

MARKET ORIENTATION AND LEADERSHIP STYLES OF MANAGERS IN MALAYSIA

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The objective of this study is to examine the relationship between leadership styles of managers in relation to market orientation. Personal characteristics of top managers—age, education, area of specialization, and executive experience—are control variables. This exploratory study focuses on small and medium scale manufacturing enterprises (SMEs) in Malaysia. Market orientation is defined as customer orientation, competitor orientation, and inter-functional coordination (Narver & Slater, 1990). A total of 78 managers participated in this study from various manufacturing industries: engineering, electrical and electronics, packaging and paper, metals, chemicals, and food and herbal industries. These managers are managing directors, chief executive officers (CEOs), owner-managers, or executive directors of their organizations. The methodology employed included descriptive, correlation, factor, and regression analyses. Findings showed supportive-oriented leadership styles of top managers have a significant relationship with market orientation. Theoretically, this study contributes to the literature in market orientation in relation to SMEs in Malaysia. For managers, it gives better understanding and insight into how their behaviors and leadership styles will influence the development of market orientation in their organizations. Limitations included the methodology used and the sample size. Recommendations for future studies suggest extending to investigate other leadership theories and variables such as actions and attitudes of managers, as well as future longitudinal studies.

Small and medium enterprises (SMEs) are the most common form of enterprises in Malaysia. SMEs operate in all sectors of the Malaysian economy: general business, raw materials, the manufacturing sector, and the agricultural sector. SMEs appear relatively most important in the manufacturing sector. In the year 2000, SMEs in the manufacturing sector formed 95 percent of total manufacturing firms in the country (NPC, 2000). SMEs in the manufacturing sector also contribute significantly in terms of economic importance. Malaysian Ministry of International Trade and Industry (MITI) figures indicate that SMEs contribution to manufacturing amounted to RM (Ringgit) \$4.3 billion, or 20 percent of the GDP, in 1991. SMEs in Malaysia are a significant source of employment. SMEs contribution to total employment in the manufacturing sector is 31.2 percent (NPC, 2000) and is expected to rise significantly in the future. More recently, an increased number of SMEs played significant

roles for larger companies in Malaysia, supporting industries to large manufacturers such as automotive, wood, engineering, and electrical and electronics sectors (Hashim & Wafa, 2002). Therefore, SMEs are unquestionably a significant part of the business community and are a vital component of the economy.

However, despite their significant role in the Malaysian economy, small and medium scale enterprises encounter problems affecting profitability and growth. Of the many studies conducted on small and medium scale enterprises in Malaysia, one of the main problems faced by SMEs is the lack of knowledge regarding marketing techniques and opportunities at both local and international levels (Hashim & Wafa, 2002). As a result, many SMEs in Malaysia lose out in terms of opportunities. It is argued the role of marketing is crucial to organizational performance and central to the successful implementation of business strategies because of the current competitive environment for superior quality products and services to customers (Day & Wensley, 1988).

This paper takes the view of Narver and Slater (1990), viewing market orientation based on cultural or behavioral factors. Various scholars in marketing (Desphande & Webster, 1989; Deshpande et al., 1993, 2000; Day, 1994; Desphande & Farley, 1999, 2004) have argued that market orientation is a cultural or behavioral phenomenon. Other writers (Harris, 1996, 1998a, 1999; Harris & Ogbonna, 2000; Harris & Piercy, 1997) have argued that top management is an antecedent crucial to the development of market orientation in companies. However, there is very little empirical research identifying factors affecting top management behavior in relation to the development of market orientation in organizations. Top management behavior is crucial in the development of organizational culture, especially in smaller firms where top management influence is keenly felt (Changanti et al., 2002). Top manager's attitudes and values will influence the strategic orientation of the firms (Bamberger, 1989). Thus, this paper examines the role of leadership styles of top managers in influencing development of market orientation. From an individual manager's perspective, top management behavior is frequently mentioned as a key barrier to developing a market oriented culture (Harris, 1996; Harris & Ogbonna, 1998).

Literature Review

In 1990s, literature suggested two main operational definitions of market concepts. One operational concept proposed by Kohli and Jaworski (1990) defined market orientation as composed of three sets of activities: organization-wide generation of market intelligence, dissemination of the intelligence across departments, and organization-wide responsiveness to it. Kohli and Jaworski described market orientation as a set of activities in organizations. The authors' continued string of research has been published widely since 1990 (Jaworski & Kohli, 1993; 1996, Kohli et al., 1993).

As an alternative operational definition of the market concept, Narver and Slater (1990) conceptualized market orientation from an organizational cultural perspective. Narver and Slater view market orientation as an organizational culture that effectively and efficiently creates necessary behaviors for the creation of superior value for buyers, and thus continued superior performance for the business. Narver and Slater's definition consists of behavioral components of market orientation, focusing on three elements: customer orientation, competitor coordination, and inter-functional coordination.

Customer orientation requires an understanding of the customer to create products or services of superior value. The creation of value is accomplished by increasing the benefits to customers while decreasing product cost. This entails acquiring information about customers and economic and political constraints facing customers. The second behavioral element is competitor coordination. Competitor coordination identifies the strengths and weaknesses of

current and future competitors through a thorough analysis of competitor's capabilities, strategies, and ability to satisfy the same buyers. Inter-functional coordination is the coordinated utilization of company resources in creating superior value for customers. To be effective, all departments must be sensitive to the needs of all the other departments in the organization. Narver and Slater (1990) argued that organizational culture effectively and efficiently creates such behaviors.

Narver and Slater (1990) utilized the term market orientation as synonymous with market-oriented culture. Therefore, conducting a major review of conceptual literature and empirical studies led them to conclude that a market-oriented culture is comprised of three main behaviors: an orientation toward the customer, a focus on competitors, and coordination between functions. The studies conducted by Narver and Slater opened up a proliferation of research studies in market orientation based on behavioral focus or cultural factors (Norburn et al, 1989; Narver et al., 1998; Slater & Narver, 1998, 1999; Deshpande & Webster, 1989; Deshpande et al., 1993, 2000; Deshpande & Farley, 1999, 2004; Day, 1994, 1999; Harris, 2002a, 2002b).

This study assumes the perspective that market orientation consists of three sets of behaviors: customer orientation, competitor orientation, and inter-functional coordination (Narver & Slater, 1990). Therefore, this study emphasizes the view of market orientation as culture. Deshpande and Webster (1989) described organizational culture as shared values and beliefs which help an individual understand organizational functioning and thus provide norms of behavior in organization. The majority of marketing theorists claim a link between market-oriented culture and performance of firms (Atuahene-Gima, 1996; Greenley, 1995).

The market concept is further defined as a distinct organizational culture, a fundamental set of beliefs and values that put customer at the center of the firms' thinking about strategy and operations (Deshpande & Webster, 1989). This strengthens the argument for investigating cultural factors as effectively and efficiently creating such behaviors (Narver & Slater, 1990).

Top Management Behavior in developing Market Orientation

Top management behavior of top managers such as board of directors, chief executives, and top echelon executives have emerged as one of the most important factors in developing market orientation (Felton, 1959). Kohli and Jaworski (1990) noted factors such as risk aversion, upward mobility, education, and attitudes of top management toward change as inhibiting market orientation. Jaworski and Kohli (1993) cited top management behaviors such as low risk aversion and emphasis on and commitment to market orientation as related to higher levels of marketing orientation in organizations. The analysis of the survey reveals a strong statistical association between top management behavior and all aspects of market orientation.

A study conducted by Harris and Piercy (1997) on three retailing companies in the United Kingdom showed formalized, conflicted, or politically motivated management behavior to be negatively associated with the extent of market orientation. Founders of companies play an important role as symbols and influence organizational culture (Harris, 1996). The founder of the company has a dominant personality and influence in the company; his behavior acts as a major restriction on marketing activity (Harris).

In sum, existing research of obstacles to market orientation has consistently found that management behavior is a significant barrier to market orientation development. There is a recurring theme centered on management behavior as crucial to the development of market orientation. Management behavior can be derived from the background characteristics of top managers, such as age, number of years of executive experience, functional track, and

amount of formal education (Hambrik & Mason, 1984). Several researchers also have suggested that top management plays a critical role in shaping organizational values and orientations (Felton, 1959; Hambrik & Mason, 1984; Webster, 1988). Top management behavior is repeatedly specified as an essential factor in instigating and installing improved market orientation. Therefore, the potential impact of leadership styles in terms of top manager behaviors on the extent of market orientation in organizations needs to be investigated (Pulendran et al., 2000).

Leadership Styles of Managers

Leadership is defined to be that part of management that involves the supervision of others (Fiedler, 1996). The literature reviews leadership theories and studies with an emphasis on the Path-goal theory. The Path-goal theory is a leadership theory that advocates motivating subordinates through the accomplishment of goals. The Path-goal theory emphasizes relationships between the leader's style and the characteristics of the subordinates and work setting. The underlying assumption of the Path-goal theory is derived from the Expectancy Theory in leadership, which suggests subordinates will be motivated, capable of performing work, and efforts will result in certain outcomes if the payoff is worthwhile. For the leader, the challenge is to use the leadership style suited to motivational needs of subordinates. Leadership motivates when there is a clear path to the goals, the path is easy to travel through coaching and direction, and obstacles and roadblocks are removed to attain the goal, making the work personally satisfying. Conceptually, the Path-goal theory has four components: leader's behaviors, subordinate characteristics, task characteristics, and motivation (House, 1971). The leader's objective is to increase subordinates' motivation to attain personal and organizational goals. The leader increases motivation by either clarifying the subordinates' paths to rewards or by increasing the rewards that subordinates value or desire. Increasing desirable rewards means leaders learn which rewards are important to subordinates, such as raises or promotions. The leader's job is to increase payoffs for subordinates (House, 1971). The Path-goal theory suggests four classifications of leader's behaviors: supportive leadership, directive or instrumental leadership, participative leadership, and achievement-oriented leadership.

House further suggested that leaders exhibit any of these four leadership styles as necessary. Leaders should adapt their styles to the situation or to the motivational needs of their subordinates. The impact of leadership is contingent on the characteristics of both subordinates and their task. The other component of the Path-goal theory is subordinate characteristics. Subordinates' characteristics will determine how a leader's behavior will be interpreted by subordinates in a work context. Path-goal theory predicts subordinates who have strong needs for affiliation will prefer supportive leadership because friendly and concerned leadership is a source of satisfaction. Subordinates who are dogmatic and authoritarian and have to work in uncertain situations will prefer directive leadership because that provides structure and task clarity. Path-goal theory focuses also on subordinates' desire for control. Subordinates with an internal locus of control believe they are in control of events occurring in their life, while subordinates with an external locus of control believe that outside forces determines life events. Path-goal theory suggests that for subordinates with internal locus of control, participative leadership style is most satisfying because subordinates feel in charge of their work and part of the decision-making process. For subordinates with an external locus of control, the theory suggests directive leadership is best because it parallels subordinates feelings that outside forces control their circumstances. Another way that leadership affects subordinate motivation is through a subordinate's perception of his or her own ability to perform a specific task. As perception of subordinates' abilities and

competency goes up, directive leadership becomes redundant because subordinates feel competent to complete their own work (Northouse, 1977). A third component in the Path-goal theory is task characteristics. Task characteristics include the design of the subordinate's task, formal authority system, and work group subordinates. Theoretically, the Path-goal theory approach suggests that leaders need to choose a leadership style that best fit the need of subordinates and the work they are doing. The theory predicts a directive style of leadership is best for situations where subordinates are dogmatic and authorizing, task demands are ambiguous, and rules and procedures are unclear. For structured, unsatisfying or frustrating work, Path-goal theory suggests leaders use a supportive style. Participative leadership is best when a task is ambiguous. Participation allows greater clarity to how certain paths lead to certain goals (Northouse). Achievement-oriented leadership style is most effective when subordinates are required to perform ambiguous tasks. Leaders who set high standards for subordinates raise confidence that subordinates will have the ability to attain goals (Northouse).

Leadership of top managers significantly affects market orientation because it embodies top management actions and behavior (Pulendran et al., 2000). Earlier studies by Kohli and Jaworski (1990) emphasized the importance of top management in fostering the development of market orientation in firms. Many firms operating in service industries for example emphasize the importance of top management attributes like cohesiveness and teamwork in affecting market orientation (Egeren & O'Connor, 1998). Top management leadership is especially significant in SMEs because top management is often directly involved with customers and vendors. Hence, the leadership style of top management indicates their predisposition in managerial behaviors and actions, and is therefore an essential ingredient in the mix of factors that influence a firm's success (Changanti et al., 2002). According to the Ohio State Leadership studies, leadership orientations are based on two dimensions of initiation: structure and consideration. The Path-goal theory postulates four main types of leadership styles: supportive, directive, participative, and achievement oriented styles. Supportive, participative, and achievement oriented styles lie in the dimension of initiating consideration, while directive leadership style lies in the dimension of initiating structure.

A leadership style high on initiation of structure is conducive with an orientation of efficiency and stringent cost control. In contrast, a consideration style of leader would foster a working environment emphasizing quality, innovation, and service, requiring superior capabilities in customer service, creative marketing, innovative product design, and customization (Changanti et al., 2002). Literature suggests leadership styles with a high need for achievement affect organizational performance. This supports broader organizational research, which suggests links between leadership style and organizational research, as well as links between leadership style and organizational performance (Egri & Herman, 2000; Walman et al., 2001). Harris and Ogbonna (1998) found that leadership styles characterized by non-directive role clarification or consideration supports market orientation. Therefore, it is hypothesized:

- H1^a Supportive leadership style has a positive relationship with Market Orientation.
- H1^b Participative leadership style has a positive relationship with Market Orientation.
- H1^c Achievement oriented leadership style has a positive relationship with Market Orientation.

Leadership style geared towards expectation specification, task allocation, and procedure setting impedes all aspects of market orientation (Harris & Ogbonna, 2001b). Therefore, it is hypothesized:

H1^d Directive leadership style has a negative relationship with Market Orientation.

METHODOLOGY

Sample

This study concentrates on manufacturing SMEs in Malaysia. Manufacturing activities of these SMEs include converting basic raw materials into useful products in a variety of industries, such as bakeries, saw mills, toy factories, shoe factories, clothing manufacturing factories, job printing shops, wood processing, soft drink bottling, food processing, small machine shops, plastic bags and paper boxes manufacturing plants, and electrical and electronic appliances and components (Hashim & Wafa, 2002). This sample of companies is from a list compiled by the National Productivity Corporation, which acts as a processing and auditing center on behalf of Small and Medium Industries Development Corporation (SMIDEC). This list of companies consists of small and medium scale enterprises that have applied for the Industrial Assistance Fund (ITAF). Survey questionnaires were distributed for three months to SMEs on this list. Since this study focused on top managers in manufacturing SMEs, the questionnaires were addressed by name to chief executive officers, general managers/managing directors, or owner/managers. Respondents within these companies were expected to have in-depth knowledge of the company's overall marketing culture and practices. The names of top managers of manufacturing SMEs were provided in a separate list by SMIDEC, which was used to ensure that the correct respondents are obtained. Only one questionnaire was mailed to one company. The choice to use a single respondent approach was compelled by both the population size of manufacturing SMEs in Malaysia and the respondents' familiarity with the research topic and the information sought. The respondents were asked to fill out the questionnaire in English at their convenience within three weeks. Respondents returned the questionnaires through stamped addressed envelopes. Out of the 1,249 questionnaires, 127 questionnaires are returned; however, only 78 questionnaires were usable—the rest of the 49 questionnaires were incomplete or inappropriate. Thus, the response rate was 6.1 percent.

Measures

The following demographic information was collected from every respondent: age, gender, level of education, current position in the organization, race, area of specialization, number of years working in the organization, and number of years working in functional area (e.g., production/operations, finance/accounting, marketing/sales/merchandising, product research and development, process research and development, business development, or planning/general management). Company specific information was collected from every respondent as well: number of year's company has been in operation, number of full time employees, annual average sales for the past three years, and type of industry. General comments were elicited from respondents on the profitability of their companies.

Leadership styles of managers were measured on a 5-point scale, ranging from always (5) to never (1). The wording of the 20-item questionnaire was adapted from Northouse (1977). Leadership styles were measured on a 5-point scale because the study required accurate results for analysis. Market orientation was measured using three behavioral components of market orientation: customer orientation, competitor orientation, and inter-functional coordination (Narver & Slater, 1990). There were eight items used to measure customer orientation, six items used to measure competitor orientation, and six items to

measure inter-functional coordination. The wording of the items was primarily adapted from Deng and Dart (1994).

Statistical Analysis

Statistical package SPSS (version 16) for Windows was used to process and analyze the data; descriptive statistics were conducted on respondents' demographic information. In terms of goodness of measures, responses to items in the questionnaire were subjected to a Promax rotated factor analysis and using Kaiser-Meyer Olkin's measure of sampling adequacy (KMO) for appropriateness, where KMO value should be at least 0.70. Factor loadings and cross loadings were examined through a rotated component matrix. The items to be retained in the final scale should meet two criteria; the items should be at least 0.50 on one factor and less than 0.35 on another factor, and the Eigen value of each extracted factor should be greater than 1.0 (Hair et al., 1998). The extracted factors were then renamed accordingly based on selected items for each factor. Subsequently, reliability analysis of each factor was computed. The generally acceptable limit for Cronbach's alpha is 0.70, with Cronbach's alpha of 0.50 considered acceptable. Reliability measures for leadership styles ranged from 0.8 - 0.4, as shown in Table 3. As the sample size is small (N=78) and the unit of analysis is organizations in this study, low reliability measures are expected. Inter-item correlation among predictor variables was between the range of 0.40-0.44 (see Table 5), indicating that the variables are moderately correlated and predictable variables are discriminatory. To examine hypothesized relationships, multiple regressions models were employed.

Findings

The sample consisted of 78 SMEs represented by top managers and owner-managers working for various manufacturing industries in Malaysia. SMEs are companies or enterprises that employ not more than 150 full time employees with a sales turnover of less than RM (Ringgit) 50 million. Among the 78 managers, 91% were males and 9% were females. Managers holding the positions of chief executive officers, general managers, and managing directors formed the highest percentage of respondents (79.5%), followed by owner/managers /executive directors, comprising 20.5 % of respondents. The average age of the managers was 44.3 years, but the majority of managers were between 46-50 years of age (25.3%). However, very few managers were below 30 years old (8.8%). This is congruent with the average number of years of at least 10 years work experience in the organization (*Mean* =10.45, *SD*=6.31). In terms of ethnic grouping, the majority of respondents were Chinese (80.8%), followed by Malays (17.9%) and Indians (1.3 %). Thus, the majority of managers in this study was predominantly older males, was relatively well educated, and was Chinese. Table 1 shows the demographic profile of the respondents.

Table 1
Demographic characteristics of managers (n=78)

Demographics	Frequencies	Percentages
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Age

Less than 30 years old	6	8.8
30-35 years old	4	5.6
36-40 years	14	19.6
41-45 years	12	16.8
46-50 years	18	25.3
51-55 years	10	14.0
56 years and above	7	9.8

*Mean=44.3 years**SD=8.8*Gender

Male	71	91.0
Female	7	9.0

Ethnic Group

Malay	14	17.9
Chinese	63	80.8
Indian	1	1.3

Current Position

CEO/MD/GM	62	79.5
Owner-managers/Executive Dir.	16	20.5

Highest Education Level

Secondary	26	33.3
Diploma	17	21.8
Degree	25	32.1
Postgraduate	10	12.8

Area of Specialization

Economics/Business Admin	29	40.8
Liberal Arts	6	8.5
Pure Sciences	5	7.0
Applied Science	3	4.2
Engineering	28	39.4

Years in Present Company (Job Tenure)

Less than 5 years	14	19.2
5-9 years	21	28.7
10-14 years	19	25.9
15-20 years	15	20.6
21-25 years	3	4.2
26 years and above	1	1.4

Table 2

Company Characteristics /Profile (n=78)

Company Characteristics	Frequencies	Percentages
<u>Number of Years of Operation</u>		
2-5 years	13	16.7
6-10 years	23	28.4
11-15 years	12	15.4
16-20 years	16	20.6
21-25 years	2	2.6
26-30 years	8	10.3
Above 30 years	4	5.2
<i>Mean = 10.5 years</i>		
<i>SD = 6.3</i>		
<u>Number of Full time Employees</u>		
10- 20 employees	18	19.2
21-50 full time employees	37	44.7
51-70 full time employees	7	9.0
71-100 full time employees	12	15.5
101-150 full time employees	9	11.7
<i>Mean = 40</i>		
<i>SD = 37.6</i>		
<u>Annual Average Sales for past 3 years</u>		
Less than RM\$1.0M	8	11.2
RM\$1.1M- RM\$2.0 M	8	11.2
RM\$2.1M- RM \$3.0M	15	21.1
RM\$3.1M- RM\$5.0 M	11	15.4
RM\$5.1M-RM\$10.0M	21	29.5
RM\$10.1m-RM\$20M	6	8.4
More than RM\$20M	2	2.8
<i>Mean = M\$5.8</i>		
<i>SD = 5.69</i>		
<u>Type of Manufacturing Industry</u>		
Electrical & Electronic	12	15.4
Metals	4	5.1
Food	4	5.1
Engineering, Equipment	13	16.6
Chemicals, oil& gas, rubber, plastics	18	22.8
Herbal	2	2.6
Packaging, paper, printing	9	11.5
Manufacturing (others)	16	20.5

Table 3
Factor Analysis for Leadership Styles

	Component					
	1(AO)	2 (RO)	3(LF)	4(S)	5(AU)	6(TO)
sd10I set goals for subordinates performance that are challenging	.864	-.250	-.035	.022	.099	.180
sd13I encourage continual improvement in subordinates performance	.843	-.128	-.278	.049	-.175	.037
sd14I explain the level of performance that is expected of subordinates	.836	-.001	.066	-.124	-.076	-.015
sd19I set challenging goals for subordinates to attain	.687	-.136	.132	.395	-.201	-.011
sd9I ask subordinates to follow standard rules and regulations	.396	.261	-.088	.007	.388	-.052
sd1Let subordinate know what is expected of them	.394	.323	-.182	.066	.168	.137
sd11I say things that hurt subordinates personal feelings	-.305	.745	.046	-.194	-.123	.144
sd2 maintain a friendly working relationship with subordinates	-.112	.701	.106	.029	.010	.017
sd4I listen receptively to subordinate's ideas and suggestions	.070	.655	-.237	.189	.052	.122
sd3I consult with subordinates when facing a problem	.040	.580	.324	.104	-.058	.067
sd18I make vague explanations of what is expected from subordinates	-.212	-.151	.817	.131	-.238	.175
sd17I ask subordinates for suggestions on what assignments to be made	-.088	.243	.771	.118	.230	-.010
sd12I ask for suggestions from subordinates on how to do assignments	.327	.176	.400	-.228	.098	-.393
sd20I behave in a manner that is thoughtful of subordinates personal needs	-.098	.124	.212	.846	.117	-.045
sd15I help subordinates overcome problems that stop them carrying out tasks	.128	-.050	-.019	.743	.057	-.151
sd7I act without consulting my subordinates	-.404	-.186	-.088	.083	.719	.180
sd8I do little thing to make it pleasant to be a member of a group	-.035	.129	.040	.101	.704	-.124
sd16I show that I have doubts about subordinates ability to meet those objectives	.221	-.445	.311	-.108	.543	.154
sd5I inform subordinates what needs to be done and how it is done	.119	.161	.064	-.149	.046	.836
sd6I let subordinates know what I expect them to perform well	.407	.304	.123	-.055	-.083	.588

The sample showed that majority of the SMEs were between 6-10 years in operation (28.4%), and the average number of years in operation is 10.5 years (*Mean*=10.5, *SD*= 6.3). The majority of companies employed between 21-50 full time employees (44.7%); followed

by 10-20 full time employees (19.2%). Companies with between 10-70 full time employees formed the majority of companies in this sample, totaling 72.9 percent of the total number of companies. The average number of full time employees was 53 employees ($Mean=53.3$, $SD=37.6$). Companies were characterized into several manufacturing types of companies. Companies from chemical/oil/gas/rubber/plastics industries formed the highest percentage, 22.8% of total number of companies in the sample, followed by other manufacturing types (20.5%), engineering and equipment industry (16.6%), packaging and paper (11.5%), metals (5.1%), food (5.1%) and herbal medicine (2.6%). This suggests that these companies' primary customers are industrial consumers. Table 2 shows the company profiles.

A total of 20 items were used to measure leadership styles of managers. From the results of the exploratory factor analysis, seventeen items are retained. All the variables in the table correlated with at least one other variable ($0.3 < r < 0.9$). In the EFA, the KMO value was 0.695, which is very good. The six factors explained 62.75% of the total variance. The factors were rotated by using Promax procedure. These first four items were re-labeled as Achievement Oriented (*AO*) leadership styles. All of these items had factor loadings of more than 0.6. The other four items were re-labeled as Relationship Oriented (*RO*) leadership styles. All of these items had factor loadings of more than 0.5. The next two items were re-labeled as Laissez Faire (*LF*) leadership styles. All of these items had factor loadings of more than 0.6. The next two items were re-labeled as Supportive (*S*) Leadership Styles and had factor loadings of more than 0.7. The next three items retained were re-labeled Autocratic (*AU*) Leadership Styles with factor loadings more than 0.5. The last two items were re-labeled as Task oriented (*TO*) Leadership Styles and had factor loadings of more than 0.5, as shown in Table 3.

In the factor analysis, the KMO value was 0.695, which is considered good. Six factors explained 62.75 of the total variances of the 20 items. The factor scores were saved and used for further analysis. The descriptive statistics for the major constructs are shown in Table 4.

Table 4
Descriptive Statistics for Leadership Styles

Leadership Styles (LS)	Mean	Std. Deviation
sd1 Task oriented (<i>TO</i>) LS	4.0769	.84928
sd2 Relationship (<i>RO</i>) LS	4.2564	.69199
sd3 Relationship Oriented (<i>RO</i>) LS	3.8974	.81527
sd4 Relationship Oriented (<i>RO</i>)LS	4.1282	.61070
sd5 Task oriented (<i>TO</i>) LS	4.2051	.70911
sd7 Autocratic (<i>AU</i>)LS	2.4744	.84859
sd8 Autocratic (<i>AU</i>) LS	3.2564	.87440
sd10 Achievement oriented (<i>A</i>) LS	3.8590	.84859
sd11 Relationship Oriented (<i>RO</i>) LS	4.0385	.81292
sd13 Achievement oriented (<i>A</i>) LS	4.3590	.64414
sd14 Achievement oriented (<i>A</i>) LS	3.9231	.71658
sd15 Supportive (<i>S</i>) LS	3.8462	.86905
sd16 Autocratic (<i>A</i>) LS	2.5641	.78276
sd17 Laissez –faire (<i>LF</i>) LS	3.1410	.84859
sd18 Laissez-faire (<i>LF</i>) LS	2.5385	1.06530
sd19 Achievement oriented (<i>A</i>)LS	3.6026	.79511
sd20 Supportive (<i>S</i>) LS	3.7436	.78021

(Note: All items used a 5-point Likert Scale with 1= Never and 5= Always)

A Pearson Correlation was done to show correlation between Leadership styles and Market Orientation as shown in Table 5.

Table 5
Correlation Analysis – Pearson Correlation Matrix

Market orientation	1	2	3	4	5	6
Achievement LS	.346**					
Relationship LS	.267*	.209				
Laissez Faire LS	.099	.065	.038			
Supportive LS	.328**	.436**	.106	.15		
Autocratic LS	.030	.000	-.121	.056	-.009	
Task oriented LS	.324**	.403**	.408**	.050	.054	.013
No of Items	4	4	2	2	3	2
Mean	3.935	4.080	2.839	3.794	2.765	4.192
Standard Deviation	.602	.492	.774	.690	.568	.640

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

* Correlation is significant at 0.05 (2-tailed)

A multiple regression analysis was done to investigate the relationships between the leadership styles and market orientation as shown in Table 6. In examining all hypothesized relationships, control variables of age, level of education, area of specialization, and number

of years working in the same organization were used as shown in Table 6. The findings show that control variables affected on leadership styles of managers. In formulating the Upper Echelon Theory, Hambrick and Mason (1984) attributed company performance to the background characteristics of top management. The managers in this study were in the older age group (*Mean* =44.3 years), were relatively well educated, and had been working for an average of 10 years (*Mean* =10.45 years) in their respective organizations; this may have been reflected in being supportive in their leadership styles.

Table 6

Results of Regression Analysis of Control Variables and Leadership Styles Predicting Market Orientation

Control Variables	Beta	t	Sig.	Beta	t	Sig.
Age	-0.28	-.191	.849	.025	.163	.871
Level of education	-.068	-.499	.620	-.074	-.577	.567
Area of Specialization	.010	.073	.942	-.075	-.599	.578
Number of years Working (with the same organization)	.128	.863	.392	.063	.441	.661
Leadership Styles						
Achievement (A)				.123	.827	.412
Relationship (RO)				.149	1.064	.292
Laissez Faire (LF)				.004	.030	.976
Supportive (S)				.348	2.526	.015*
Autocratic (AU)				.151	1.213	.231
Task (TO)				.136	.894	.376
R ²			.021			.277
R ² Change			.021			.256
F Value			.297			2.95*

*Note: n=78, *p<.05, **p<.01, Beta= standardized beta coefficient*

Table 6 shows that there is a positive relationship between supportive-oriented leadership and market orientation. Therefore, Hypothesis 1^a is supported. Supportive-oriented leadership styles have the highest predictive beta ($\beta=0.34$) on market orientation; however, other leadership styles in this study showed no significance with market oriented. Therefore, H1^b, H1^c, and H1^d are rejected.

Discussion

The findings show that supportive oriented leadership style of top managers had a significant relationship with market orientation. Hence, this supports the hypothesis which postulated that a leadership style characterized as non-directive and which allows input from subordinates will encourage the development of market orientation. Conversely, a leadership style that is directive and is designed to allocate tasks and procedures will impede market orientation development (Harris & Ogbonna, 1998). Leadership styles that are non-directive or whereby the leader's behavior is viewed as supportive-oriented (leaders are thoughtful and considerate of subordinates needs) will allow for continual improvement in performance of subordinates and will encourage the development of market orientation. From prior research, other leadership styles such as achievement, task-oriented, relationship-oriented, and autocratic leadership styles showed no significant relationship with market orientation. This may be because many owner-managers develop a paternalistic attitude toward their subordinates, or because professional top managers having relatively long tenure in one organization; hence, managers may tend to be supportive of their subordinates despite being driven by bottom-line profits.

Therefore, from an individual manager perspective, managers should develop a better understanding that leadership styles will affect market orientation in their organizations based on empirical verification. This supports similar research findings (Harris & Ogbonna, 1998). Given the result of positive associations between supportive-oriented leadership styles and market orientation, it is prudent to advise to managers to concentrate on developing or encouraging a more supportive-oriented style of leadership characterized by being more participative, receptive, and consultative to subordinates, as well as maintaining a friendly work atmosphere. Therefore, there should be a renewed managerial interest in leadership training as a potential contribution of leaders to organizational success. Harris and Ogbonna suggested leadership training can be achieved in a variety of ways and on a number of occasions. For example, during recruitment and induction, managers can be vetted for leadership skills and training needs. Leadership training can also be required for current managers. Awareness of the role of the leader and the effect of leadership styles provides a partial explanation of why the process of developing a marketing oriented culture proves to be elusive in some organizations and yet achievable in others. The findings of this study suggest a supportive-oriented style of leadership provides an appropriate environment in which market oriented culture can be implemented. An understanding of leadership styles is crucial to the ongoing process of market orientation development. From the literature on SMEs, the main issues confronting many SMEs have because of their small size and limited resources, SMEs are unable to compete effectively with larger competitors. Yet, research shows that the larger the organization, the more difficult it is to implement market orientation (Narver & Slater, 1990; Liu, 1995). Thus, top managers of small and medium scale enterprises have a clear opportunity to utilize the implementation of market orientation as a vehicle to pursue competitive advantage.

Limitations of the Study

This study has limitations, and the results should be interpreted accordingly. Firstly, the methodology employed was a major limitation. The sample of choice only focused on manufacturing SMEs in the list compiled by the National Productivity Corporation employing full time employees not exceeding 150 persons. The results should not be generalized for all manufacturing SMEs in Malaysia. Furthermore, the sample size of 78 limits generalizability as well; collecting more data would strengthen the findings of the research. The low response rate may be because the questionnaires were specifically addressed to top managers: chief executive office, owner and general managers, managing

directors, executive directors, or owner-managers. Many of these top managers may have been too busy with day-today operations to respond to the questionnaires. Many of the questionnaires were also returned unanswered because names of top managers in the respective companies were incorrect, as they had moved on.

Secondly, the present study focused only on manufacturing SMEs. Different results might have been obtained if the study had looked at non-manufacturing SMEs or large scale manufacturing enterprises. Thirdly, the current study only concentrated on four leadership styles of top managers related to market orientation. There are no interactive effects examined. Finally, owing to limited studies in the analysis of cross-domain effects, some of the proposed hypotheses were based on indirect literature. Further research is suggested on investigating other leadership theories in relation to market orientation. Consequently, a potentially fruitful avenue for future research could be the in-depth study of the impact of leaders' actions and attitudes on the development of market orientation. Finally, a longitudinal study is highly recommended if replication of this study is made due to the high probability of respondents changing their preferences in terms of their leadership styles. As a conclusion, this study examines leadership styles of top managers in relation to market orientation, providing some exploratory information and insights to help understand the extent of market orientation among manufacturing SMEs in Malaysia.

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