

The Role of Market Orientation Management Approach in Improving the Business Performance of Rural Enterprises in Henan, P. R. China

Introduction

Henan is a large agricultural area and one of the most populated provinces in China. Its cultivated area covers nearly 7 million hectares and makes up about 7% of the nation and it's agricultural population accounts for 85% of 91.72 million people in Henan. Such a huge amount of rural labour (almost 78 million people), consequently results in the problem of an excess of labour resource in rural areas.

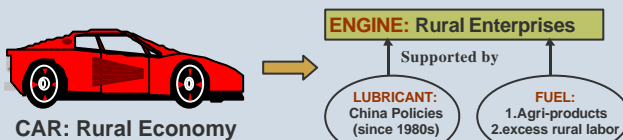


Rural Enterprise (RE) is defined here to refer to small town and village industries that are owned by townships, villages, private groups, or individuals in rural areas. As one of main sectors of agricultural industrialization, RE functions as the engine of rural economy, playing a very important role in the development of both rural economy and the whole provincial economy in Henan.

Market orientation is a term for an implementation of the marketing concept in a business organization, its purpose is to improve the delivered value to customers and hence the competitiveness of business through the organizational conduct of individual firms.

Why are the development of rural enterprises(RE) important to Henan ?

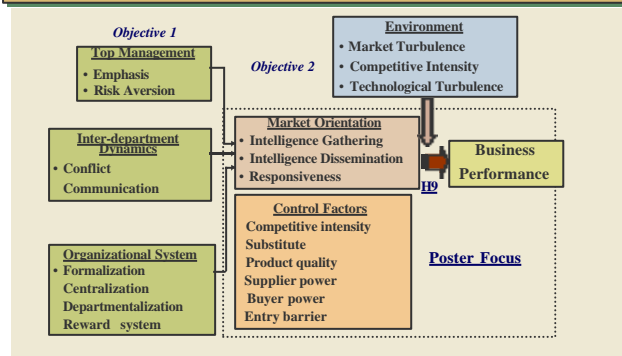
- Help resolve the problem of **excess labor resource**
- Function as a link between **agricultural products and market**
- Better **income equity**
- Improve the **quality of rural labor**



Objectives of MO Analysis

1. To identify major preconditions affecting the implementation of market oriented management in rural enterprises of Henan province.
2. To evaluate the effects of market orientation on business performance, and to exam the influences of the moderating factors based on empirical analysis. (By the space limitation of the poster, the first objective is not described here, only the second objective is placed importance and given detailed explanation).

Framework of Market Orientation Analysis



Market-orientation Culture in Business organization



Research Method

Data collection

- 1) Secondary data: refer published documents
- 2) Primary data
 - informal interview
 - questionnaire survey
- 3) Sample criteria:
 - Agri-based RE
 - Small or middle size



Data Analysis

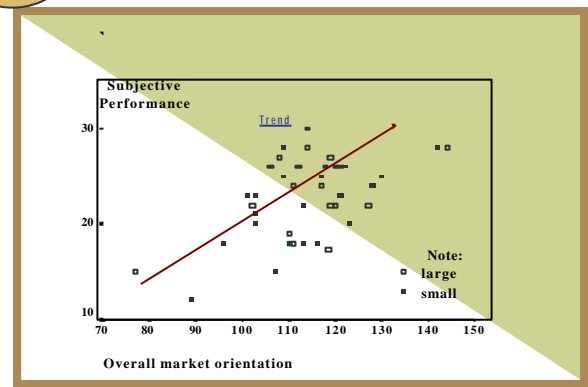
The greater the market orientation of an organization, the higher its business performance

$$Z = b_0 + b_1Y_1 + b_2X_1 + b_3X_2 + b_4X_3 + b_5X_4 + b_6X_5 + b_7X_6 + e$$

Z Subjective Business performance (sum value of 6 items' score)

Independent variables (7 factors)	Proposed sign
Y ₁ Overall market orientation, (sum value of 32-item score)	+
X ₁ Competitive intensity (sum value of 6 items' score)	+
X ₂ Substitute (sum value of 5 items' score)	-
X ₃ Product quality (sum value of 5 items' score)	+
X ₄ Supplier power (sum value of 4 items' score)	-
X ₅ Buyer power (sum value of 5 items' score)	-
X ₆ Entry barrier (sum value of 7 items' score)	?
+ Positive - Negative ? Unknown	

Market Orientation and Business Performance



Regression Results

		Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
Model		B	Std. Error	Beta			
1	(Constant)	6.673	8.528			.782	.441
	Overall market orientation	6.043E-02	.040	.174		1.510	.141
	Competitive intensity	.280	.106	.291		2.635	.011
	Pressure from substitutes	-.478	.200	-.424		-2.384	.021
	Product quality	.594	.331	.383		1.794	.081
	Supplier power	-6.731E-02	.221	-.054		-.304	.761
	Buyer power	.220	.232	.162		.948	.351
	Entry barrier	-.119	.104	-.130		-1.152	.251

^a. Dependent Variable: OBJPERFS

CONCLUSION

- Market orientation management plays an important role while the market competition is intensive.
- In the current stage, product quality is the crucial factor effecting REs' business performance.

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