

**THE EFFECTS OF MARKET ORIENTATION ON BUSINESS
PERFORMANCE: THE MEDIATING ROLE OF INTERNAL
COMMUNICATION. CASE STUDY OF VODAFONE GHANA.**

KNUST

BY

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DECLARATION

I hereby declare that this submission is my own work towards the MPhil and that , to the best of my knowledge, it contains no material previously published by another person, nor material which has been accepted for the award of any other degree of the University, except where due acknowledge has been made in the text.

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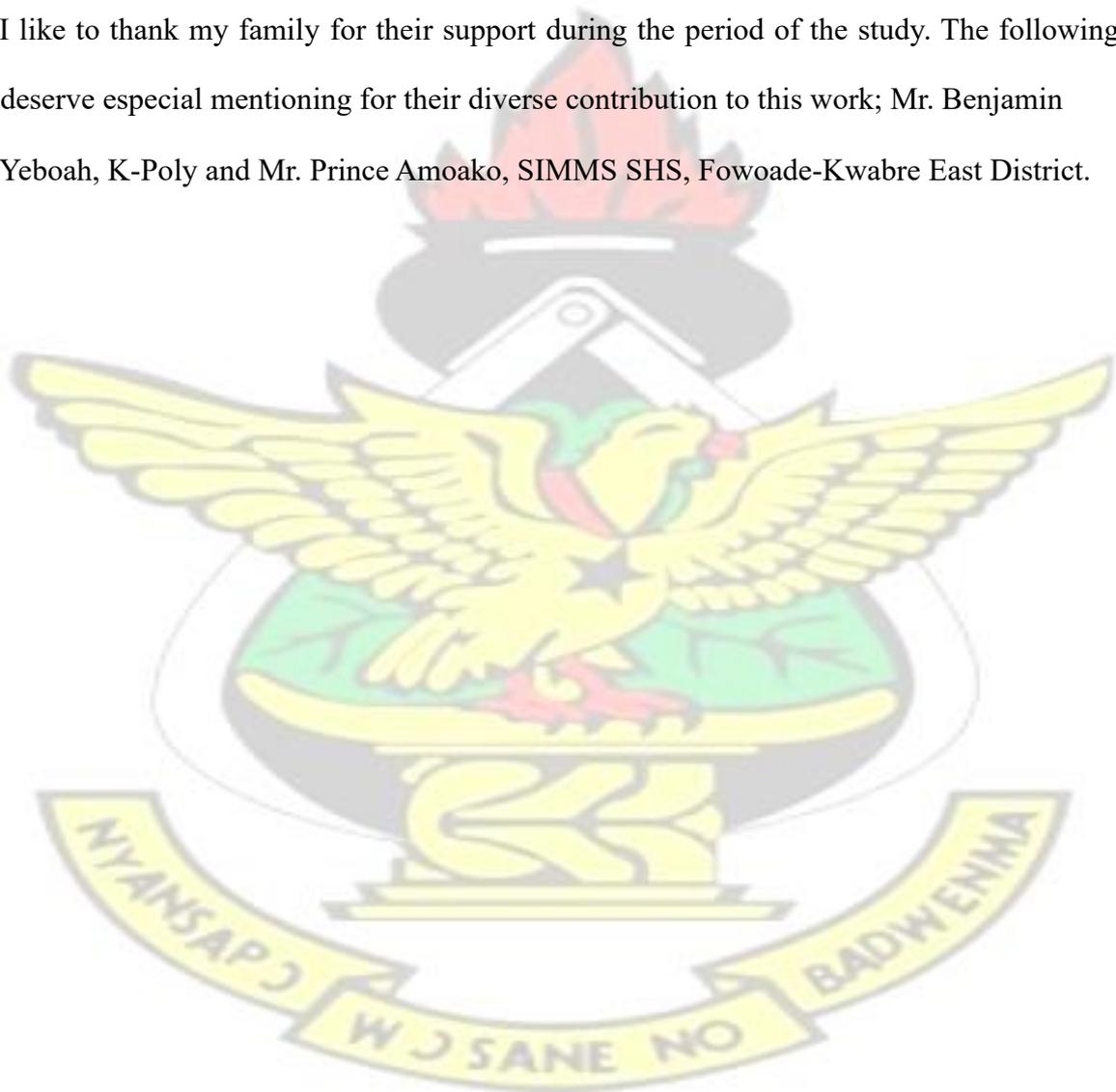
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ABSTRACT

Market orientation has gained the attention of many researchers in the marketing field after the seminal work of Narver and Slater, and Kholi and Jarworski instituted by Marketing Science Institute. Many of the research have established a positive relationship between market orientation and company performance in many industries across continents. This thesis adopted the market orientation scale developed by Narver and Slater to investigate the mediating role of internal communication in the market orientation and performance relationship of Vodafone Ghana. Vodafone Ghana still remains a weak number two player in the telecommunication sector in spite of its adoption of market orientation strategy and implemented a robust internal communication plan according to National Communication 2014 report. The opinions of 95 managers were involved in the study by use of purposive and proportional sampling method via the questionnaire administration by E-mail across the country. A combination of correlational and regression analyses were used to study the relationship and impact of market orientation on performance. The study found out that there is a significant relationship between market orientation and business performance ($R=0.418$; $p<0.01$). Internal communication was found to partially mediate the relationship between market orientation and business performance. It was recommended that management of Vodafone Ghana examine other factor that could impact on performance. Again the company could consider review of its internal communication strategy as a way of improving business performance. In deed in a highly competitive market the key drivers of success is the speed with which market intelligence is shared across department and built into all processes and offerings to the target market.

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CHAPTER ONE

INTRODUCTION

1.0 Background of the study

The services subsector has seen tremendous growth over the years in Ghana contributing 49.1% of gross domestic product, and the telecommunication sector accounts for more than 12.1% of this growth (Ghana News Agency, March 2005). The growth in part is attributable to the changes that occurred in the sector as a result of the liberalisation of the sector in the early part of 1980s. The intense competition that came about as a result of the many operators rushing to acquire licences has led to an improvement in the service quality and fall in prices for telecommunication services (National Communication Authority, 2014). The combined effect is the dwindling of revenues and increasing demand for more and quality services by customers.

In Ghana there are six network operators namely MTN with market share of 45.63 %, Vodafone with 21.97 %, Tigo with 14.28% Airtel with 12.35 % Glo with 5.17 % and Expresso with 0.59 % (NCA, 2014). These companies have adopted varied strategies in order to improve their market performance (market share).

For many years the assertion that the businesses that adopt market orientation improve on their performance has been made by both academicians and marketing managers (Webster 1988; Kotler and Andreasen, 1987).

Market orientation as an antecedent of greater and better performance has been researched across many industries and regional locations for example in medium scale enterprises in countries like Spain (Bigne and Blesa 2003). The same conclusions were arrived at in bigger corporations in Japan (Deshpande, Farley and Webster 1993) and in USA some strategic business units (Narver and Slater 1990). Market oriented firms have been found to respond better to their external environment and therefore offer superior value to the

customers. These firms put strategies that give an edge in the competitive environment. The positive relationship that exists between market oriented firms and their overall performance across many industries and economies having been established would be investigated in the Ghanaian context and in the telecom sector in particular. Such research has been done in the Ghanaian environment in many industries. The work by Akomea and Yeboah (2011) in the pharmaceutical industry is an example. This thesis will look at the relationship between market orientation and business performance in the Telecommunication sector in Ghana with internal communication playing a mediating role.

Companies have focused their communication strategies mainly toward the external customers with little attention on the internal customer; this trend is gradually changing with the realisation of the critical role of employees to the success of company strategy. Amongst the recent studies on linkage between employee job satisfaction and organisational superior performance is the one by Yoon *et al* 2001. This study has demonstrated a strong relationship between the two constructs. Customer perception of service quality has also been linked to employee job satisfaction by many other studies (Snipes, L.*et al* 2005). The expectation is that satisfied employees deliver superior customer service. The combined effect is the improved customer confidence, creation of large pool of loyal customers which ultimately lead to growth in revenue and improved competitive position of the firm (Halil&Cem, 2010).Herein lays the indirect relationship between market orientation behaviour and employee job satisfaction and product quality. (Zhou, Kevin Zheng, *et al.* 2008). The above analyses under pin the concept of market orientation which has gain so much attention recently. Internal communication becomes critical as it serves as the oil within the organisation to help drive the market orientation strategy via the company's employees. The focus of this thesis was to mediate the

relationship between market orientation and firm performance with internal communication using Vodafone as a case study.

1.2 Problem statement

Market orientation of a business has been strongly linked to superior performance in a highly competitive industry (Akomea and Yeboah 2011, Narver *et al* 2004, Slater and Narver 1994), The telecommunication sector in Ghana is highly competitive and Vodafone Ghana has found itself in such an industry and has adopted the market oriented approach in order to improve its performance in terms of increased market share and growth in sales and competitiveness. Then also Vodafone has rigorously implemented an internal communication strategy throughout all its operating companies (Vodafone Annual Report, 2013) this strategy stresses the importance of regular, consistent and open communication, these are seen as fundamental to high levels of employee engagement. Vodafone Ghana in spite of its adoption of market orientation strategy and implemented a robust internal communication plan according to National Communication 2014 report still remains a weak number two player in the telecommunication sector. In the light of the above situation of the company this work seeks to investigate market orientation practices and performance relationship of Vodafone Ghana then mediate it with internal communication. The company launched an online social network called the Vodafone circle to encourage intra-organisational harmony and fun in the work place which improves on staff engagement. Also the concept serves as a platform to share new ideas within the telecommunication industry and beyond. Against this background that the thesis seeks to investigate the effects of market orientation on business performance and mediate it with internal communication with Vodafone as a case study.

1.3 Objectives of the Study

1. To determine the influence of market orientation on internal communication of Vodafone Ghana.
2. To investigate the influence of internal communication on business performance of Vodafone Ghana.
3. To assess the effects of market orientation on business performance of Vodafone Ghana.
4. To determine the mediating role of internal communication on market orientation and business link within Vodafone Ghana

1.4 Justification of the Research

The relationship between market orientation of a firm and its performance has been studied in many sectors across continents; researchers have been able to establish a positive relationship between the two (Linus, 2006; Kalla, 2005; Ruekert 1992; Narver and Slater 1990). However none of these studies have focused on the telecom sector in Africa and for that matter Ghana. Again there has not been an attempt to empirically mediate the relationship with internal communication to further offer a robust model for such a study. Although research abound in the area of mediated outcome of internal communication and staff engagement on organisational performance, this research throws further light on the importance of internal communication on staff engagement and hence performance in the telecom sector of Ghana. The telecom service sector has become very competitive over the past four years and it is becoming evident that the people factor will be a critical differentiator for superior performance. This research will contribute to the body of knowledge that stresses the important role staff play in service organisation in general and for Ghanaian telecommunication sector. The work will benefit the management of Vodafone Ghana by given them the first hand information on the market oriented practices

adopted and its effect on company business performance. More so the staff would come up with suggestions that would help in the refinement of the internal communication strategy so the company could benefit from the outcomes of effective internal communication and how it links to performance in general.

1.5 Scope of the Study

The study was conducted in Vodafone Ghana and covered all the ten regions of Ghana. However it focused on managers in the company since they had in-depth understanding of issues under consideration. The issues were market orientation with focused on customer orientation, competitor orientation and inter-functional coordination, internal communication and business performance.

1.6 Overview of research methodology

The study purposively selected managers of Vodafone Ghana in all regions of Ghana and distributed structured questionnaire to them through e-mail. The response rate was 71.97%.

The MKTOR measuring scale of Narver and Slater (1993) was adopted to assess the market orientation practices of Vodafone. Market orientation consists of 14 items and broken down into customer orientation (6 items), competitor orientation (4 items), and inter functional coordination (4 items) using a five-point Likert scale. To measure internal communication, the IABC questionnaire (Grunig *et al.*, 2002) was modified and used by applying the five point Likert scale. Internal communication section contained 16 items with responses from strongly disagree (1) to strongly agree (5). Performance had 3 items with responses ranging from strongly disagree (1) to strongly agree (5).

Cronbach's Alpha test of reliability showed that all items on the questions were significantly reliable with alpha values exceeding 0.7. An exploratory factor analysis was used to select items that measure the constructs the work is considering.

Pearson's correlation coefficient was used to analyse relationships between the variables while linear regression was used to measure the impact of market orientation on business performance. The Sobel test was performed to confirm mediation of internal communication in the market orientation and business performance relationship within Vodafone Ghana.

1.7 Organisation of the Study

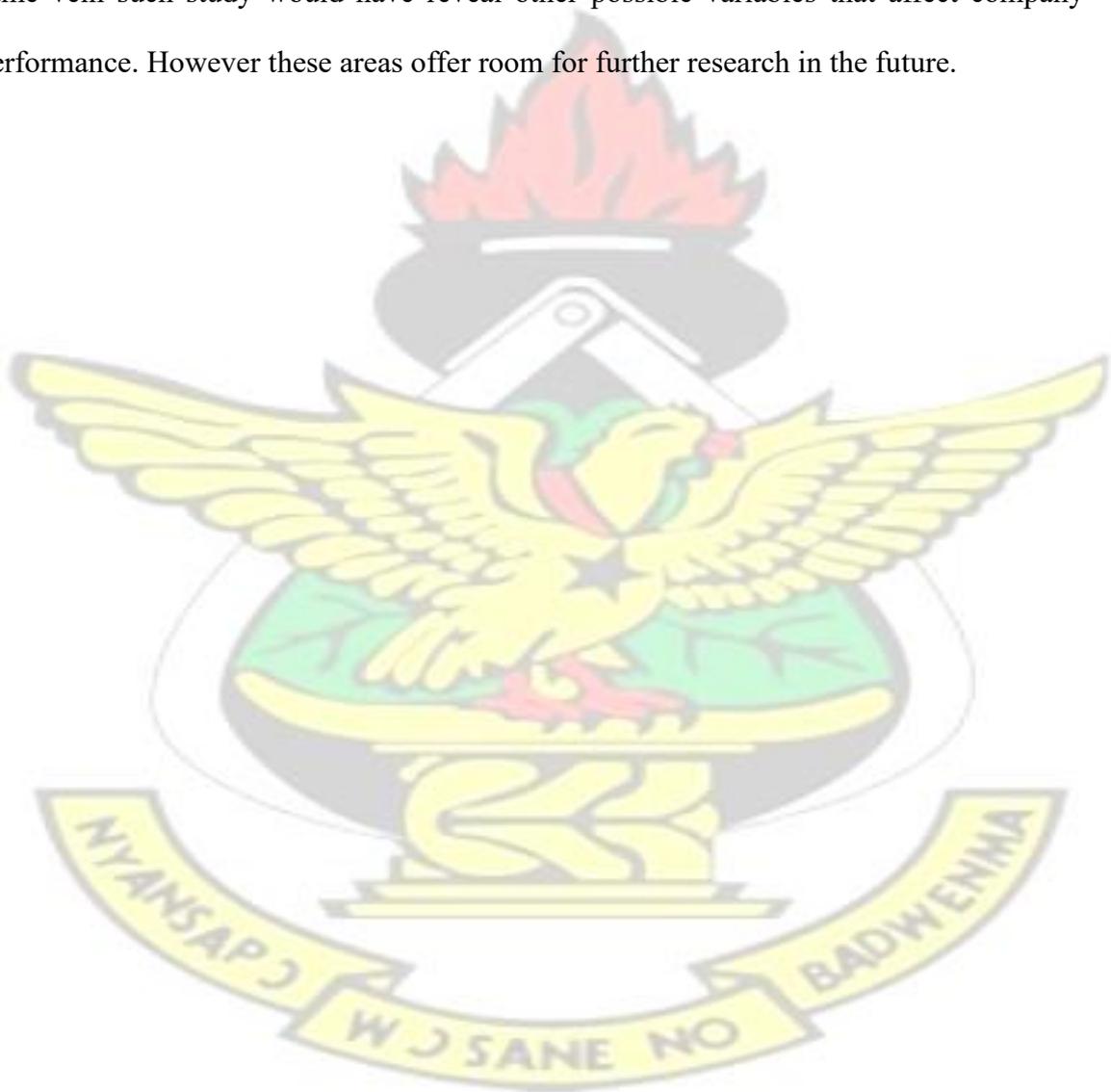
The work is organised into five chapters, chapter one presents the general introductions, problem statement, objectives and research questions. Chapter two outlines a review of literature relating to the subject matter of the thesis. Sources of such information included library search, online resources, Vodafone annual reports and books. Chapter three spelt out the research methodology used to gather, analyse and present information from both primary and secondary sources, while chapter four deals with the presentation of data and analysis. Chapter five handles the conclusions and recommendations and direction for further research in the subject area.

1.8 Limitation of the Study

To give stronger measure of performance of the organisation, measures like financial measure (profitability, return on assets or return on investment) or shareholder return should have been used (John *et al* 2010). However the lack of access to such reports of the company of study, the research used business performance based on perception of managers. This is one of the limitations of the work. John *et al* (2010) however added that

depending on the purpose of the report a suitable measure of company performance may be used. Managers by virtue of their position had clear picture of market performance of Vodafone, hence their responses on market would be reliable.

Another limitation of the study is the inability to do a comparison of the level of market orientation of the telecommunication companies in the sector. That would have thrown more light on the effect of level of market orientation on company performance. In the same vein such study would have reveal other possible variables that affect company performance. However these areas offer room for further research in the future.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The primary objective of this review was to put together current publications on market orientation and business performance. The mediating role of internal communication is explored to establish the degree to which it impacts on the relationship between marketing orientation and business performance. These reviews provide insight into the various business orientations with emphasis on market orientation and how its implementation improves performance in highly competitive industries like the telecom sector in Ghana. Again the systematic review of the mediating role of internal communication brings to the fore how internal communication creates engaged employees who are willing to go the extra mile to offer stellar service to the customer thereby improving the performance of the organisation.

An interdisciplinary approach was used to gather literature from various fields including management, human resource, marketing, psychology and business. Annual reports from National communications Authority and Vodafone Plc UK were also used for the review. A theoretical framework was developed at the end of the review to guide the research.

2.2 Market orientation

Eisenhardt and Martin (2000) have defined the concept of market orientation as a dynamic capability of the firm to integrate or combine organisational resources and capabilities. Craig *et al* (2013), in their study of the link between market orientation and new product development and performance in export venture defined market orientation as organisation wide development of market intelligence, dissemination of intelligence across departments and organisation wide responsiveness to it. The seminal work of Narver and Slater (1990)

contributed greatly to the growth of interest in research into the concept of market orientation. Their work on competitive advantage led to development of a measuring scale for the concept. They concluded that the concept of market orientation has three behavioural components that is customer, competitor orientations and inter functional coordination. This thesis is based on the construct of Narver and Slater (1990) and the measuring scale developed was used to assess the level of market orientation of Vodafone Ghana.

There has been plethora of research and empirical evidence on the concept of market orientation. (Hunt and Morgan, 1995; Baker and Sinkula, 1999, 2005, Akomea and Yeboah 2011).

Following from the outcome of earlier empirical evidence of market orientation and performance link, researchers are considering means and barriers to the development for marketing orientation (Ruekert, 1992). Credit has been given to these body of research for their insightful nature however they failed to consider the differences in performance of organisations arising from their different strategic paths (Snow & Hrebiniak, 1980) Consequently other researchers have considered the relative emphasizes that organisation place on the different components of marketing orientation in order to align strategy and its internal processes (Miller & Friesen, 1986) which they believed could have a strong influence on the market orientation performance relationship.

Hunt and Morgan (1995) have considered the concept of market orientation as an intangible resource. They related this resource to how competitive advantage could be gained by making use of information on customers, competitor and response to them. Market orientation could be seen as knowledge-producing behaviour from the behavioural angle (Baker and Sinkula, 1999, 2005)

Another set of researchers has considered market orientation as embodied in the culture of an organisation. Therefore organisations which have such culture could gain competitive advantage by applying the concept as performance norm (Hunt and Morgan, 1995; Baker and Sinkula, 1999, 2005)

These three key suppositions on the concept of marketing orientation establish a potential positive relationship between market orientation and organisational performance. That three various components of the market concept that is customer orientation, competitor orientation, and inter-functional coordination could be seen broadly as part of the culture of the organisation. Therefore they could be looked at separately or jointly to analyse the relationship between market orientation and organisational performance. The independent and the dependant variables for the framework is therefore established as shown in figure 2.1.

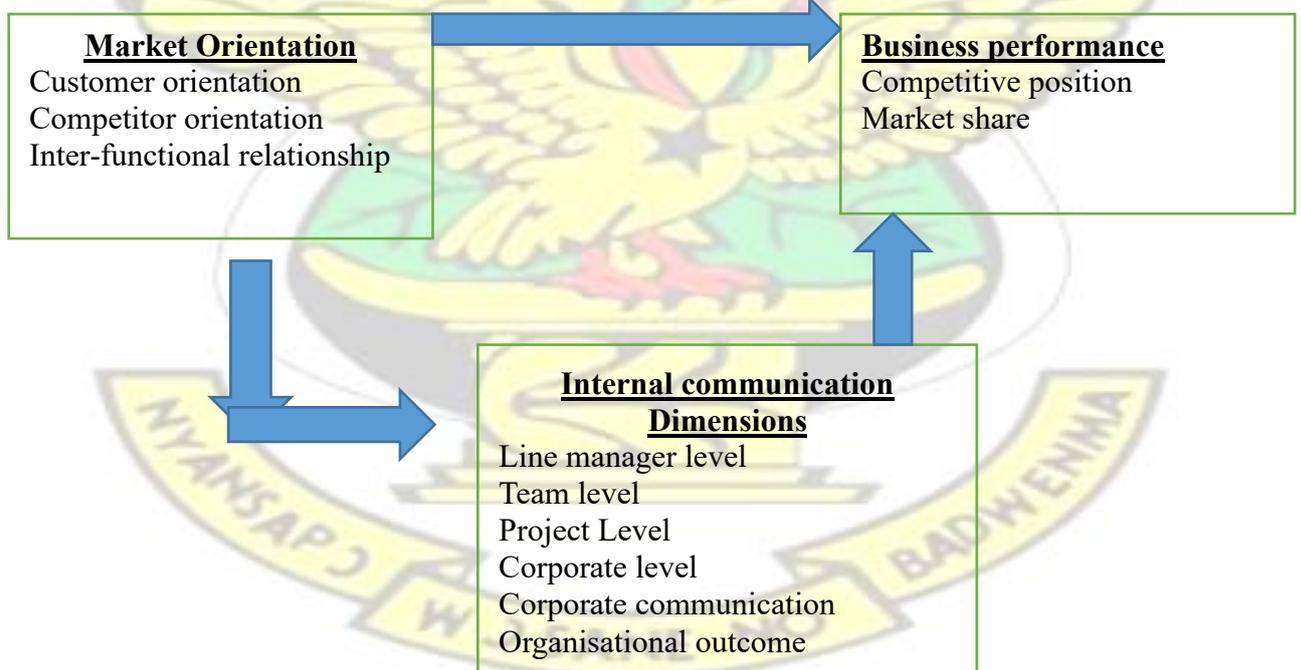


Figure 2.1 Conceptual framework for the study; Source: Author's Own Construct (2015)

2.2.1 The deconstruction of the market orientation concept

The concept of market orientation as presented by Slater and Narver (2000) after their initial seminal work sponsored by MSI in 1990 is the focus of this discussion and in that work they focused on the beliefs and values of the market oriented approach. According to them the beliefs and values encourages continuous cross functional learning about the latent and current needs of customers, then competitors competencies, capabilities and strategies, and how the organisation cross functionally coordinate action to create and exploit the learning.

Those firms that really understand market and respond to various needs of customers in that way are described as market oriented firms. The operationalization of the marketing concept is the root of market orientation. The insights that are gained from the market when they are embedded in the decision of the firm would project the firm as market oriented. Respecting business partners (customers, competitors, and internal tasks) and all of those who affect upon performance, market orientation become a base of organizational behaviours (Birchall and Tavstiga, 2005).

2.2.2 Customer Orientation

Matsuno *et al.*, 2003, in their definition of the concept of market orientation have attempted to do so by defining the three critical components of the concept. They defined customer orientation as the organisation wide generation of market intelligence pertaining to current and future needs of customers and how this is disseminated into the organisation to guide all of its decisions. Maintaining customers can have clear and positive effect upon firms' profitability. Focus on customers (or customer orientation) is associated with the competitiveness of the environment in which organizations operate (Tanja and Jurij, 2014) Again embodied in the customer focus is appreciation of needs and satisfying them as well

as reducing perceived sacrifices involved in the acquisition and use of company products and services. (Tanja and Jurij, 2014). Easy accessibility of information by customers and flexibility in dealing with them has been suggested by Homburg (1998) as some of the dimensions that firms should interact with the customers. The customer therefore becomes the focus of the firm. All actions would be geared toward meeting the demands of the customer, which is generated from marketing intelligence conducted to guide such a decision. The company that puts the customer in focus in all decisions would be able to respond to changes in customer preferences and taste which will in the long run build a large number of loyal customers for the company. The main aim of a customer oriented organisation is gain loyalty of customers by offering superior value to the customer continuously (Hasanzadeh and Ghadiri, 2010). The company that is customer oriented continuously try to understand the whole purchaser value chain (Tanjaand Jurij, 2014).

2.2.3 Competitor Orientation

The gathering of information on competitors and the use of same for the decisions of the firm has been identified as a key to the success of the firm. Competitor orientation has been studied to be the analysis of short term weakness and long term strategies and capabilities of competitors (Ali *et al* 2014). They were of the view that the competitor oriented firm would not consider only the current competitors but rather future key competitors.

Birgelen, Ruyer and Wetzels (2003) in their work to consider the link between competitor orientation and customer orientation posit that when a firm has a prior good knowledge of the customer satisfaction drivers and embody them in their market intelligence activities they will be more inclined to set customer oriented priorities.

Competitor orientation and customer orientation appeared as components of the early studies of market orientation under which the relationship between the two components and organisational performance were also established (Dawes 2000). However this study established a higher correlation between competitor orientation and company performance than customer orientation.

Significance of competitor orientation lies in the fact that the application of such an orientation creates a stable competitive advantage and offers stable value for customers according to Ali *et al* 2014.

2.2.4 Inter functional coordination

Inter-functional coordination Peng and George (2011) in their study of inter functional coordination in the hotel industry is defined as the communication and sharing of information and resources, and integration and collaboration of different functional areas/departments. The key role inter functional coordination plays in delivering excellent health service was identified by the research work and concluded that, besides the understanding of customer and competitor information, marketing requires interdepartmental cooperation and sharing of information and resources.

Inter functional coordination in the earlier work of the famous Narver and Slater (1990) was defined as the coordinated utilization of company resources in creating superior value for target customers (Narver & Slater, 1990). In their seminal work identified inter functional coordination as one of the components of market orientation. The assessment of the extent to which a company is market oriented is influence very much by the level of inter-functional coordination. Companies that were delivery stellar service were seen to have stronger inter functional coordination.

Tay & Tay (2007) referred to inter-functional coordination as the degree of co-operation between the different functions/departments within the organization. There is no organisation that could deliver its objectives without effective inter-functional coordination they stressed. In their research it was established that functions though have their different roles to play but they are eventually to deliver the expected value to the customer.

Auh & Menguc (2005) viewed inter-functional coordination as “a key form of internal social capital” and described inter-functional coordination as the ability of different functional areas to accommodate disparate views and work around conflicting perspectives and mental models. It is possible for conflicts to arise in the performance of the individual functions but they stressed the need to cooperate to benefits from the entire human capital that the organisation possesses to the benefit of the customer.

The various functional areas of the company play critical role in delivering value to the customer, however there are chances of conflict which arise from the process of delivering value to the customer. Inter-functional coordination is useful in order to make a correct understanding of the needs and wishes of the customer and planning to overcome competition (Mohammad *et al* 2013).

2.3 Factors that influence market orientation

2.3.1 Internal Factors

There are two set of factors that influence the market orientation. The first set is the internal is made up of the following: opinion of top management, organizational structure, strategy of the organization, culture of the organization and employees. Studies have shown that where top management have positive attitude toward market orientation the firm show higher levels of market orientation Helfert *et al* (2000). Again the other important element

is the attitude of senior managers towards employees. Research by Homburg and Pflesser (2000) has established that managers' handling of internal employees of the company gives some indication of how customer oriented the company is. They add that if the attitude of managers toward employees is in line with the guidelines of customer orientation then such organisation is market oriented. Harris and Ogbonna (2001) contributed to the debate on the role of management in implementing market orientation. They were of the view that directive management style inhibits the implementation of market orientation. Organisational structure has also been identified as one of the internal factors that affect market orientation of the firm Varelo and Rio(2003) work verified the hypothesis that excessive centralisation have negative effect on market orientation. Another internal factor that influences the orientation is the strategy that the organisation is pursuing in its chosen target market. For example an organisation that is pursuing a market orientated strategy will demonstrate an innovative character in order to constantly respond to the changing needs of the customer Erdil *et al* (2004). Yam *et al.* (2011) writing on the role culture plays in adoption of market orientation emphasize that the change would involve the adoption of market oriented behaviour that relies on the availability of a supportive culture and climate.

2.3.2 External Factors

The economy, customers, competitors, technology, suppliers and the economy constitute the factors that externally affect market orientation of a firm. Hooley *et al* (2000) investigated state interference influence on market orientation of firms and concluded that there is a positive relationship between the level of a firm's market orientation and its ability to adapt to changes in the external factor in which it operates. The economy has been identified as a factor in the external environment that impacts of the firm's ability to

implement market orientation. Han *et al* 1998 posits that highly volatile and dynamic environment is not suitable for market orientation. Palmer and Pels (2002) they also supported the thesis that high market turbulences may negatively affect market orientation. In an environment that is constantly turbulent does not allow the full realisation of the potential market orientation that leads to improvement in organisational performance. The customers' role in influencing the market orientation of the firm cannot be overemphasized. This has nothing to do with whether the customer is a final consumer or a distributor.

2.4 Advantages of Market Orientation

The huge attention given to the study of market orientation by many scholars and application of same as a strategy by businesses leaves one to wonder about the reason of such interest. The most important of all is the robust relationship that has been established between market orientation and business performance (Noble, Sinha, & Kumar, 2002).

Then other scholars have tried to deconstruct the elements of the market orientations and have been able to establish distinct relationship between these individual elements and specific aspects of firm performance. In one of these studies Dawes (2000) has found that there is a positive correlation between profitability as a measure of firm performance and competitor orientation component of the market orientation concept. He also has opined that for business to succeed customer orientation and responsiveness were important prerequisites. This finding was supported by the work of Zhou, Brown, and Dev (2009). Finally, along the same lines of deconstruction of the market orientation Brown *et al.* (2002) analysed the customer orientation component and found that it has a direct effect on total customer performance indicator. Corroborated results have come from the seminal paper of Ledwith and O'Dwyer (2009).

Other studies have shown that increase customer perceived value, result in customer satisfaction and loyalty (McNaughton, Osborne, & Imrie, 2002; Reichheld & Sasser, 1990) are some of the advantages that emanates from the adoption of the market orientation as a strategy. Baker & Sinkula, 2009, following from those above have demonstrated that this orientation is correlated with firm's growth objectives driven by the identification and subsequent exploitation of untapped market opportunities.

Others researchers have identified market orientation to have potential to inject better customer value. It can help organisation to gain efficient and effective experiential learning and improve partnership with suppliers (Soehad *et al*, 2001). Frontline employees are highly motivated to deliver exceptional customer service when the organisation adopts the market concept strategy (Herington & Weaven, 2009). In line with above conclusions other researchers are of the view that market orientation could be an effective means to derive competitive edge for the company (Morgan *et al*, 2009), service innovation effectiveness, improved organizational commitment for employees in the public sector (Caruana, Ramaseshan, & Ewing, 1999). Improved organisational commitment is a prerequisite for successful new product development and eventual creation of wealth for the owners of a firm (McNaughton, Osborne, & Imrie, 2002). Given these advantages to firms, to what extent does Vodafone Ghana exemplifies an organisation that adopts this orientation as a business strategy? This thus becomes one of the objectives of this thesis.

2.5 Internal communication Defined

Internal communication is considered to be a form of interaction that takes place within an organisation. This kind of interaction could be from top managers to other staff or from bottom staff to managers or among staff at different levels in the organisation (Mazzei 2010). Emanuele *et al* (2012) identified two components of internal communication that occur in an organisation. They mentioned interaction among members and structured

communication initiatives that are activated within the organisation. These initiatives and interactions are meant to orient the organisation towards their development and success. (Invernizzi and Biraghi 2012)

Senior managers continually seek ways to motivate and meet the individual need of staff in order to retain them and stimulate creativity for higher performance (Ryynanen *et al* 2012). One of the critical tools identified is the internal communication. Managers by internal communication make staff aware of the current happenings within the organisation thereby gaining support for the achievement of the expected objectives. Internal communication could be either formal or informal exchange of information between management and staff of an organisation (Hopkins 2006).

2.5.1 Dimensions of internal communication

Internal communication is seen as one of the elements that affect staff engagement which directly impacts on organisation performance (Welch and Jackson 2007). Welch and Jackson 2007 in their writing on rethinking internal communication identified four components of internal communication within organisation. Each of these levels seeks to engage stakeholders within the organisation to achieve specific objectives of a particular level of communication. They stressed that the combine effect is the effective execution of the company objectives as strategic managers are able to drive strategies and give future aims of the organisation.

The next section will discuss these four dimensions of internal communication as posited by Welch and Jackson (2007) their objectives and how they impact of staff engagement hence business performance. Table 2.1 gives a summary of the dimensions.

Table 2.1 Internal Communication Matrix

| Dimension | Level | Direction | participants | content |
|--|-----------------------------------|-------------------------|----------------------------------|--|
| Internal line management communication | Line managers/supervisors | Predominantly two - way | Line manageremployees | Employees' roles Personal impact, e.g. appraisal discussions, team briefings |
| Internal team peer communication | Team colleagues | Two-way | Employee employee | Team information, e.g. team task discussions |
| Internal project peer communication | Project group colleagues | Two-way | Employeeemployee | Project information, e.g. project issues |
| Internal corporate communication | Strategic managers/top management | Predominantly one-way | Strategic managers-all employees | Organisational/corporate issues, e.g. goals, objectives, new developments, activities and achievements |

Source: Welch and Jackson (2007).

2.5.2. Line manager communication

This is both two way and one way communication with the organisation. This form of communication move through all levels of communication. At the highest level the CEO works as the line manager for the senior management team. As a line manager the CEOs set the targets and review performance of their direct reports. In the same vein the management team oversee the strategic managers and the same relationship moves through the entire organisation. Undoubtedly as put forward by Robinson and Hayday (2009) the line managers must be absolutely clear of the goal and expectation of the company. The objectives for this level of internal communication is to set objectives, allocate financial and human resources and review performance of all staff within the organisation. It follows from this discussion that the success of the organisation would depend on how effectively

and efficiently this communication is carried out. It has a strong potential to improve engagement level within the organisation. Johlke and Duhan (2000) posit good communication and feedback allows managers to clarify their employees' job roles and contribution to the organisation. The direct contribution of effective execution of this function by the managers cannot be over-emphasized. Subsequently, excellent communication skills is a must have for managers in order to communicate very well from management to staff and from staff upwards. (Tench and Yeomans 2009). Staffs feel detached when they do not understand very well message from their managers (MacLeod and Brady 2008). This impacts on their performance and hence organisation wide performance is affected. Internal communications can provide guidance and support for managers to deliver this.

2.5.3 Team level Communication

This is the communication within a unit involving line managers and subordinates with objective of achieving team goals. This may relate to discussions around tasks of the team, how to effectively deliver the team goals. Working in harmony and unity of purpose is the bed rock of team success as it impacts of team engagement within the organisation (Welch and Jackson 2007).

2.5.4 Project level communication

This is a two way communication within a project team. It involves colleagues' discussion on project execution within the organisation. Successful project completion depends on effective communication within the team. Timely and reliable communication within the team promotes team building and general motivation of the project team members (Dolphin, 2005). One of requirement for effective team performance is well targeted communication. The diverse and temporal nature of a project team has made it imperative

to have such well-targeted communication (Turner and Müller 2003). Well targeted internal communication satisfies employees' need of information within a project team in particular and the organisation in general. This has been found to correlate highly with employee engagement and commitment (Taylor & Elsey, 2005). Vance and Stafford (2010) corroborating to the above added that feeling of community by employees has been found to be as a result of their satisfaction with internal communication and this give employee a sense of higher responsibility. In a project team this is important as it makes members focus on the objective of the project.

2.5.5 Corporate communication

Corporate communication involves all staff the organisation. This communication emanates from strategic managers and affects all internal stakeholders (Welch and Jackson 2007). Clear, consistent and continuous internal communication builds employee engagement. Dolphin 2005 posits that internal communication builds and nourishes relationship, establishes trust and contributes to general employee motivation. Internal corporate communication thrives in a climate where individuals within the company have a sense of belonging. This is what Cornelissen (2004) refers to words as "a „we“ feeling where individuals get so engaged with their organisation. Since this level of communication covers every individual within the organisation the quality of the climate could be seen in all the three levels. Smidts, *et al* (2001) writing on the quality of the environment argued that positive communication climate improves employees' identification with their organisation. These writers identified three levels of climate as top management, line management and peer to peer. Another critical contribution of corporate internal communication is in building committed employees for the organisation. Commitment is described as a positive attitude among employees and is defined in terms of individual

identification and involvement with an organisation (De Ridder, 2004) He argues that commitment could be impacted positively by task communication presented by line managers, team and project communication, and nontask related ones that relates to corporate internal communication shown on the matrix table 2.1.

Some writers have looked at corporate communication as a tool in building the feeling of belongingness and therefore see it as a persuasive and propaganda. (Moloney, 2000). This is done through the communication on organisation shared beliefs and values and aspirations. His conclusion was that internal corporate communication is like a twoedged sword which could be used to create internal harmony among internal stakeholders and at the same time be used by employers to manipulate employees. The role played by corporate communication in company performance therefore emanates from the use of it to give clear company-wide direction drive employee commitment and engagement to the company. It also used to highlight the values and beliefs of the company to the internal stakeholders in order to gain their support in achieving the objectives of the company.

2.5.6 Measure of Internal Communication

The international association of business communicator (IABC) system of assessing quality of internal communication in an organisation was adopted for managers to express their perspective of internal communication within Vodafone Ghana. This measure is very subjective however it has gain wide acceptance for research in organisation. This measure covers all the indexes of quality internal communication within an organisation. (Grunig *et al.*, 2002). The measures are: Communication flow, coordination and knowledge sharing, effectiveness of communication, reliability and timeliness.

2.5.7 Strategic role of internal communication

The discussion of the strategic role of internal communication would be based on the Entrepreneurial Communication Paradigm (ECP). ECP is a framework that gives meaning to the strategic role of communication with reference to the Entrepreneurial Organization Theories. These theories offer insight into the strategic contribution of communication to the management of organisations (Gregory *et al* 2010) The ECP has four dimensions that can be defined as it aligning, energizing, visioning and constituting dimensions. A brief of these dimensions are discussed below to throw more light on them. In the Aligning dimension, this is concerned with employees gaining understanding of the direction of the organisation. Internal communication is used to synthesise ideas running through the organisation to challenge decisions and question priorities (Zara W. and Natalie B. 2011). Within the Energizing dimension, internal communication plays a role as change enabler. In times of uncertainties the anxiety of employees are greatly reduced thereby inspiring innovation, marshalling intrapreneurialism and strengthens employees (Gregory *et al* 2010). The Visioning dimension of internal communication deals with the fine-tuning of employees with the organizational mission, by communication directed by the leadership team. Then also open free and frank communication in both directions among members of the organisation. Lastly, the Constituting dimension according to Gregory *et al* 2010, reflect the role of internal communication in the putting together actual position of the organisation with the employees to engender supportive work teams. The combined effect of the above strategic dimensions of internal communication has potential to give the company a competitive advantage, via the enhanced performance of the staff and the critical role that they play in the competitive space. Some of the effects are discussed below.

2.5.8 Internal communication and employee engagement

Internal communication is an important concept and integral to internal public relations with links to positive organizational and employee outcomes such as employee engagement. Karanges *et al* (2015) are among the first researchers to empirically test the relationship between internal communication and employee engagement. Although many researchers have stressed the positive relationship between the two constructs. The outcome of their work disclosed the significant role played by internal communication in developing and maintain positive employee engagement.

Engaged employees are passionate about the work they do. Passion is always accompanied by excitement, enthusiasm and productivity (Kroth and Boverie, 2012) The engaged employees not only contribute more but also are more loyal and therefore less likely to voluntarily leave the organization. Their stay with the company has effect on total organisational learning and therefore on the competitive position of the company.

Kroth and Boverie (2012) in their presentation on maintaining motivated work force outline the role internal communication play in promoting well engaged staff and the benefits that the company gains from such staff. They emphasized that the engaged staff produce not only higher profits and revenue but also are less stressed, less absence from work and higher customer satisfaction.

Chandhok (2014) explored the other drivers of employee engagement that internal communication can impact on in a study on employee engagement and commitment. Among the major ones was the relationship between employees and line managers, staff involvement in decisions of the company. He concluded that employees feel engaged when they have the feeling that their input matter in company decisions and also mention the immense role technology plays in enhancing internal communication.

Well targeted internal communication satisfies employees' need of information within organisation. This has been found to correlate highly with employee engagement and commitment (Taylor & Elsey, 2005). Vance and Stafford (2010) corroborating to the above added that feeling of community by employees has been found to be as a result of their satisfaction with internal communication and this give employee a sense of higher responsibility.

The positive relationship between internal communication and employee engagement has a direct effect on performance of the company. This would be one of the strong points on which internal communication could impact of the performance of the company. The telecom industry requires the kind of staff who is highly motivated to deliver superior value to the customers. This is clearly in line with the concept of market orientation. Hence the following hypothesis:

H1: There is a positive relationship between internal communication and market orientation.

2.6 Employees as public relations advocates

Employees associate themselves with organisations with good reputation and research has it that there is a relationship between employees' identification with company and the organisational image. Thus this relationship is both symbiotic and self-perpetuating (Dortok 2006). Staff feels proud working for such an organisation boosting their self-concept and they speak positively about the company that could influence the external stakeholders (Dawkins, 2004) The existence of effective communication insulate the organisation from disgruntled within (Grossman, 2005), employees are well informed and would not spread rumours and more likely to speak for organisation (Cubbage, 2005).

2.7 Information adequacy and communication Channels

Information available to employees serves as the oil that drives the performance of the employees. The question remains as to the right amount of it that is sufficient for them to function effectively. Too little creates a vacuum that rumours could breed and could impede performance. A critical aspect of the internal information is the fact that the right information is delivered as against the adequacy (Bartoo and Sias (2004). Then also it has been found out that staffs continue to ask for more information even as internal communication is increased (Haas 2006). A critical factor and objective of effective communication is information adequacy, this must be carefully pursued by communication managers in organisations. This indicator measures the relationship between information need and information received. (Rosenfeld, Richman & May, 2004). The flow of information within a firm has varied direction. It could be horizontal, vertical or downward. Employees evaluate the direction of the communication based on the consistency of the information with their beliefs about the organisation. As a result, where there is divergence in terms of beliefs of managers and employees there stand to be negative feedback to organisation-approved communication (Cameron & McCollum, 1993). Conversely managers gain the trust and support of the employees when communication is supportive communication, therefore managers effort to create interpersonal relationships with the staff would be success and contribute significantly to organizational trust building (Jo & Shim, 2005).

2.8 Medium for effective internal communication

The design of internal communication is based on the belief and expectations of the internal customers. The evaluation of the internal communication channel as well as the message is based on the values of the employees (Cameron & McCollum, 1993). Studies

have revealed the preference of employees for E-mails as the channel of internal communication (Cubbage, 2005). The tendency for staff to complain about the overload of information was also identified. Emails have some limitations, it is not able to create the needed impact if it seeks to persuade, sell or influence an idea. This is as a result of the slugs in relaying the information and the lack of personal touch that usually go with face to face communication. (Markus, 1994). However he was quick to add that it is important to have a mode if employees spread out wide area of the company (Markus, 1994). Other studies have also looked at the role of internal communication channels in building community within organisation. Stein (2006) in her study of communication channels in building communal spirit in organisation found a high correlation between the two processes.

2.9 Communication and culture within organisation

Organisational culture grows out of internal communication within the organisation and the culture again influences internal communication. This relationship has been established in studies by Schein, 2000 among others. The culture of the organisation constitutes the totality of authority system employees feeling about their involvement in decisions and commitment to the objectives of the organisation (Schein, 2000). Sriramesh, Grunig, and Dozier (1996) argue that evolution of new communication channel has the potential to transform the organisational culture. This simple transmission of change in communication system to affect the culture of the organisation does not follow a linear progression due to the diverse nature of the workforce within an organisation (Cameron and McCollum, 1993). The diversity may arise from the differences in educational levels that may influence their information need and quality of the communication (Gray & Laidlaw, 2002).

Many benefits have been ascribed to the implementation of effective communication system within an organisation. Communication plays a role in the strategic management

process and smooth running of the organisation. Vercic *et al* (2012) concluded by positing that internal communication is vital for organisational management and success.

2.10 Business Performance and Measurement

There are many measures of business performance: revenue, profitability, stock price, and production efficiency, return on investment, market share just to mention a few. The different understanding and usage of the term performance has arisen largely from the objective of the researchers involved and different variables are used to measure performance in the literature. Organisational performance for example was used by Udegbe *et al* 2012, firm performance was used by Akomea and Yeboah 2011, business performance was applied by Mohammed *et al* 2013 while John H *et al* 2010 used company performance. For this thesis business performance will be used and the indicators of interest shall be the competitive position and market share of Vodafone Ghana. The next sections shall discuss some of the performance measures used in the literature.

2.10.1 Types of Measurement of Firm Performance

Basically all performance measures could be put under either objective or subjective method. The human factor in investigations into firm performance either by the objective or subjective method blurs the distinction between the two (Harris, 2001).

In looking at individual performance as against firm performance Armstrong 2006 asserts that both the behaviour and outcomes of employees should be considered. In support of this view Brumbach 1988 call for the combine effect of both the behaviour (the how) and the outcome of the behaviour (the what). These studies have contributed in assessing individual performance in organisations.

2.10.2 Functions of Business Performance Measures

Performance measures play some critical function within an organisation. Andy, 2002 writing on financial measures of performance identified three critical functions as a mechanism of control and motivation, critical business objective and as a tool of financial management. In the same direction Chenhall 2003 asserts that the measurement of firm performance communicates clearly what the expectations of the managers are to the internal and external stakeholders of the firm. He adds that performance measurement contributes to the monitoring of progress of the firm, provides feedback and motivates employees as measurement is usually tied to rewards to both the management and employees. These financial measures include Return on Assets, Profitability, and Return on investment, and market share. There has not been any empirical research to establish the superiority of the predictive power of either subjective or objective measures of performance (Harris 2003). Although many studies of market orientation and business performance has have used the subjective methods, this thesis however is focusing on business performance and market orientation by use the subjective measures which are qualitative in nature.

2.10.3 Financial Measures of performance.

These types of measures are basically accounting and financial bases measures and they are accessed from the financial reports of organisations. They include measures like return on assets, return on investments, operating income, net assets and sales volume. Akomea and Yeboah (2011) applied both financial and non-financial business performance indicators: profitability, sales growth, new product success and return on investment as business performance indicators. Profitability and domestic market share were used by

greenly and Foxall 1998 while Narver and Slater 1994 used premium growth as business performance measure.

2.10.4 Non - Financial Measures of Performance

Non-financial performance indicators are the firm's performance that is not expressed in monetary units. This includes any ratio-based performance measure in that a nonfinancial performance measure that is ratio-based omits any monetary metric in either the numerator or denominator of that ratio. Common examples include measures of customer or employee satisfaction, quality, market share, and the number of new products. Non-financial performance measures are sometimes considered to be leading indicators of future financial performance, while current financial performance measures such as earnings or return on assets are commonly considered to be trailing measures of performance. The next sections will discuss some of the financial and non-financial measures of performance. However this work shall apply the non-financial subjective measures of business performance (Micheels and Gow, 2008) as financial data were not available because Vodafone Ghana is not registered in Ghana and hence not mandated to publish its financial reports in Ghana.

2.10.5 Market Share

Market share is the percentage of a market accounted for by a specific business entity. This may be defined in terms of total customers, total units or revenue (Boundless 2014). This is one of the critical performance indicators of many sales organisations. The use of this measure of business performance has the advantage of being less dependent on macro-environmental variables like exchange rate of the country. Managers of many companies constantly monitor the effects of their marketing strategies on the market share of

competitors. The measure gives indication of how well the firm is doing. Kumar, *et al.* (2011) note that market orientation performance link is strong and positive with subjective measures of performance. Therefore the use of subjective statements of performance by asking managers to give their perspective on the market share of Vodafone Ghana was in order and anticipates showing similar strong correlation. The NCA publication of the market shares of all operators in the telecommunication sector was useful for this thesis. (See table 4.6).

2.10.6 Firm competitive position

American Dictionary (2000) has given a useful starting definition of competitiveness as “*the ability of a company or a product to compete with others and the desire to be more successful than other competitors*”. The firm’s ability to compete strongly and succeed within its chosen market gives an indication of its competitiveness. The areas where the firm could do better than the competition include sales volume, market share or profitability. The coordination of functional area competencies has been shown by recent studies to be a means by which firms could increase their market competitiveness (Evans and Lindsay, 1996; Hill and Jones, 2006).

There are a number of financial measures of Firm competitiveness such as return on sales, return on assets and return on investments. How well a firm delivers some indicators as sales volume, market share or profitability could therefore be used as a measure of its competitiveness (Lall, 2001). To substantially compare performance of variety of firms many researchers use some form of general performance indicators (Narver and Slater, 1990). Hartenian and Gudmundson (2000) however used economic indicators like sales growth and profitability which they see as easiest to attain as well as compare for a measure of competitiveness. This thesis however used market share which is linked to sales growth and competitive position of Vodafone Ghana.

2.10.7 Importance of Time in performance measurement

Time frame and reference point of performance measurement are very important for any researcher that seeks to study the performance of a firm. This is critical because performance of organisations vary from time to time. Past superior performance does not guarantee future superior performance (Carneiro, 2005). The time frame can be short, medium or long term. The reference point for assessment of firm performance for example can be based on industry average, past performance, established target and results of main competitors is also important (Carneiro, Silva, Rocha, & Dib, 2007). This consideration gives credibility to the conclusions that are made.

2.10.8 Conclusion on Business Performance measures

Objective measures usually are market-based indicators, accounting-based measures, revenues, ROI and profit as well as growth measures, considering employee and sales growth, and survival (Harmes-Liedtke, Ulrich, *et al* (2014). Subjective measures can be described as perceptual in nature (Brush & Vanderwerf 1992) and refer to subjective assessments of performance dependent upon expectations of the entrepreneur or manager (Harmes-Liedtke, Ulrich, *et al* (2014), thus the level of satisfaction with business development, and the assessment of performance in comparison with competitors. This form the basis for business performance measurement as used in this thesis. The managers of Vodafone gave their perspective on the company's market share and competitive position as given by the NCA (Table 4.6) in comparison with the competitors in the telecommunication sector in Ghana. The statements were posed in such a way that respondents would rate the company performance as compared to other companies in the telecommunication sector. Of course, this is a subjective manner of measurement which

builds on the perspective of the respondent rather than on the performance itself (Adalsteinsson and Gudlaugsson, 2007). Fortunately, there is evidence of consistency between subjective and objective performance measures (Dawes, 1999, Pratono, & Mahmood, 2014).

2.11 Internal communication and business performance

The very resource of the firm that moves in and out of the company every morning is the key to the success of the company if communication is well targeted to. Staffs that get access to relevant information pertaining to their job are in a better position to perform their roles in line with organisation wide set objectives and are motivated to give of their best in order to improve performance. (Bartoo&Sias, 2004; Rosenfeld, Richman & May, 2004; Zucker, 2002). Again effective communication has been identified as a source of corporate reputation. Well informed employees are credible source of information to the external stakeholders and play role in building reputation which exceeds what the company can do directly to the external public (Dawkins, 2004; Hannegan, 2004).

Different measures of organisational performance have been put forward by many researchers. (Chong, 2007) for example when assessing the performance of the Singaporean airlines considered the number of international awards of innovation that the company has received. Chen, 2008 on the other hand considered the level of staff satisfaction with their jobs and the level of trust they have in their managers as a measure of performance for Chinese corporations. Besides the above measures of organisational performance, studies like The Watson Wyatt Worldwide (2009, 2010) measured performance on financial indicator like shareholder returns. Higher shareholder return in excess of 47% was given by the same studies to associate with firms that communicate effectively within their establishment.

Phibbs (2011) in analysing organisational performance posits that effective internal communication is the link between efficient organisational performance and employee willingness to perform. The success of organisations therefore indirectly depends on the effectiveness of internal communication. During the current challenging economic times, a focus on communication strategies can yield surprising results (Zara and Natalie, 2011). The critical role of effective communication in business performance thus cannot be over emphasized. The many studies mentioned above demonstrate clearly that even in difficult economic situations companies that invest in effective communication could improve shareholder earnings and increase their competitive situation by allowing cohesion and internal inclusion (Daniel *et al*, 2011)

H2: There is a positive relationship between internal communication and business performance.

2.12 Market Orientation and Performance

Market orientation and organisational performance relationship has attracted many researchers. Varied predictions have been made about the outcome of this relationship (Voss and Voss, 2000). Many have predicted positive relationship based on the premise that market orientation provides better understanding of the customer and the competition and therefore better decisions could be made that would result in good performance. Again some empirical studies have shown strong positive relation between market orientation and businesses in some sectors of the economy. Kirca, Jayachandran and Bearden (2005), they have cited strong positive relationship between market orientation and organisational performance in the manufacturing sector. They however posit that the relationship is not strong for service sector. Again the nature of the relationship between the market orientation and organisational performance has been influenced by the perception of the

managers on the overall firm's performance (Camino and Ayala, 2006; Deshpandé and Farley, 2007). Differences in the outcomes in the relationship between the two constructs have also been linked to the performance variables that the managers are interested in. The work of (Pelham and Wilson, 1996; Slater and Narver, 1994), looked at the managers perception and financial performance whiles (Atuahene-Gima, 1995, 1996; Frishammar and Hörte, 2007) looked at managers' perception and new product performance. Cultural setting of the society has also shown to impact on the outcome of the relationship between market orientation and firm's performance. The work of Kirca, Jayachandran and Bearden (2005), alluded to this by showing that there was stronger impact in countries with low power distance and low uncertainty avoidance.

There are two other set of researches that looked at the environmental influence and the introduction of a moderating or mediating variable on the relationship between the market orientation and firms' performance. Palmer and Pels (2004,) are among the first group that considered the nature of the business environment impact on the outcome of the market orientation and business performance. They considered the UK market which is relatively stable and that of Argentina which is emerging and turbulent. Their conclusion was that the turbulent nature of the market has no effect on market orientation. Matsuno and Mentzer (2000) introduced strategy as a modifier of the market orientation and organisational performance

This research approached the relationship between market orientation and organisational performance in an environment that has both stable and turbulence competitive characteristics. Again it applies the relationship in the service sector where research has not shown strong positive relationship between the two constructs (Kirca, Jayachandran and Bearden, 2005).

Kohli and Jaworski (1990) looked at the relationship between marketing orientation and organisational performance with strategy as a modifier however this research used internal communication as a mediating variable because it influences employee engagement which also directly affects their performance. Since service is a high contact activity the performance of the employees is the product that is consumed by the customer (Kotler 2003), therefore highly engaged staff is an antecedent of high performing organisation.

The above discussions lead to the first hypothesis:

H3: There is a positive relationship between market orientation and business performance.

2.13 The Nature of Mediator Variables

Mediation has been researched over a decade in the field of psychology. Its importance has also been recognised in the same field of study. The S-O-R model by Woodworth (1928) recognises that an active organism intervenes between stimulus and response. The key theme in the model is that the outcome of action of a stimulus is mediated by various transformational processes internal to the organism. Application of this model to the current work could be related to the outcome of market orientation on organisational performance being mediated by the internal communication processes of the organisation. The mediated role of internal communication on the relationship between market orientation and organisational performance could be assessed by running a series of regression models to test for this mediation (Kennedy 1981). A series of transformational processes do go on within organisations that affect other parts of the organisation hence affecting the relationships. The mediator variable causes changes in both the independent variable and dependent variable. When the intervention of the mediator causes complete intervention then is complete mediation while a partial mediation is the process where the mediator variable causes partial intervention in the

relationship between the dependant and independent variable (www.statisticalsolutions.com 2015). Complete mediation or full mediation implies that the researcher has been able to completely explain the process by which the independent variable influences the dependent variable and there is no need to test for further indirect effects (Preacher & Kelley, 2011). The situation of partial mediation dictates that the mediation variable accounts for some but not all of the relationship between the independent and the dependent variable. This implies that there is not only direct relationship between the dependant and the independent variable but there is also significant relationship between the two (Preacher & Kelley, 2011) With partial mediation, an independent variable has both direct and indirect effects on a dependent variable. The direct effect is not mediated, whereas the indirect effect is transmitted through one or more mediator variables. Couple of researchers have used internal communication as the independent variable in many organisational studies (Uzma and Muhammad (2012, Emma K, *et al* 2014) internal communication and staff engagement. There was no known work that used internal communication as a mediator. This thesis therefore seeks to explore this mediational role of internal communication in the market orientation and business performance relationship. Thus sets out the fourth hypothesis that:

H4: Internal communication mediates the relationship between market orientation and business performance

2.14 Conclusion and Simple model of analysis

Market orientation has been shown to be the fundamental principle of the marketing concept and thus companies that adopt this orientation have shown higher performance in their chosen industries. It has however been proved that some companies did not follow

this primary principle but have shown significant organisational performance. Again the nature of the industry competition played a significant role in influencing the performance of firms not only by being market oriented. Nevertheless there exist many researches that support the adoption of the market orientation as the way of higher organisational performance. The positive relationship between the two has been proved in many countries and industries albeit different measures of organisational performance measures.

Effective internal communication also influences the performance of organisations and is seen as the oil for the implementation of the market orientation. Effective internal communication therefore becomes a critical success factor for higher organisational performance (see figure 2.1). In the light of the above the thesis focused on the business performance of Vodafone after the sale and purchase agreement with Government of Ghana. The work looked at the reports as reported by the NCA. This gave the opportunity to do both industry analysis and competitor benchmarking for Vodafone's performance. This business performance is measured using the managers of Vodafone Ghana perspective of its performance as at the end of Vodafone's financial year March, 2014. Statements on performance were posed such that managers would rank compared to the rest of the competition in the telecommunication sector instead of using the market share and competitive position indicators. (Adalsteinsson and Gudlaugsson 2007). Clearly this is a subjective manner of measuring performance. Happily there is evidence of consistency between subjective and objective performance measures (Dawes, 1999; Pearce, Robbins and Robinson, 1987;89 Dess and Robinson, 1984) and therefore the subjective method is accepted in this thesis. Market orientation is measured using the Narver and Slater (1993) Mktor measuring scale, the internal communication was assessed by adopting the International Association of Business Communicators and that of communication satisfaction questionnaire developed by Downs and Hazel (1977).

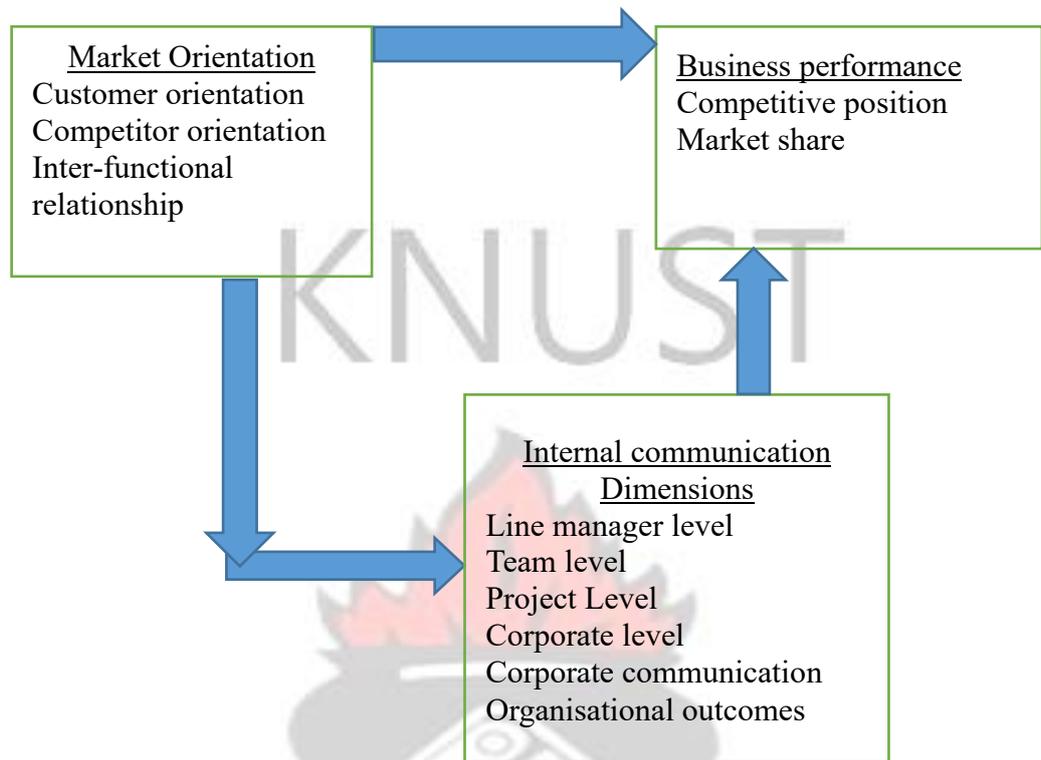


Figure 2.1 Conceptual framework for the study; Source: Author's Own Construct (2015)

The next chapter presents the methodology used for the work and then a brief on the company used as a case for the study

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The aim of this thesis is to examine the effects of market orientation and business performance with internal communication as a mediator on the relationship for Vodafone Ghana.

3.1 Research Design

Research design is defined as the blue print or a road map that the researcher intends to follow to provide answers to the questions posed out of the research objective. Munhall (2001) defines it as a clearly defined structure within which the study is conducted.

A descriptive research approach is adopted as the research sought to describe the current state of market orientation practices within Vodafone Ghana and its effect on market performance. Unlike explanatory research which seeks to explain why things are the way they are, the goal descriptive research tends to focus on how things are (Adler & Clark, 2008; Babbie, 2013a). A cross sectional data gathering method was used by the researcher and administered through e-mail. E-mail questionnaire administration used because all the managers were on common e-mail platform which was made available by Human Resource Department, Vodafone Ghana. Moreover, the study targeted managers spread over all regions of Ghana and personal accessibility was difficult, hence the need to use the best alternative (e-mail administration). An initial e-mail was sent to all managers about the intended research work to solicit their participation and this improved response rate. A case study was used for the work and both qualitative and quantitative techniques were employed. The case study was used because it helps to gain more insight and probe deeply into the issues under consideration (Cohen and Manion 1994). Quantitative methods (linear regression and Pearson's correlation Coefficient) were used to statistically test the relationship between market orientation and business performance and mediating role of internal communication on the relationship between market orientation and business performance.

3.2 Target population

The study covered managers of Vodafone Ghana in all regions of Ghana. The population of the study is therefore the 196 full time managers of the company. These managers are from all the departments in Vodafone Ghana; commercial, human resource, Vodafone Business Solution, finance, marketing, external affairs and corporate strategy. The breakdown is shown in Table 3.1.

Table 3.1: Population of Managers in Vodafone Ghana

| Regions | Number of Managers |
|----------------|---------------------------|
| Ashanti | 18 |
| Brong Ahafo | 4 |
| Northern | 5 |
| Upper East | 3 |
| Upper West | 3 |
| Central | 4 |
| Western | 7 |
| Volta | 4 |
| Eastern | 7 |
| Greater Accra | 141 |
| Total | 196 |

Source: Human Resources Office, Vodafone, Ghana (2015)

3.3 Sampling Method and Sample Size

The study used full time managers from all regions of Ghana. The study used managers since they have in-depth knowledge about issues for this study in Vodafone Ghana to share their opinions. These issues are not published but managers by virtue of their positions attend management meetings where market orientation and performance issues discussed are available to them. Therefore not all staff in Vodafone Ghana could better share views on these issues apart from managers.

The work depended on list of all managers in Vodafone in each region from Human Resources Department. A systematic random sampling was employed for both Ashanti and Greater Accra regions and a census was used for the rest of the regions because of their small number of staff.

Using Gomez and Jones (2010) as shown in equation 1, the sample size for the study was 132.

$$n = N / (1 + Ne^2) \dots \dots \dots \text{Equation 1.}$$

Where $n =$

sample size

$N =$ the population (in this study the population of managers was 196).

$e =$ the degree of freedom.

It was calculated as:

$$n = 196 / [(1 + 196(0.05^2))] = 132$$

The proportional representation was then used to compute the sample size of respondents from each region as indicated in Table 3.2.

Table 3.2: Sample Size Determination of Each Region

| Regions | Calculated sample size |
|------------|------------------------|
| Ashanti | 12 |
| BrongAhafo | 3 |
| Northern | 3 |
| Upper East | 2 |
| Upper West | 2 |
| Central | 3 |
| Western | 5 |

| | |
|---------------|------------|
| Volta | 3 |
| Eastern | 5 |
| Greater Accra | 94 |
| Total | 132 |

Source: Author's Own Construct (2015)

3.4 Sources of Data and data collection Method.

3.4.1 Primary source

The study utilizes a sample of 132 full time managers of Vodafone Ghana. Structured questionnaires were distributed by the researcher to managers through e-mail. The questionnaire consists of four parts. The first part asks participants to self-report their demographics: age, gender, years of employment in Vodafone, department the respondent comes from, role and region in which respondent works. The second part considered internal communication in Vodafone Ghana. To measure internal communication the IABC questionnaire (Grunig *et al.*, 2002) was modified and used by applying the five point Likert scale. Internal communication section contained 16 items with responses from strongly disagree (1) to strongly agree (5).

The third part includes items that measure the three components of market orientation based on Mktor construct developed by Narver and Slater 1993(Deshpandé and Farley 1996).It consists of 6 items for customer orientation, 4 items competitor orientation, and 4 items inter functional coordination using a five point Likert scale. In all market orientation had 14 items. Performance had 3 items with responses ranging from strongly disagree (1) to strongly agree (5) also on the Likert scale.

Letter of introduction was collected from the Department of Marketing and Corporate Strategy of KSB and submitted to the management of Vodafone Ghana for permission to collect data on the subject. One week authorization (from 1st July, 2015 to 8th July, 2015)

was given to complete questionnaire administration. The questionnaire administration was done through e-mail and the response rate was 71.97%.

3.4.2 Secondary data

The study looked at relationship between market orientation and business performance with internal communication as mediator. The study made use of published NCA data on telecommunication companies in Ghana.

3.4.3 Validity and Reliability Test of Research Instrument

The questionnaire was pretested by application to managers attending quarterly meeting in Kumasi which the researcher happened to participate, and on selected MBA students with relevant prior experience. Respondents were asked to identify items they found unclear or confusing, and student respondents were interviewed about their interpretation of items. As a result of the pre-test, minor adjustments were made to the questionnaire.

Reliability test was done using Cronbach's Alpha and all the variables exceeded 0.70 which is the threshold acceptable (see table 4.2).

3.5 Model specification

Models for testing hypotheses for mediation are based on analysis by Fraser *et al* (2004).

The four models are specified as follows:

$$IC = \alpha_0 + \alpha_1 MO + \epsilon_1 \dots \dots \dots \text{Model 1}$$

$$BP = \alpha_0 + \alpha_1 IC + \epsilon_2 \dots \dots \dots \text{Model 2}$$

$$BP = \gamma_0 + \gamma_1 MO + \epsilon_3 \dots \dots \dots \text{Model 3 } BP = \delta_0$$

$$+ \delta_1 MO + \delta_2 IC + \epsilon_4 \dots \dots \dots \text{Model 4}$$

The variables in Model 1 to Model 4 are described as follows:

BP= business performance (dependent variable in Model 2, 3 and 4)

MO= market orientation (independent variable in Model 1 and 4)

IC = internal communication (independent variable in Model 2 and 4 but dependent variable in Model 1)

α, γ, δ = parameters to be estimated in Model 1, 2, 3 and 4 respectively ϵ = error term.

3.6 Data Analysis methods

The data were edited, coded and entered into SPSS, version 16.9. Data screening such as missing values and outliers was done to ensure that data have been entered correctly. Descriptive statistics were used to highlight the distribution of gender, department and years at post of the respondents. The study further computed the mean responses on internal communication, market orientation and business performance and the decision rule as low (mean between 1.0 and 3.49) and high (mean between 3.50 and 5.00).

The study further used Pearson's correlational analysis to test the relationship between variables. Linear regression was used to test the impact of market orientation on market performance and mediating role of internal communication on relationship between market orientation and business performance. The use of both regression and correlation is to reduce the inherent weaknesses in both tools (Akomea and Yeboah 2011). Sobel Test was done to confirm the existence of mediation. Exploratory factor analysis was performed in order to obtain items that represent underlying concepts of the measures. The hypotheses below were set to be tested in the work in line with the objective set:

H1: There is a positive relationship between market orientation and internal communication.

H2: There is a positive relationship between internal communication and business performance

H3: There is a positive relationship between market orientation and business performance.

H4: Internal communication mediates the relationship between market orientation and business performance.

The significance level for statistical test was set as 5%.

3.7 Company Profile of Vodafone Ghana

Vodafone Ghana emerged in the telecom scene after the sale and purchase agreement between government of Ghana and Vodafone Plc. of UK in July 23, 2008. The acquisition involves Vodafone PlcUK payment of \$900 million for 70% share of the Ghana telecommunication company limited. (www.vodafone.com.gh 2012). This is after the then Ghana telecom has operated as a monopoly for the fixed service and other operators has taken giant steps in the mobile sector like Tigo, MTN and Airtel. Currently there are six operators in the industry making it one of highly competitive sectors in Ghana. The table 3.4 below shows the relative market shares for the telecom players in Ghana. The table shows the dominant position of MTN and the weak number two position of Vodafone Ghana. It is from this position that Vodafone had implemented strategies to improve its performance both internally and externally. Table 3.5 shows the trend of gains in market share of Vodafone Ghana since 2009. Clearly the company has made some gains in the market which could be attributed to many factors among which is the market oriented approach and the internal communication practices adopted.

Table 3.4: Telecom Companies Voice/Data Market Shares as At February 2015

| MOBILE OPERATORS | MARKET SHARE VOICE | MARKET SHARE DATA |
|------------------|--------------------|-------------------|
| EXPRESSO | 0.38% | 0.23% |
| MILLICOM (TIGO) | 13.74% | 14.75% |
| SCANCOM (MTN) | 45.49% | 48.47% |

| | | |
|--------------------|--------|--------|
| GT/VODAFONE MOBILE | 23.53% | 18.69% |
| AIRTEL -MOBILE | 12.28% | 13.96% |
| GLO MOBILE | 4.58% | 4.07% |
| Total | 100% | 100% |

Source: National Communication authority 2015. (www.nca.org.gh)

Table 3.5 Trends In Gains of Market Share of Vodafone Ghana from 2009-2014

| YEAR | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------|--------|--------|--------|------|--------|--------|
| MARKET SHARE | 13.87% | 15.37% | 19.93% | 21% | 21.58% | 23.29% |

Source: National Communication authority 2014. (www.nca.org.gh)

3.7.1 Internal communication practices within Vodafone Ghana

To promote effective communication the company has instituted weekly internal communication blast to all staff. This practice keeps the entire staff updated of the company activities and the general business environment. Briefs of competitor activities are shared and significant market activities of the commercial functions are highlighted.

An online social network called the Vodafone circle is instituted to encourage staff to connect with each other and share expertise companywide. (Vodafone Annual report 2011)

The CEO of the Ghana operating company quarterly takes a tour of the company to interact with staff and key customers. Each region has a regional sponsor who is a member of the senior management team. This arrangement builds a strong bond with the headquarters. It also creates the forum for sharing of information from the top management to the lowest staff within the organisation (www.vodafone.com.gh 2014).

3.7.2 Vodafone performance in the Ghanaian telecom sector

The national telecommunication authority is the main body that reports of the performance of the various operators in the sector. It has the mandate to measure service quality and

sanction poor performing companies. Table 3.1 above depicts the current market shares of all the operators in the sector while table 3.2 shows the growth trend of the Vodafone's share of the market from 2009 to 2014. The gains are though minimal but the keen competition within the sector might be the reason for the slow gains that the company made over the period. In terms of growth in total subscriber numbers the company has seen some drastic increase from 1.5 million in 2009 to 7.2million in 2015. This could not give the company significant market share partly due to the general growth in the entire telecom sector in Ghana (www.nca.org 2014). Other performance indicators measures by NCA like network quality and customer experience shows that Vodafone is among the best in the industry. The May 2015 NCA report adjudged Vodafone the best in network quality and data speed. The latest Ghana telecommunications awards held in Accra May Friday 24th 2015 at the Movenpick Ambassador Hotel saw Vodafone emerging as the best Telecom Business and the best Broadband service company in Ghana (www.ghanatelecomawards.com, 2015).

3.8 Summary

This chapter has provided a detailed overview of the research methodology that was adopted in the study by highlighting the research design, methods, sampling option and data analysis method. It has also given a background of the company used as a case for the study. The results of the field research conducted through the self- completed questionnaires will be analysed and discussed in chapter four.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents and discusses the findings of the study in accordance with the methodology of the study. The data were gathered from managers of Vodafone Ghana in all the ten regions of Ghana. The chapter specifically presents and discusses findings on effects of market orientation on performance of Vodafone Ghana, influence of market orientation on internal communication of Vodafone Ghana, influence of internal communication on business performance of Vodafone Ghana and impact of market orientation on performance with internal communication playing mediating role in Vodafone Ghana. However, the chapter first discussed characteristics of respondents to form the basis of the discussion. Out of 132 targeted respondents 95 managers responded and this represented 71.97% response rate as shown in Table 4.1.

Table 4.1: Response Rate for Questionnaire Administration

| Regions | Calculated sample size | Reponses |
|---------------|------------------------|-----------|
| Ashanti | 12 | 10 |
| Brong Ahafo | 3 | 2 |
| Northern | 3 | 2 |
| Upper East | 2 | 2 |
| Upper West | 2 | 2 |
| Central | 3 | 2 |
| Western | 5 | 3 |
| Volta | 3 | 3 |
| Eastern | 5 | 2 |
| Greater Accra | 94 | 67 |
| Total | 132 | 95 |

Source: Field Data (2015)

Cronbach's Alpha coefficients for each key components of the questionnaire are shown in Table 4.2.

4.1 Measurement of model of analysis

This section discusses the variables used for the work, how they were measured including their reliability for the study.

Table 4.2 Table: Reliability Test using Cronbach's Alpha

| Construct | Number of items | Alpha |
|-------------------------------------|-----------------|-------|
| 1. Customer focus | 8 | .750 |
| 2. Competitor orientation | 3 | .835 |
| 3. Inter-functional coordination | 3 | .790 |
| 4. Communication flow | 3 | .786 |
| 5. Coordinating & knowledge sharing | 4 | .844 |
| 6. Effective of communication | 3 | .923 |
| 7. Reliability of information | 2 | .767 |
| 8. Timeliness of information | 3 | .729 |
| 9. Business performance | 3 | .761 |

Source: Field Survey (2015)

Since Alpha coefficient of each variable exceeded 0.70 (see Table 4.2), the questionnaire is significantly reliable and analysis can be done with the questionnaire (Nunnally, 1978).

4.2 Characteristics of Respondents

The characteristics of respondents who were managers of Vodafone Ghana considered in this study included gender, departments of respondents and years at post as shown in Table 4.3.

Table 4.3: Characteristics of Respondents (N=95)

| | | Frequency | Percent |
|------------------|--------------------|-----------|---------|
| Gender | Female | 19 | 20.0% |
| | Male | 76 | 80.0% |
| Department | Commercial | 55 | 57.9% |
| | Finance | 9 | 9.5% |
| | Marketing | 8 | 8.4% |
| | Human resource | 8 | 8.4% |
| | VBS | 11 | 11.6% |
| | External affairs | 3 | 3.2% |
| | Corporate strategy | 1 | 1.1% |
| Region | Greater Accra | 67 | 70.5% |
| | Ashanti | 10 | 10.5% |
| | Western | 3 | 3.2% |
| | Volta | 3 | 3.2% |
| | Brong Ahafo | 2 | 2.1% |
| | Northern | 2 | 2.1% |
| | Upper East | 2 | 2.1% |
| | Upper West | 2 | 2.1% |
| | Central | 2 | 2.1% |
| | Eastern | 2 | 2.1% |
| Years of service | 1 to 2 | 21 | 22.1% |
| | 3 to 4 | 25 | 26.3% |
| | 5 or above | 49 | 51.6% |

Source: Field Survey (2015)

Table 4.3 shows that male dominated in the managerial position in Vodafone Ghana. Male accounted for 80.0% of the respondents with the remaining 20.0% as female. This supports findings by a study conducted in telecommunication companies across countries that on average less than 20 per cent of senior leadership positions are held by women (Kearney, 2014). The reason for low female representation at managerial level is education and skills

gap around science, technology, engineering and maths (Kearney, 2014). A recent report on member countries of the Organisation for Economic Cooperation and Development (OECD) revealed that the share of women with science and engineering degrees was only 38 per cent and 25 per cent respectively (OECD, 2014).

All the departments in Vodafone Ghana were represented with commercial department (57.9%), Vodafone business solution (11.5%), finance department (9.5%), marketing department (8.4%), human resource department (8.4%), external affairs department (3.2%) and corporate strategy department (1.1%). This suggests that commercial department had majority of managers whilst cooperate strategy department had least number of managers. Years of managers at post are essential to studies like this since years at post shape experiences and perceptions. Majority (51.6%) of the managers had been at post above 5 years and the remaining was between 1 and 2 years (22.1%) and between 3 and 4 years (26.3%). This suggests that managers had in-depth experiences and information about market orientation, internal communication and market performance of Vodafone Ghana which would enhance the credibility and reliability of the findings emanating from the study.

4.3 Market Orientation and Business Performance

The study on the basis of Narver and Slater (1993) identified 14 key items under market orientation but grouped them under customer orientation (8 items), competitor orientation (3 items) and inter-functional coordination (3 items). The respondents were asked to indicate extent of agreement or disagreement to each statement and mean responses were computed as indicated in Table 4.4, Table 4.5 and Table 4.6

Table 4.4: Extent of customer focus

| ITEMS | N | Min | Max | WA | SD |
|--|----|-----|-----|------|-------|
| 1. Our business objectives are driven primarily by customer satisfaction | 95 | 2 | 5 | 3.37 | .851 |
| 2. We constantly monitor our level of commitment and orientation to serving customer needs | 95 | 2 | 5 | 3.26 | .841 |
| 3. Our top managers from every function regularly visit our current and prospective key customers | 95 | 1 | 5 | 3.09 | 1.001 |
| 4. Our strategy for competitive advantage is based on our understanding of customers' needs | 95 | 1 | 5 | 3.18 | .875 |
| 5. Our business strategies are driven by our beliefs about how we can create greater value for customers | 95 | 1 | 5 | 3.11 | 1.036 |
| 6. We measure customer satisfaction systematically and frequently | 95 | 1 | 5 | 3.09 | .968 |
| 7. We give close attention to after-sales service | 95 | 1 | 5 | 3.06 | 1.019 |
| 8. We target customers where we have an opportunity for competitive advantage | 95 | 1 | 5 | 3.18 | .922 |

Source: Field survey (2015) Note: Scale: 1=strongly disagree; 3=neutral; 5=strongly agree

Table 4.5: Extent of competitor orientation

| ITEMS | N | Min | Max | WA | SD |
|--|----|-----|-----|------|------|
| 1. Our sales/marketing people regularly share information within our business concerning competitors' strategies | 95 | 2 | 5 | 3.24 | .847 |
| 2. We rapidly respond to competitive actions that threaten us | 95 | 1 | 5 | 3.26 | .959 |
| 3. Top management regularly discusses competitors' strengths and strategies | 95 | 1 | 5 | 3.29 | .921 |

Table 4.6: Extent of inter-functional coordination

| ITEMS | N | Min | Max | WA | SD |
|--|----|-----|-----|------|------|
| 1. We freely communicate information about our successful and unsuccessful customer experiences across all business functions | 95 | 1 | 5 | 3.47 | .885 |
| 2. All of our business functions (e.g., marketing/sales, Technology, finance/HRM etc.) are integrated in serving the needs of our target markets | 95 | 2 | 5 | 3.32 | .762 |
| 3. All of our managers understand how everyone in our business can contribute to creating customer value | 95 | 1 | 5 | 3.40 | .880 |

Overall market orientation of Vodafone Ghana ($WA=3.27$; $SD=0.517$) was perceived by managers as low.

4.4 Internal communication

Table 4.7 Internal communication

| | Min | Max | Mean | SD |
|--|-----|-----|------|---------------|
| 1. Most of the information I receive on a daily basis comes from my .844 manager | 2 | 4 | 3.11 | |
| 2. In this organisation, my ideas are frequently passed on to top- .726 management | 2 | 4 | 3.35 | |
| 3. I feel comfortable sharing ideas directly with members of top- .664 management | 1 | 5 | 3.76 | |
| 1. In most situations, I receive the information I need to effectively perform my job | 1 | 5 | | .807 1.045 |
| 2. I receive most of the information I need through informal channel | 1 | 5 | 3.05 | |
| 3. My departments readily shares information with other departments | 1 | 5 | | 1.070 .740 |
| 4. Other departments readily share important information with my department | 2 | 5 | 3.56 | |
| 1. Most of the information I receive on a daily basis is detailed and .795 accurate | | 1 | 5 | 3.56 |
| 2. Communication from other departments is typically detailed and .719 accurate | | 2 | 5 | 3.61 |

| | | | | |
|---|---|---|------|-------|
| 3. Most of the information passed down from top-management is .892 detailed and accurate | 1 | 5 | 3.60 | |
| 1. It is rare for one of my co-workers to pass along unreliable information. | 1 | 5 | 3.65 | .884 |
| 2. The information we receive from other departments is consistently reliable. | 1 | 5 | 3.17 | 1.007 |
| 1. I receive the information I need to perform my job in a timely .807 manner. | 2 | 5 | 3.34 | |
| 2. I am often delayed in my job because I do not have the .791 information I need | 2 | 5 | 3.40 | |
| 3. <u>This organisation releases company news in a timely manner.</u> ____.833 | 2 | 5 | 3.34 | |

Note:

1. First 3=Communication flow, Next 4= Knowledge sharing, Next 3=Effective communication; Next 2=Reliability of information, Next 3=Timeliness of information
2. Scale: 1=strongly disagree; 3=neutral; 5=strongly agree

4.5 Business performance

Business performance had 3 items that measured the managers' perception of the performance of Vodafone Ghana with respect to its competitive position and market share. Response shows that the managers Vodafone performance was low (WA=3.4 and SD=0.458)

Table 4.6 Trends In Gains of Market Share of Vodafone Ghana from 2009-2014

| YEAR | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| MARKET SHARE (MS) | 13.87% | 15.37% | 19.93% | 21% | 21.58% | 23.29% |
| Competitive Position (CP) | 3 rd | 3 rd | 3 rd | 2 nd | 2 nd | 2 nd |
| % change in MS | - | 9.76% | 6.51% | 5.10% | 2.69% | 7.34% |

Source: National Communication Authority (2014), Author's Own Construct (2015)
Figure 4.1: Trends of Market Share and Competitive Position of Vodafone Ghana

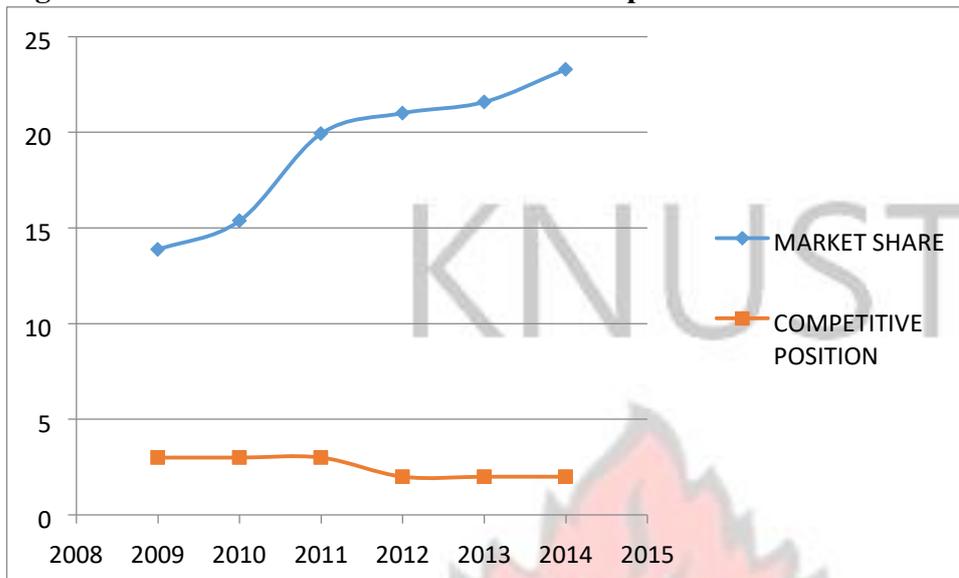


Table 4.6 and Figure 4.1 shows that market share of Vodafone Ghana has been increasing at a decreasing rate since 2009 with the exception of 2014. The market share increased by 9.76%, 6.51%, 5.10%, 2.69% in 2010, 2011, 2012 and 2013 respectively. However in 2014, the market share increased at an increasing rate of 7.34%. The competitive position of Vodafone Ghana remained at 3rd position in 2010, 2011 but improved to 2nd position in 2012. The company was able to sustain its competitive position in 2013 and 2014. This data supports the market share rating of the company by managers of the Vodafone Ghana. Though the company has experienced improved competitive position in the telecommunication industry, it is yet to achieve the 1st position which will make it the leading telecommunication firm in Ghana. This business performance is measured using the managers of Vodafone Ghana perspective of its performance as at the end of Vodafone's financial year March, 2014. Statements on performance were posed such that managers would rank compared to the rest of the competition in the telecommunication

sector instead of using the market share and competitive position indicators. (Adalsteinsson and Gudlaugsson 2007).

4.6 Exploratory factor analysis

In order to purify the measures for the respective constructs and obtain their underlying concept and dimensionality (Pallant, 2007), exploratory factor analysis (EFA) was performed. Given the three broad constructs, three EFAs were performed. In each case, Principal Component Analysis was used with Direct Oblimin for rotation coupled with Kaiser Normalization. Further, all analyses were set to extract items with loadings above .5 and with Eigenvalues greater than 1. Only items that had cross loadings were dropped. Also, sub-components that had relatively variance explained were not used in the subsequent analysis.

The first EFA focused on internal communication. In all 16 items were subjected to the PCA. The system extracted four components. Given the criteria explained above, three components were retained. These together explained 66.063% of the variance. The retained items under each component and the other EFA results are shown in table 4.8 The second EFA was performed on items measuring market orientation. In all, 14 items were subjected to the analysis. The system extracted 4 components. The first three components which had larger variance explained were retained for further analysis. Refer to table 4.8 for the details of the results.

In the last EFA, 3 items measuring business performance was subjected to PCA. All items were retained. Refer to table 4.8 for the details of the results.

Given the retained items, estimating the study's proposed model required creating single indicant variables. This was done by averaging the retained items or each constructs. For the multi-dimensional constructs, that, market orientation and internal communication, the

computations were done for each sub construct, after which an overall averages were computed.

KNUST



Table 4.8 Exploratory Factor Analysis: Internal communication

| Construct/measures [KMO = .729; χ^2 (DF) = . 1039.957 (105); p = .000 | Extraction | Variance explained |
|---|------------|--------------------|
| Knowledge sharing | | |
| KS1: In most situations, I receive the information I need to effectively perform my job | .862 | |
| KS2: I receive most of the information I need through informal channel | .771 | 13.942% |
| KS3: My departments readily shares information with other departments | .815 | |
| KS4: Other departments readily share important information with my department | .845 | |
| Effective communication | | |
| EC1: Most of the information I receive on a daily basis is detailed and accurate | .924 | |
| EC2: Communication from other departments is typically detailed and accurate | .757 | 32.988% |
| EC3: Most of the information passed down from top-management is detailed and accurate | .871 | |
| Timeliness of information | | |
| TI2: I am often delayed in my job because I do not have the information I need° | .798 | 19.135% |
| TI3: This organisation releases company news in a timely manner | .781 | |

Note

Extraction method: Principal Component Analysis (PCA); Rotation method: Oblimin with Kaiser Normalization; Extraction based on Eigenvalues greater than 1;

Coefficients display suppressed below |0.500|; Rotation converged in 12 iterations °

reversed worded

Table 4.9. EFA_ Market orientation

| Construct/measures [KMO = .733; χ^2 (DF) = 487.181 (91); p = .000 | Extraction | Variance explained |
|--|------------|--------------------|
| Customer focus | | |
| CF2: We constantly monitor our level of commitment and orientation to serving customer needs | .609 | |
| CF3: Out top managers from every function regularly visit our current and prospective key customers | .535 | 16.705% |
| CF4: Our strategy for competitive advantage is based on our understanding of customers" needs | .729 | |
| CF5: Our business strategies are driven by our beliefs about how we can create greater value for customers | .633 | |
| Competitor orientation | | |
| CO1: Our sales/marketing people regularly share information within our business concerning competitors" strategies | .748 | |
| CO2: We rapidly respond to competitive actions that threaten us | .766 | 28.840% |
| CO3: Top management regularly discusses competitors" strengths and strategies | .778 | |
| Inter-functional coordination | | |
| IFC1: All of our managers understand how everyone in our business can contribute to creating customer value | .656 | |
| IFC2: We freely communicate information about our successful and unsuccessful customer experiences across all business functions | .761 | 12.839% |

IFC3: All of our business functions (e.g., marketing/sales, Technology, finance/HRM etc.) are integrated in serving the needs of our target markets

.654

Rotation converged in 9 ta iterations

Table 4:10 EFA_ Business performance

| Construct/measures [KMO = .733; χ^2 (DF) = 487. 181 (91); p = .000 | Extraction | Variance explained |
|---|------------|--------------------|
| Business performance | | |
| BPERF1: I am very satisfied with the market performance of the company | .703 | 67.699% |
| BPERF2: The company is well known in the market | .655 | |
| BPERF3: The company has reached an excellent technological competitive position | .673 | |

Note

Extraction method: Principal Component Analysis (PCA); Rotation method: Oblimin with Kaiser Normalization; Extraction based on Eigenvalues greater than 1;

Coefficients display suppressed below | 0.500 |

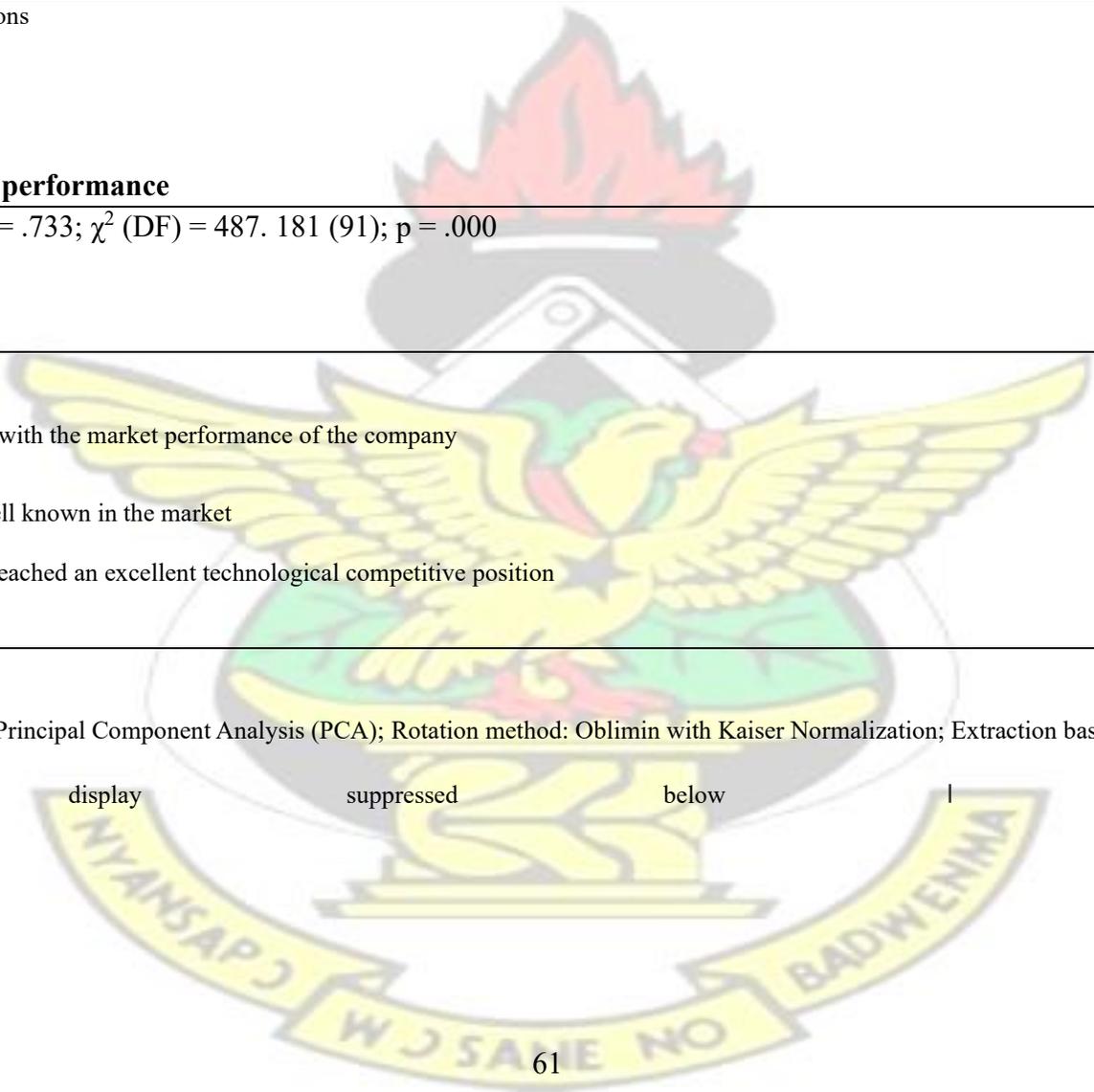


Table 4.11 Inter-construct/variable correlation and descriptive statistics

| VARIABLES | Mean | SD | 1 | 2 | 3 | 4 |
|--------------------------|------|------|-------|--------|--------|---|
| 1 Region ^d | .71 | .458 | | | | |
| 2 Market orientation | 3.27 | .517 | -.026 | | | |
| 3 Internal communication | 3.50 | .611 | .168 | .296** | | |
| 4 Business performance | 3.49 | .458 | -.017 | .418** | .406** | - |

Note ^d=dummy variable (coded as Greater Accra =1 and others =0)

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.11 shows that market orientation and business performance are positively and significantly correlated ($R=0.418$; $p<0.01$). Internal communication and business performance are positively and significantly related ($R=0.406$; $p<0.01$). Internal communication and market orientation are positively and significantly related ($R=0.296$; $p<0.01$).

To test the hypotheses, ordinary least square regression was used and the models had two outcome variables (see Table 4.12). The outcome variables were internal communication and business performance. Model 1 and model 3 were predicted by the control variable (region). Model 1 explained 2.8% of the variation in internal communication ($[F(92) = 2.702$; $p=0.01$) but Model 3 accounted for any variation in business performance ($[F(93) = 0.028$; $p=0.01$). Model 2 had internal communication as dependent variable and it predicted by market orientation and region (the controlled variable). When market orientation was added to Model 1, R^2 significantly increased by 9.1% ($[F(92) = 9.459$; $p<0.01$). Model 4 had business performance as dependence variable and it was predicted by internal communication and region (controlled variable). Model 4 increased R^2 by

17.2% ($[F(92)]=0.115$; $p<0.01$). In Model 5, when market orientation was added to Model 4, R^2 improved significantly by 9.3% ($F[91]=11.540$; $p<0.01$).

4.6 Test of hypothesis 1

The hypothesis 1 states that: *there is a positive relationship between market orientation and internal communication*. The result from Table 4.12 shows that market orientation significantly impacted on internal communication ($\beta=0.301$; $t=3.076$; $p<0.01$) and this supports hypothesis 1. Internal communication and market orientation are positively and significantly related ($R=0.296$; $p<0.01$).

4.7 Test of hypothesis 2

Hypothesis states that; *There is a positive relationship between internal communication and business performance*

From 4.12, internal communication significantly impacted on business performance ($\beta=0.321$; $t=3.397$; $p<0.01$) and this supports hypothesis 2 that internal communication positively relates to business performance in Vodafone Ghana. Many researches in various industries have empirically showed the positive relationship between internal communication satisfaction and business performance (Phibbs, 2011; Alyssa, 2006; Blalock, 2005; Goris, 2006; Pincus, 1986). The finding of this study is consistent with a study by Udegbe *et al* (2012) on „impact of internal communication on organizational performance in Nigerian companies“ which shows significant positive correlation between effective business communication on performance ($r=0.456$; $p<0.01$). For this current study the outcome shows the indirect role played by internal communication on firm performance. Internal communication works through the process of building employee satisfaction then to high productivity that impacts overall performance.

Research abounds in the relationship between internal communication and business performance, however many shown the indirect link via employee engagement (Chandhok (2014), Kroth and Boverie, 2012). Engaged employees are passionate about the work they do. Passion is always accompanied by excitement, enthusiasm and productivity (Kroth and Boverie, 2012) The engaged employees not only contribute more but also are more loyal and therefore less likely to voluntarily leave the organization. The research reveals that 56% of the managers have worked for more than five years in the company. Their stay with the company has effect on total organisational learning and therefore on the competitive position of the company. Kroth and Boverie (2012) in their presentation on maintaining motivated work force outline the role internal communication play in promoting well engaged staff and the benefits that the company gains from such staff. They emphasized that the engaged staff produce not only higher profits and revenue but also are less stressed, less absence from work and higher customer satisfaction. Chandhok (2014) explored the other drivers of employee engagement that internal communication can impact on in a study on employee engagement and commitment.

4.8 Testing of Hypothesis 3

Hypothesis 3 states that: *There is a positive relationship between market orientation and business performance in Vodafone Ghana.* The result in Table 4.12 shows that market orientation significantly impacted on business performance ($\beta=0.322$; $t=3.366$; $p<0.01$). Market orientation significantly positively impact on business performance (F-stats= 22.416; $p<0.01$). However, R^2 revealed that a unit change market orientation explains 17.4% variation in business performance ($R^2=0.174$). Therefore, there is significant positive relationship between market orientation and business performance. The findings is consistent with a study by Kirca, Jayachandran and Bearden (2005) which cited strong

positive relationship between market orientation and organisational performance in the manufacturing sector but weak relationship for service sector including telecommunication industry. Moreover, Narver and Slater (1990) tested the psychometric properties of their MKTOR measurement scale using exploratory factor analysis and obtained a single factor solution but market orientation as a single factor explained only 49% of the variance in performance. This outcome of Narver and Slater corroborates this current study in that both established that there is a positive and significant relationship between market orientation and firm performance. Therefore firms stand to improve on their overall performance when attention is paid to issues bothering on market intelligence gathering on both customers and competitors both current and potential. And again these information from the market is built into internal processes and offering design for the intended market. Oyidijo *et al* (2012) study on „influence of marketing practices on performance“ in 540 firms in Nigeria revealed direct link between market orientation and overall firm’s performance. Similarly, Webster *et al* (2014) examined the effect of market orientation on performance of schools in USA with 116 vice presidents and 131 deans as respondents. Their finding showed a significant positive effect of market orientation on performance.

The current study however contradicts other empirical study on relationship between market orientation and business performance. Au and Tse (1995) for example conducted their study using hotels as sample and marketing managers as respondents. The finding emanating from the study showed no significant relationship between market orientation and market performance. Demirbag *et al* (2006) conducted a study on impact of market orientation on business performance in SMEs in Turkish textile industry using structural equation modelling for interpretation. Demirbag *et al* found no association between market

orientation and business performance, the only relationship established was between market orientation and business performance with mediation of total quality management.

4.9 Test for mediation (Sobel Test)

In order to be confident of the OLS regression results on the mediations, a Sobel (1982) test was performed to assess whether internal communication significantly channels the effect of market orientation to business performance. The computations (refer to table 4.13) and the results obtained indicated that, indeed, the indirect effect of the market orientation on business performance through internal communication is significant at 5% (one-tailed) and thus these results confirm mediation (Soper, 2015) as hypothesized in the study.

4.10 Test of hypothesis 4

This hypothesis states that; *Internal communication mediates the relationship between market orientation and business performance.* market orientation on business performance. The results supports partial mediation since there was significant impact of market orientation on business performance.

From the mediation test result in Table 4.12, direct effect of market orientation on business performance ($\beta=0.365$) was higher than the indirect effect ($\beta=0.085 [0.356 \times 0.241]$). This means market orientation significantly impacts business performance and this works partially through internal communication. The below table 4.13 has proved the existence of mediation in the model which shows that internal communication mediates the relationship between market orientation and business performance of Vodafone Ghana. However the table further depicts just a partial mediation in the relationship between market orientation and business performance via internal communication. The

computation of the direct coefficient (unstandardized beta value 0.356) is greater than indirect coefficients (0.857 is the product of two regression coefficients of the regression models) of the market orientation and business performance (see table 4.13). Internal communication is the oil of the organisation and particularly it impacts significantly on employee job satisfaction and hence overall performance (Smith, L., & Mounter P. 2008). Chong, (2007) in his conclusions on the critical role of internal communication in firm performance said that in the battle for customers internal communication is the first frontier. This is in line with the critical tenets of market orientation that is how intelligence is gathered on both current and potential customers and competitors, how this information is shared and coordinated throughout the entire organisation. The outcome will reflect how the organisation responds to customer needs and react to competitor activities. Therefore for Vodafone to remain competitive and improve in its business performance internal communication should be given some considerable attention. However since it is a partial mediation management needs to check on other internal and external environmental factors that might impact both negatively and positively on the organisation. These include cultural setting of the society (Kirca, Jayachandran and Bearden, 2005), business environment (Palmer and Pels (2004) and strategy (Matsuno and Mentzer, 2000) and government and regulatory environments.

4.11 Summary

The findings of the study related to the objective set out at the beginning is presented with here and related literature in line with the study is also presented. The nature of the data collected and the demographic profile of the respondents are discussed.

Measures of the constructs were purified prior to estimating the proposed paths were presented. Further, statistical techniques and procedures employed in estimating the

hypothesized relationships between constructs/variables were detailed in the chapter. The respondents agreed that market orientation (WA=3.27: SD=0.517), practice of internal communication (M=3.50: SD=0.611) and business performance (WA=3.45: SD=0.458) of Vodafone Ghana was high. It was further shown that market orientation positively relate to internal communication ($\beta=0.301;p=0.01$).internal communication was also shown to be positively related to business performance of Vodafone Ghana ($\beta=0.321;p=0.01$), then also it was found that market orientation positively relate to business performance ($\beta=0.322;p=0.01$).

Finally a Sobel (1982) test performed to assess whether internal communication significantly channels the effect of market orientation to business performance shown that indirect effect of the market orientation on business performance through internal communication is significant at 5% (one-tailed) and thus these results confirm partial mediation.

In the next chapter of the study, summary of the findings as well as the conclusion of the study and relevant recommendations are presented.

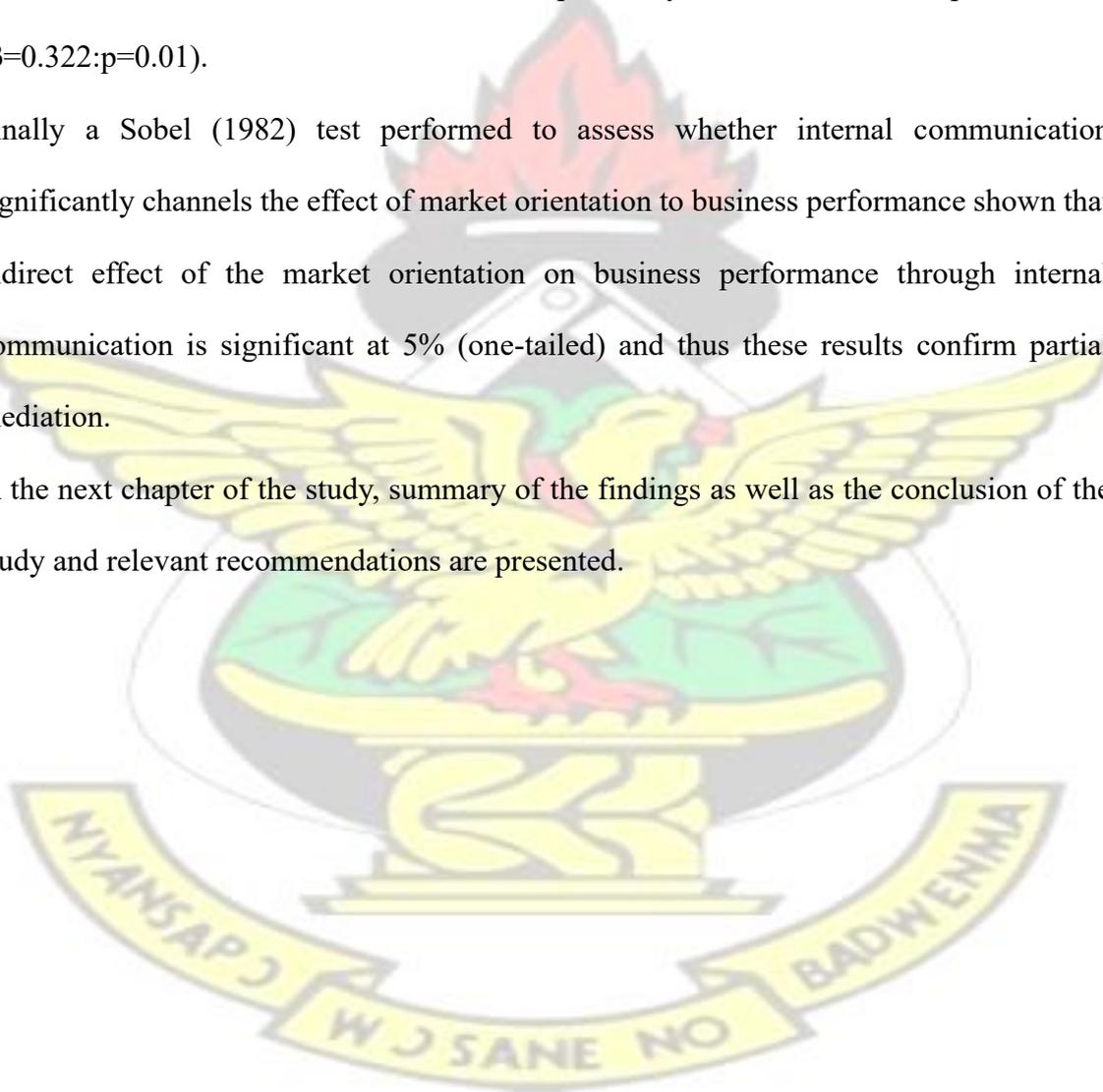


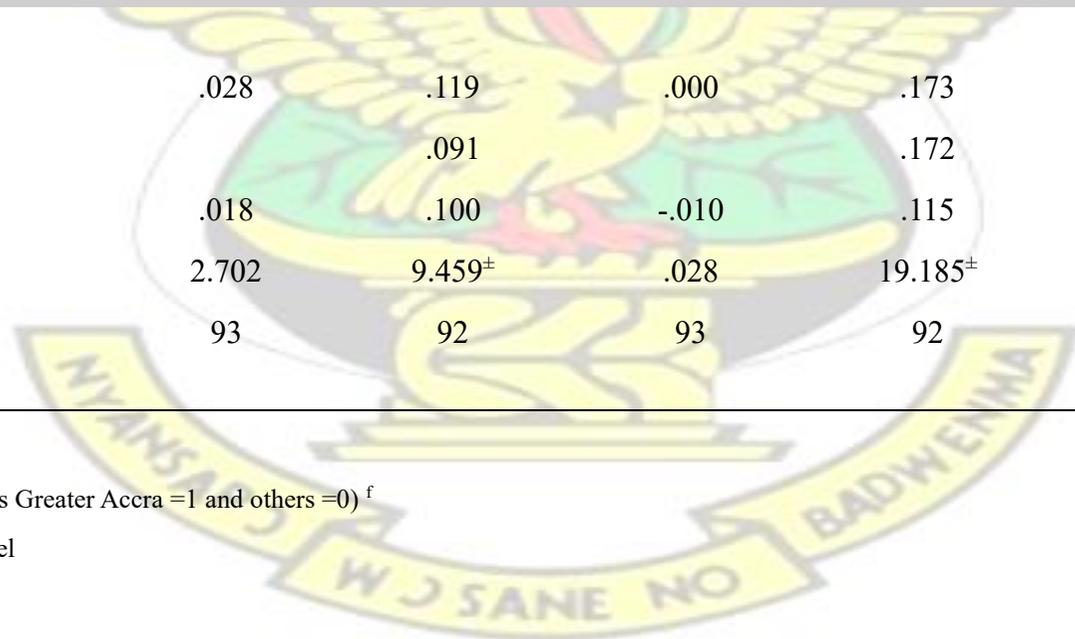
Table 4.12 Ordinary least square regression analysis

| Variables | STANDARDIZED COEFFICIENTS | | | | | VIF ^f |
|---------------------------|---------------------------|--------------------|----------------------|---------------------|---------------------|------------------|
| | Internal communication | | Business performance | | | |
| | Model 1 | Model 2 | Model 3 | Model 4 | Model 5 | |
| <i>Control paths</i> | | | | | | |
| Region ^d | .168(1.644)* | .176 (1.798)* | -.017 (-.168) | -.088 (-.917) | -.063 (-.690) | 1.036 |
| <i>Hypothesized paths</i> | | | | | | |
| Market orientation | | .301 (3.076)** | | | .322 (3.366)** | 1.135 |
| Internal communication | | | | .421 (4.380)** | .321 (3.397)** | 1.104 |
| FIT INDICES | | | | | | |
| R ² | .028 | .119 | .000 | .173 | .266 | |
| ΔR ² | | .091 | | .172 | .093 | |
| Adjusted R ² | .018 | .100 | -.010 | .115 | .242 | |
| F statistics | 2.702 | 9.459 [±] | .028 | 19.185 [±] | 11.540 [±] | |
| DF | 93 | 92 | 93 | 92 | 91 | |

Note

^d =dummy variable (coded as Greater Accra =1 and others =0) ^f

VIF values of the final model



KNUST

t-values are in the parenthesis

± sig. change in F value at 1%

*. Coefficient significant at the 0.01 level (1-tailed).

Hypothesized path evaluated at 5% significance level (critical value =1.645, 1-tailed test)

Source: Field study (2015)

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Table 4.13: Test for mediation _ Sobel test results

| Coefficients/inputs | Sobel t statistics | P value (1tailed) | P value (2tailed) |
|--|--------------------|-------------------|-------------------|
| Regression weight: MO→IC = .356 ^a | 2.262 | .012 | .024 |
| Regression weight: IC→BP = .241 ^b | | | |
| Standard error: MO→IC = .116 ^{Sa} | | | |
| Standard error: IC→BP = .072 ^{Sb} | | | |

Note:

Sobel t statistics is given by:

$$a*b/\text{SQRT}(b^2*s_a^2 + a^2*s_b^2) \text{ (Source: Preacher and Leonardelli, 2015)}$$

^a=regression coefficients (unstandardized) ^{sa}

and ^{sb}=standard errors of the estimated paths

SQRT =square root

MO =market orientation; IC=internal communication; BP=business performance

Source: Field study (2015)



SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATION

5.0 Introduction

This chapter considers summary of findings, conclusions, recommendations and suggestions for further studies.

5.1 Summary of Findings

Market orientation and performance relationship has been clearly established by the study and further results shown the varied relationship of the three components of market orientation on business performance of Vodafone Ghana. The new finding of this thesis is the mediated role of internal communication of business performance. The impact however reveals a partial mediation. Below is the summary of the findings.

5.1.1 Influence of market orientation on internal communication within Vodafone Ghana

It was realized from the study that market orientation and internal communication are significantly positively correlated ($R=0.296$; $p<0.01$). From the study market orientation ($\beta=0.301$; $p=0.01$) positively impacted on internal communication.

5.1.2 Influence of internal communication on business performance of Vodafone Ghana

Market orientation and internal communication are significantly strongly related ($R=0.406$; $p\text{-value}<0.01$). The study realized that market orientation significantly and positively impacted on internal communication ($\beta=.321$, $p\text{-value}<0.01$).

5.1.3 Influence of market orientation on business performance of Vodafone Ghana. It

is shown in the study that market orientation and business performance are significantly positively ($R=0.418$; $p=0.01$). ($\beta=.322$, $p\text{-value}<0.01$).

5.1.4 Impact of market orientation on business performance with internal communication playing mediating role in Vodafone Ghana

It was revealed in the study that internal communication partially mediates the market orientation and performance relationship of Vodafone Ghana. The Sobel test reveals that the co-efficient of the direct effect ($\beta=0.365$) is higher than the product of the co efficient indirect and direct effect ($\beta.241$). ($\beta=0.085$ [0.356×0.241]) The result showed that internal communication partially mediate the relationship between market orientation and business performance.

Table 5.1 Summary of hypothesis findings

| Hypothesis | Results | Conclusion |
|--|------------------------------|---------------------|
| H₁ : Market orientation positively relates to internal communication at Vodafone Ghana | $\beta = .301$; $t = 3.076$ | Supported |
| H₂ : Internal communication positively relates to business performance at Vodafone Ghana | $\beta = .321$; $t = 3.397$ | Supported |
| H₃ : Market orientation positively relates to business performance at Vodafone Ghana | $\beta = .322$; $t = 3.366$ | Supported |
| H₄ : Internal communication mediates the positive effect of market orientation on business performance at Vodafone Ghana | Sobel $t = 2.262$ | Partially supported |

Source Field Survey (2015)

5.2 Conclusions

The study looked at the effect of market orientation on performance, using internal communication as mediator. This study is different in the sense that many study focused impact of R&D on new product with customer orientation and competitor orientation mediator (Avenida *et al*, 2011) and relationship between market orientation and organizational performance with innovation as mediator (Gin *et al*, 1998).

Varied predictions have been made about the outcome of this relationship (Voss and Voss, 2000). Many have predicted positive relationship based on the premise that market orientation provides better understanding of the customer and the competition and therefore better decisions could be made that would result in good performance. The study confirms this assertion with significant positive impact of market orientation on business performance. However, various component of market orientation impact on business performance differently with inter-functional coordination and competitor orientation having significant positive impact on business performance while customer orientation had negative but insignificant impact.

Internal communication is important in telecommunication environment and play critical contribution to market orientation (Theyenet, 1997). Again effective communication has been identified as a source of corporate performance (Dawkins, 2004; Hannegan, 2004). This study found out the internal communication partially mediate the relationship between market orientation and business performance.

5.3 Recommendations

The recommendation was based on the findings emanating from the study and they are as follows:

1. Internal communication and market orientation were significantly and positively related. This means that any improvement in internal communication will significantly improve market orientation of Vodafone Ghana. The study recommends that management of Vodafone Ghana should strengthen their internal communication processes and channels.
2. It was revealed in the study that market orientation and internal communication explains 26.6% of the variation in business performance. It is recommended that other variables such as industry competition and business environment should be critically focused on in order to improve performance.

5.4 Suggestions for Future Research

1. The study suggests cross sectional study in the whole telecommunication industry on how internal communication mediate the relationship between market orientation and business performance.
2. The study suggests that other important variables such as innovation and regulation should be used as mediation on the relationship between market orientations on performance.
3. A longitudinal study of market orientation practices within Vodafone could be a useful study that could correlate with performance levels in order to establish fairly the relationship between the two constructs.

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APPENDICES

APPENDIX 1, QUESTIONNAIRE

Dear Sir/Madam,

Research: The effect of market orientation on organisational performance the mediating role of internal communication, case of Vodafone Ghana.

This research is conducted as part of a graduate study at the Kwame Nkrumah University of science and Technology. It is my belief that you as a respondent would provide practical and convincing answers to the questions below to enable me present a good report on the topic above.

Thank you in advance for your contribution to this research which is for academic purpose only.

Part A. Personal Data

1. What is your Gender? 1. F 2. M
2. What is your Department?
3. Which Region do you work in?
4. What are your years of employment? : 1. 1-2, 2. 3-
4, 5 years and above

Part B. INTERNAL COMMUNICATION

The following questions are to assess the effectiveness and nature of Internal communication within your company. Please respond to each statement by ticking the appropriate box based on the scale given below.

Strongly Disagree -1, Disagree -2, Neutral -3, Agree- 4, Strongly Agree - 5

| Communication Flow | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| 1. Most of the information I receive on a daily basis comes from my manager. | | | | | |
| 2. In this organisation, my ideas are frequently passed on to topmanagement. | | | | | |
| 3. I feel comfortable sharing ideas directly with members of topmanagement. | | | | | |
| Coordination/Knowledge Sharing | | | | | |
| 4. In most situations, I receive the information I need to effectively perform my job. | | | | | |
| 5. I receive most of the information I need through informal channel | | | | | |
| 6. My departments readily shares information with other departments. | | | | | |
| 6. Other departments readily share important information with my department. | | | | | |
| Effectiveness of Communication | | | | | |
| 8. Most of the information I receive on a daily basis is detailed and accurate. | | | | | |
| 9. Communication from other departments is typically detailed and accurate. | | | | | |
| 10. Most of the information passed down from top-management is detailed and Accurate. | | | | | |
| Reliability | | | | | |
| 11. The directives that come from top-management are clear and consistent. | | | | | |
| 12. It is rare for one of my co-workers to pass along unreliable information. | | | | | |
| 13. The information we receive from other departments is consistently reliable. | | | | | |
| Timeliness | | | | | |
| 14. I receive the information I need to perform my job in a timely manner. | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| 15. I am not delayed in my job because I do have the information I need | | | | | |
| 16. This organisation releases company news in a timely manner. | | | | | |

Part C. Market Orientation

The following questions on market orientation are to assess how they affect your performance. In answering, please use the following response scale and place the most appropriate number to the right of each statement. Please respond to each statement by ticking the appropriate box based on the scale given below.

Strongly Disagree -1, Disagree -2, Neutral -3, Agree- 4, Strongly Agree - 5

In our company

| Statements | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 1. Our sales/marketing people regularly share information within our business concerning competitors' strategies | | | | | |
| 2. Our business objectives are driven primarily by customer satisfaction. | | | | | |
| 3. We rapidly respond to competitive actions that threaten us. | | | | | |
| 4. We constantly monitor our level of commitment and orientation to serving customer needs | | | | | |
| 5. Our top managers from every function regularly visit our current and prospective key customers | | | | | |
| 6. We freely communicate information about our successful and unsuccessful customer experiences across all business functions. | | | | | |
| 7. Our strategy for competitive advantage is based on our understanding of customers' needs. | | | | | |
| 8. All of our business functions (e.g., marketing/sales, Technology, finance/HRM etc.) are integrated in serving the needs of our target markets. | | | | | |
| 9. Our business strategies are driven by our beliefs about how we can create greater value for customers. | | | | | |
| 10. We measure customer satisfaction systematically and frequently. | | | | | |
| 11. We give close attention to after-sales service | | | | | |
| 12. Top management regularly discusses competitors' strengths and strategies | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| 13. All of our managers understand how everyone in our business can contribute to creating customer value. | | | | | |
| 14. We target customers where we have an opportunity for competitive advantage. | | | | | |

PART C. BUSINESS PERFORMANCE

The following questions are to assess the market performance of your company. Please respond to each statement by ticking the appropriate box based on the scale given below.

Strongly Disagree -1, Disagree -2, Neutral -3, Agree- 4, Strongly Agree – 5

| Business performance | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| 1. I am very satisfied with the market performance of the company. | | | | | |
| 2. The company is well known in the market. | | | | | |
| 3. The company has reached an excellent technological competitive position | | | | | |