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The Role of Market-Orientation on the Financial Statements of Insurance Companies
(Case Study: Representations of Tehran Asia Insurance)

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ABSTRACT

The present study examines the relationship between market-orientation and its indices on the financial statements (and indices) in Tehran's Asian Insurance companies. The results showed that direct and inverse relationships can be seen between customer-orientation, competitor-orientation and coordination of performance as market-orientation with market share, sales volume and profitability of a company's financial statements as indices. Therefore, it is recommended to companies to reinforce indices such as customer-orientation and coordination of performance that are positively correlated with all indices of financial statements in order to increase the financial statements.

KEYWORDS

Competitor-Orientation, Customer-Orientation, Insurance, Market-Orientation, Performance of Company

INTRODUCTION

Current companies and institutes' success depends on understanding the customers and competitor and other effective factors on market through market-orientation. Customers' demands and wants always are changing and only by recognizing these changes, the company can be successful. On the other, competitors are looking for more customers and to achieving it; they try as hard as they can. Also changes on situation of market and rules governed like changes in technology, rules, etc. have effects on institutes' succeed in a market and recognizing and prediction of these factors and even presenting suitable strategies against them, will play a key role in organization' succeed. On the other hand, it is essential to note that the evaluation of the performance of business units in terms of market-orientation is necessary as an essential step to survive and succeed in competitive markets.

Market-orientation can be accounted as an instrument for acquisition of competitive advantage for organizations' managers. Market-orientation is the organizational culture that more effectively and efficiently provides essential behaviors in order to creating value for customers, and following that provides higher performance for business. Business performance is also as a part of the organization's effectiveness that consists of financial and market indices.

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Market-orientation theorists such as Narver and Slater (1990) believe that the root of market-orientation itself is in market concept and has impacts on the commercial overall strategy. Market-orientation concept focuses on customer-orientation, competitor-orientation, innovation and interest for creating motivation for persuasive customers. Different researchers have acceptably imposed the market-orientation widely and named it as an implementation of marketing concept (Buzzel et al., 1975; Appiah Adu, 1997; Baker et al., 1999; Hooley et al., 2003; Shaw-Ching Liu et al., 2007; Carmen, 2007; Augusto et al., 2009; Divan Dari et al., 2009; Vahab Zadeh et al., 2011; Por, 2012).

Today, finding the ways and strategies that are able to create, increase in market share, profitability and growth, is the biggest concern of these companies. Therefore, investigation and study on the factors that can influence on the mentioned elements in a company, and caused to find appropriate solutions, seems essential. So, this study seeks to answer the following basic question.

WHAT KIND OF RELATION IS THERE BETWEEN MARKET-ORIENTATION AND PERFORMANCE OF INSURANCE COMPANIES?

According Narver and Slater (1990), the market-orientation is the heart of management and modern marketing strategy and business that increase market-orientation, will improve its market performance. Market-orientation consists of three components: customer-orientation, competitor-orientation and coordination between duties that this study has considered these three parts and the effect of each on organization performance.

Customer-orientation means that an organization is successful that appropriately and in the best way satisfies perceptions, wants and needs of the target market through design, communications, timely delivering, effective cost and competitive proposals. Competitor-orientation means that a company identifies its actual and potential competitors' services, short-term strengths and weaknesses, key abilities and long-term strategies. According Narver (1990) and Porter (1980) coordination between duties means the coordinate use of company's resources to create superior value to target customers and is based on obtained information from customers and competitors.

These days, companies that present services such as insurance companies pay attention to marketing and its principles and regarding a very close competition with other competitors seek to improve their performance and profitability of the market.

Thus, in this study has been examined the role of market-orientation with three indices of Customer-orientation, competitor-orientation and coordination between duties on the performance of insurance companies focusing on Asia insurance.

Literature and researches have shown that there is a relationship between market-orientation and its indices and the financial statements of the different institutions. In this context Subramanian et al. (2010) in a study, investigated the relationship between market-orientation and business performance in one hundred and fifty nine hospitals with intensive care in America. The results of this investigation presented a positive relationship between market-orientation and business performance in the hospitals. Bell et al. (2005) have found some empirical evidence in the support of this finding. Economic performance refers to interest, income, decreasing cost and profitability for company whether directly or indirectly is related to company's relational strategy. Habibi (2012) in his doctoral thesis has studied on designing a comprehensive model of the impact of market-orientation on performance of business units focused on firms. In the research, uncertainty, environmental perceptual variables, risk, senior management, market-orientation strategy, construction organizational structure, strategic orientation, performance of the business units has been evaluated.

The results show that there is a significant relationship between the uncertainty, perceptual environmental variables, organizational structure, senior management and market-orientation strategy. There is a significant relationship between Market-orientation strategy with performance of the business units, senior management risk with organizational structure and organizational structure with