

## CHAPTER 6

### SUMMARY AND CONCLUSION

In this chapter the author summarizes the findings and explicates the final conclusion, including the summary of findings, recommendation to individual RE business, and policy implication. Finally, the future study problems and suggestions are mentioned.

#### 6.1 Summary of the Findings

The development of rural enterprises is one of the main aspects that make the Chinese rural economy prosperous in the past 18 years. It is apparent that the establishment of rural enterprises was very rapid throughout the country during the last decade. However, the present development of REs confronts an imperative problem --- business management. To find an effective management method to solve this problem, and also to investigate status quo of today's RE management, this paper conduct the analysis of market orientation management in rural enterprises. A sample of 41 observations was collected in Henan province where the RE development is at the comparatively high level among the provinces in China.

To identify the preconditions that may affect the implementation of market orientation management in rural enterprises, a set of linear regression equations were constructed and analyzed.

The regression results showed that *reward system orientation*, *organizational centralization*, and *organizational departmentalization* (refer to Chapter 2, section 2.1 Definitions of key terms and variables for their definitions) are the three preconditions

affecting the implementation of market orientation management in RE business.

As for the tests of the eight hypotheses, the regression results show that:

For hypothesis 1: the factor *top management emphasis on market orientation* only affect *market intelligence generation*. As for on *intelligence dissemination*, and on *responsiveness of the organization* of the RE, it has no significant effect.

For hypothesis 2: the regression results reject this hypothesis. That means *risk aversion of top management* has no direct effects on *market orientation management* in terms of *market intelligence generation*, *market intelligence dissemination*, and *responsiveness of the organization*.

For hypothesis 3 and 4: the regression results reject these two hypotheses. That means *interdepartmental conflict* and *interdepartmental connectedness* have no direct effects on *market orientation management* in terms of *market intelligence dissemination* and *responsiveness of the organization*.

For hypothesis 5: *organizational formalization* does have a positive effectiveness on *market intelligence dissemination*, just reverse to the hypothesized effectiveness that is negative. But it does not affect *intelligence generation*, *response design*, and *response implementation*.

For hypothesis 6 and 7: *organizational centralization* and *organizational departmentalization* affect the *responsiveness of the organization* positively as the hypothesized, but they affect neither *market intelligence generation* nor *intelligence dissemination*

For hypothesis 8: *reward system orientation* is the key factor, which affect the implementation of market orientation management, in terms of *market intelligence generation, market intelligence dissemination, and responsiveness of the organization.*

For hypothesis 9, the *pressure from substitute, product quality, competitive intensity* and *overall market orientation* are respectively the four significant factors that affect the business performance of individual rural enterprise. The further analysis indicated that in present RE development stage *product quality* is the most important factor. The more intensive the market competition, the more significant the effect of *market orientation management* on the REs' business performance.

To examine the influences of the moderating factors based on empirical analysis, hypothesis 10, 11, and 12 were tested.

The result supports the hypothesized moderating effect of *competitive intensity* (hypothesis 11) on *the relationship between a market orientation and business performance*, but do not support the moderating effects of *market turbulence* (hypothesis 10) and *technological turbulence* (hypothesis 12).

## **6.2 Conclusion**

According to the findings presented in the previous section, this section presents the conclusion, which includes two main points. Firstly, to summarize some managerial implications for those persons who are at the management levels in individual rural enterprises to assist them in the process of implementing market orientation management. Secondly, to bring forward some discussions about the policy directions to the policy-makers to encourage the implementation of the market orientation management in rural enterprises as well as to improve the efficiency of RE business.

### **6.2.1 Managerial implications about how to improve market orientation management in rural enterprises**

The purpose of this study was to empirically test several hypotheses advanced in the former chapters regarding preconditions and consequences of a market orientation. The findings of the study suggest that the market orientation of a rural enterprise business is an important determinant of its business performance. Thus, it appears that managers should strive to improve the market orientation management of their rural enterprises in their efforts to attain higher business performance.

This paper previously tested the first eight hypotheses in order to fulfill objective 1: to identify some preconditions that may affect the implementation of market orientation management in rural enterprises of Henan province. The findings showed that at least five preconditions, which are all the interior factors of a business organization, could improve the efficiency of market orientation management.

The first, *top management emphasis on market orientation* is significantly

helpful to *market intelligence generation*, the first component of *market orientation management*. Since market orientation appears to be facilitated by the amount of emphasis top managers place on market orientation through continual reminders to employees that it is critical for them to be sensitive and responsive to market development.

The second, *organizational formalization* is significantly useful to *market intelligence dissemination*, the second component of *market orientation management*. The reason may be that in the present stage of the organizational development of the rural enterprises, a formal organization could efficiently disseminate the market information through a formally organized approach, such as periodical meeting and conference in the business unit of a rural enterprise.

The third, *organizational centralization*, and the fourth, *organizational departmentalization* are beneficial to the *responsiveness of organization*. It is apparently that in a RE organization, the more centralized and departmentalized, the more effective and more efficient the conduct of responsiveness to the market changes.

The fifth, *reward system orientation* is exceedingly important in engendering market orientation management. It is significant on all the three components of market orientation management, *market intelligence generation*, *market intelligence dissemination*, and *responsiveness of organization*.

In all, for a rural enterprise manager, who intends to improve the business performance through market orientation management, should pay attention to the following three aspects in the business:

- 1) Intensify the top management emphasis on market orientation management;
- 2) Attach importance to the organizational construction, to formalize, centralize, and departmentalize the business organization;
- 3) Build up a market-oriented reward system.

### **6.2.2 Policy implication about how to encourage the implementation of market orientation management in rural enterprises**

From the regression result on hypothesis 11, it was tested that *the greater the competitive intensity, the stronger the relationship between a market orientation and business performance.*

For the policy-makers, this finding is meaningful. The government should make contribution to market development to propel the competition among the rural enterprises. In fact, nowadays the government had already issued some new policies and laws in the aim of intensify the market competition. It can be foreseen that the policies' impacts on improving the rural enterprises' business performance will appear in the coming future.

### **6.3 Problem and Research Direction**

There appear to be several areas in need of further research. Perhaps the most important related to an assessment of the impact of market orientation management on RE business performance. Although the results of this study provided support for the relationship between market orientation and a subjective measure of business performance, it is failed to test the relationship by using objective measure. In this regard, it is important to note that business performance is a multi-dimensional construct and may be characterized in a number of ways, including effectiveness,

efficiency, and adaptability. Therefore it would be useful to explore the complexities of the relationship between market orientation and various dimension

Second, it is possible to argue that certain variables, such as *interdepartmental conflict*, modeled in this study as preconditions of market orientation management, can also be treated as consequences of market orientation. It would be useful to conduct studies to assess the size and direction of the relationship between *interdepartmental conflict* and *market orientation*. In a similar vein, it appears likely that the environmental variables modeled in this study as moderators acting to increase or decrease the importance of market orientation for business performance.

In this study, the evaluation of the preconditions and consequences of market orientation management is simply tested by the linear regression analysis, and the total sample size is only 42, which is comparatively smaller to present the Henan province, therefore the results of the analysis must be interpreted with caution..

From a methodological standpoint, data in this study were obtained from senior employees in management level in each of the rural enterprises. It would be useful to obtain a broader sample of managers and perhaps the workers in rural enterprises in future studies. This would minimize any potential bias in the data resulting from the level of the informants.

Finally, this study employs a cross-sectional analysis of various rural enterprises. While providing important insights into the determinants of market orientation, it does not shed much light on the change processes involved in improving market orientation management. For example, a relatively low level of market orientation may in fact lead managers to alter certain preconditions such as reward systems which, in turn, lead to a higher level of market orientation. In this

regard, it would be useful to conduct in-depth studies of a few RE organizations engaged in the change process so as to better understand the factors that influence the initiation and implementation of change efforts directed at improving the market orientation management of a rural enterprise.

Although there are some problems and weaknesses remained in the present study, it is hoped that it could provide a better understanding of the preconditions and consequences of market orientation management, and serve as a model for further research on a similar topic in the future.