orientation and sales growth?

RQ 2: Is there any significant difference in the mean market orientation scores for males and females?

### **3.0 RESEARCH METHODOLOGY**

This preliminary study utilised a field survey to gather primary data from 30 entrepreneurs of SMEs in Malaysia that engage in halal food industry. Key informants in the survey were the owners since they are knowledgeable about their organizations' orientations and business performance. Data collected was analysed using SPSS. Structured questionnaire is the primary research instrument for this particular study. The questions adopted and modified from various previous related studies in order to match the research objectives. Specifically, this research questionnaire is developed based on modification and combination of previous studies on market orientation (Narver & Slater, 1990)

A questionnaire items are adapted and modified from (Narver & Slater, 1990) and the constructs of the study, which were from established scales, measured on a 7-point Likert- type scale anchored by "strongly disagree" to "strongly agree",

Using a 7-point Likert-scale (Sekaran, 2009), business performance is measured based on financial measures adopted and modified from (Ahmad, Wilson, & Kummerow, 2007). One performance measure that is widely used among small businesses, as a subjective indicator of overall performance is the degree of owner/manager satisfaction with the business performance.

This study only adopts subjective measure as examining objective success in the context of SMEs is rather difficult because SMEs refusal to reveal their financial statement to the public. As no readily financial reports of SMEs, scholars and advocates are using the owners' self reported data to measure success of SMEs (Chandler & Hanks, 1993). Thus, it is proposed to adopt subjective measures as they are more flexible and constructive (Covin & Slevin, 1989).

## 4.0 FINDINGS

The findings indicate that market orientation had a positive impact on the sales growth of men and women-owned firms. The relationship was investigated using Pearson product-moment correlation coefficient. There was a weak, positive correlation between the two variables. The instrument is reliable as coefficient alpha for market orientation is 0.749.

The weak relationship might be due to a small sample involved in the preliminary analysis. Further study should be carried out to identify whether the hypothesis developed is supported or not supported. An independent samples t-test was conducted to compare the market orientation scores for males and females. There was no significant difference in scores for males and females as depicted in Table 1.

Table 1

		Independent Samples Test								
		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 of the Difference	
									Lower	Upper
I am committed to my customers	Equal variances assumed	4.970	.034	1.083	28	.288	.161	.148	-.143	.465
	Equal variances not assumed			1.060	23.489	.300	.161	.152	-.153	.474

I focus on customer satisfaction	Equal variances assumed	9.694	.004	1.507	28	.143	.232	.154	-.084	.548
	Equal variances not assumed			1.470	22.610	.155	.232	.158	-.095	.559
I understand customer needs	Equal variances assumed	9.694	.004	1.507	28	.143	.232	.154	-.084	.548
	Equal variances not assumed			1.470	22.610	.155	.232	.158	-.095	.559
I create customer value	Equal variances assumed	.820	.373	.118	28	.907	.027	.227	-.439	.492
	Equal variances not assumed			.116	24.465	.909	.027	.231	-.450	.503
Salespeople share competitor information	Equal variances assumed	.055	.816	1.476	28	.151	.366	.248	-.142	.874
	Equal variances not assumed			1.461	25.905	.156	.366	.251	-.149	.881



I respond rapidly to competitors' actions	Equal varianc es assum ed	3.075	.090	1.009	28	.321	.411	.407	-.423	1.244
	Equal varianc es not assum ed			.976	20.325	.341	.411	.421	-.466	1.288
Top managers discuss competitors' strategies	Equal varianc es assum ed	2.425	.131	.494	28	.625	.161	.325	-.505	.827
	Equal varianc es not assum ed			.514	23.448	.612	.161	.313	-.486	.807
Share resources with other business units	Equal varianc es assum ed	.219	.643	1.016	28	.319	.304	.299	-.309	.916
	Equal varianc es not assum ed			1.014	27.250	.320	.304	.299	-.311	.918

## 5.0 CONCLUSION

The finding suggests that the sales growth aspirations for men and women owned firms are driven by market orientation. It shows that market orientation is an important determinant to improve business performance in Malaysia halal food industry. Based on the preliminary analysis above, it provides some important implications to future investors with certain limitations. The limitations include the use of self-reported performance

measures and small sample size. Firstly, the initial findings highlight the importance of market orientation possessed by the entrepreneurs in running the business.

Secondly, with excellent market orientation, the entrepreneurs are sensitive towards customers' preferences in consuming halal foods. The investors may easily identify global market opportunities as global Muslim population is increasing tremendously. The need for halal food is absolutely available. The opportunities are widely open for investors to invest in Malaysia halal food industry as this industry is being supported by the Malaysia government. The market value is always increasing and readily infrastructure is being improved frequently.

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