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Market Orientation and Management Sustainability of Microfinance Institutions

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ABSTRACT

Among all the efforts that have been conducted to alleviate poverty, microfinance has been ascertained as an efficient and useful one. This study aims at providing insights into how the three dimensions of market orientation namely, customer orientation, competitor orientation, and inter-function coordination affect the most important aspect of sustainability of microfinance institutions (MFIs), particularly the sustainable management performance of Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN), as one of the largest MFIs in South East Asia. As a primary method of data collection, questionnaires were distributed to the top management level of TEKUN. The obtained data was subjected to statistical analysis using PLS-SEM, on a convenience sample of 110 of TEKUN's top management personnel. The results provide empirical evidence that among the three dimensions of market orientation, only management sustainability of TEKUN is significantly influenced by customer orientation. The result of this paper further enhances the literature in understanding the long-term sustainable performance-based market orientation. Findings are useful for policy makers, management of microfinance institutions, practitioners, and academics to enhance the microfinance system. Managerial implications and suggestions for future research are also included.

JEL Classification: L10, Q56, G21

Keywords: Market orientation, Customer orientation, Competitor Orientation, Inter-function Coordination, Management Sustainability

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INTRODUCTION

Microfinance business has a great market in Malaysia, but still one of the most remarkable issues of microfinance institutions (MFIs) is their unsustainability, which leads them to lack in outreach and poverty alleviation. Most MFIs in Malaysia are not able to manage themselves financially and are severely dependent on governmental grants (Ahmad, 2003). It could be the reason for the low number of microfinance providers despite the high demand for their services. Despite all the valuable efforts taken, the poverty line in Malaysia is still high. Nevertheless, poor people in Malaysia still need to use microfinance services, but the microfinance institutions are suffering from bankruptcy. In other words, microfinance has been known as an efficient tool for poverty alleviation, but microfinance providers need to be sustained first (Iman & Ganb, 2014). Therefore, since fighting poverty is the most significant moral challenge in the past century, reaching sustainability for MFIs seems necessary. One of the most important reasons for this lack of sustainability may be due to the unsustainable management of MFIs.

Although sustainability has a similar meaning in all markets, it has been defined specifically for each business. According to Cheney *et al.* (2004) and Fontaine *et al.* (2006), based on the stakeholder theory, sustainability as a general definition is a complex and multi-faceted concept, covering a broad spectrum of areas and topics from habitat conservation, energy consumption, stakeholder satisfaction to financial results. The original or literal meaning of the term is equivalent to permanence and implies the notion of durability, stability, and eternity. On the other hand, sustainability in a microfinance business means achieving a sustainable financial and social performance (Abdul Rahman *et al.*, 2015).

Therefore, the sustainability of MFIs and the issue of outreach and sustainable performance are strongly linked. Consequently, it seems necessary for MFIs to sustain current clients and to attract more new ones as their financial and social resources in order to reach sustainability.

Thus, in order to achieve this goal, MFIs need to follow a valid and reliable plan, which contains guidelines in attracting and saving clients, taking proper decisions in confronting competitors, having proper internal interactions, and enhancing the organization in the market.

Kohli and Jaworski (1990, p.6) define market orientation as "the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of intelligence across departments, and organization-wide responsiveness to it." This concept focuses on three dimensions, namely customer orientation, competitor orientation, and inter-function coordination, which are constructed from three major factors that include intelligence generation, intelligence dissemination, and responsiveness, based on the importance of sustaining and attracting customers (Kohli & Jaworski, 1990).

In general, this study aims to address the gap in "sustainable performance-based market orientation research" in microfinance business, clarifying whether the nature of market orientation can affect the management sustainability of MFIs, while applying the concept of sustainability at the micro level of the organization in the microfinance business.

Most of the conducted studies in this particular area, that assess the performance or efficiency of microfinance institutions, are based on the conventional type of microfinance and not the Islamic one. Moreover, little empirical research has been done in examining the influences of market orientation on the different aspects of sustainability of MFIs. Furthermore,

in Malaysia, almost no empirical research has been conducted in investigating the issue of unsustainability of the MFIs and in providing solutions accordingly.

The current study determines the influences of market orientation on management sustainability of TEKUN, as one of the oldest and largest microfinance providers in Malaysia, to clarify how each of the three dimensions of market orientation affects the management sustainability of TEKUN. Further, two control variables namely, sustainability of customer and employee are used to determine that the relationship between independent and dependent variables is accurate.

This paper is organized as follows: next section discusses on literature review. Further sections elaborate on theoretical framework and hypotheses of study, research method and findings of the study. The last two sections covers discussion and conclusion.

LITERATURE REVIEW

This section reviews the theoretical background of microfinance in Malaysia, market orientation, and its influences on management sustainability of MFIs.

Sustainability of Microfinance Institutions

According to Sebhatu (2009), having long-term financial and social performances are the most important characteristics of sustainable organizations. Nevertheless, changing managers in organizations in some conditions may be considered as normal, but these changes must not affect the main objectives of the organizations. The management's main goals in sustainable corporations is reaching the highest possible level of efficiency via creating added value for their main stakeholders by integrating efficiency, social, and financial performance of their organization. Despite the changes in the management level, this objective should be followed by the organizations (Mohd-Sanusi *et al.*, 2015). Thus, sustainable organizations are firstly measured by their sustainable management through some items such as whether they have fixed management strategies despite the change of managers, whether the time given by the manager to accomplish his/her goals is enough, whether the corporation is driven by pre-determined strategies and not by the managers' feelings, or whether the managers' turnover rate in the corporation is high.

Market Orientation and Islamic Microfinance Institutions

The concept of market orientation indicates that success will come to organizations that best determine the perceptions, needs, and wants of the target markets and satisfy them through the design, communication, pricing, and delivery of appropriate and competitively viable offerings (Kazemian *et al.*, 2015). In contrast to market orientation, most MFIs possess a "product orientation," which holds that success will come to the organization that brings to market goods and services that they are convinced will be good for the public.

Kohli and Jaworski (1990, p.6) define market orientation as "the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it." Market

orientation has three dimensions: *Customer orientation, Competitor orientation, and inter-function coordination. Customer orientation* is related to whatever corporations do to attract clients and retain them by keeping them satisfied. Competitor orientation includes knowing the business environment well. Monitoring, analyzing, and responding to the market changes are related to this. *Inter-function coordination* involves inter-departmental regulations that make the organization more efficient. In other words, organizations adopt various market orientation strategies to enhance the business market in keeping current clients and attracting more future clients (Kohli & Jaworski, 1990, Narver & Slater, 1990).

In fact, the transition from product orientation to market orientation is a long process that occurs in virtually all mature businesses. However, surprisingly, the microfinance industry is unique only in that it is relatively young and immature and has yet to pass through this phase. The main question, which MFIs should find an appropriate answer to, is how to take an abstract concept such as market orientation and give it real managerial/operational relevance (Wright, Cracknell, Mutesasira, & Hudson, 2003). In fact, the increasing level of being market oriented (moving from product orientation to market orientation) for the MFIs should be taken gradually. As widely discussed earlier, since the concept of market orientation puts customers at the centre of attention in designing future plans based on their demands, thus the first step taken should be being customer oriented. In this regard, Gutiérrez-Nieto and Serrano-Cinca (2010) studied the affecting factors on the decision to fund microfinance institutions. The proposed model of this study mostly focused on creating superior customer value and its influences on the quality and sustainability of the microfinance institutions. Data was gathered from 116 managers of microfinance institutions in the US in 2007. The results proved that both outreach and sustainability of microfinance institutions are important for microfinance institutions' funders. In addition, the findings showed that creating superior customer value (being customer oriented) by focusing on some aspects such as mutual trust, loyalty and transparency, affects sustainability and outreach of microfinance institutions, significantly.

The next stage is monitoring the business environmental elements, such as competitors' action and assessing competitive intensity in order to show appropriate reactions, aiming to save current clients and to attract more new ones. Finally, to be market oriented, the Islamic MFIs should manage internal interactions, for instance, in matters of inter-departmental connectedness and conflicts, the management should emphasize on being innovative and so on. Overall, after taking all the mentioned steps, the MFIs will be considered a market oriented organization.

The Economic Fund for National Entrepreneurs Group (TEKUN)

One of the largest microfinance institutions in Malaysia is the Economic Fund for National Entrepreneurs Group (TEKUN) established on 9 November 1998. TEKUN is different from AIM and YUM. It provides loans to both poor and not-so-poor people. The main objective of TEKUN is to provide easy and quick loans to *Bumiputra* and Indian entrepreneurs. Since 2008, TEKUN has expanded its services to provide business opportunities and business skills training to its borrowers and to develop networking among innovative and progressive entrepreneurs from all over Malaysia. TEKUN is under the purview of the Ministry of Agriculture and Agro-based Malaysia.

THEORETICAL FRAMEWORK AND HYPOTHESES OF STUDY

Based on the previous body of literature, market orientation is an important factor in leading organizations to the main objectives of sustainability (superior long-term social and financial performance) (Bhuian & Habib, 2005). Market oriented firms are more likely to achieve long-term profit by providing superior value to the customers by identifying their current and future needs, knowing the strengths and plans of competitors, showing coordinated and just-in-time reactions, and presenting new services in order to affect the market environment (Narver & Slater, 1990). Several studies have been conducted examining the capabilities of market orientated organizations in reaching superior long-term performance (Ruekert, 1992; Jaworski & Kohli, 1993; Narver & Slater, 1990). Based on the positive linkage between market orientation and institutional sustainability in various industries, the proposed model emphasizes on the role of market orientation for achieving high performance by microfinance providers. In addition, two more control variables namely, having sustainable customers and employees are considered as effective factors on the relationship between dimensions of market orientation and aspects of sustainability. Figure 1 shows the key components of the framework. As can be seen, the framework posits market orientation of a firm as an independent variable and its management sustainability as the dependent variable.
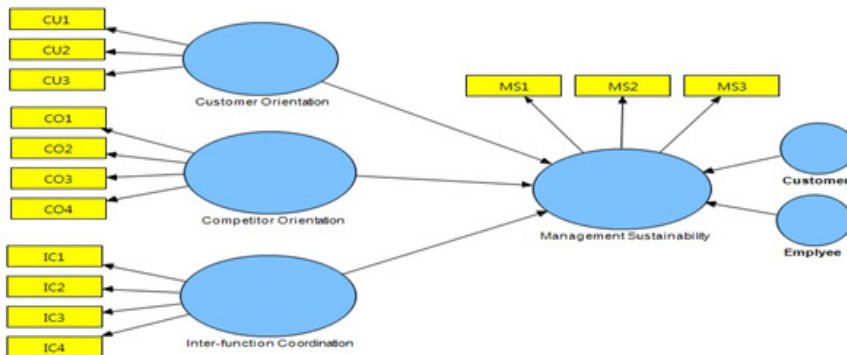

Figure 1 Theoretical Framework of the Study

Based on the previous body of literature, it is expected that following market orientation strategies that lead organizations to superior social and financial performance may cause an increase in management sustainability (Kazemian *et al.*, 2014; Acharya & Acharya, 2006; Crittenden *et al.*, 2011). This argument is fully supported by the "stakeholder theory" as well (Freeman, 2004; Fontaine *et al.*, 2006). According to Freeman (2004), using market orientation strategies in order to create superior value for customers, supporting customer failures, and adherence to social responsibilities can help MFIs to attract more customers and to stay sustainable, socially and financially, and consequently affect the sustainability of the management positively.

As mentioned above, market orientation has three dimensions: customer orientation, competitor orientation, and inter-function coordination. Customer orientation means driving corporations based on the current and future needs of customers, which requires knowledge of

the customer target market (CU1), knowing and analyzing their current demands and predicting future demands (CU2), and creating superior customer value by focusing on meeting their needs in order to make them satisfied (CU3) (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990; Noor & Muhamad, 2005; Aboulaich *et al.*, 2014;, Mokhtar *et al.*, 2014). According to Singh and Ranchhod (2004), organizations are able to attain competitive advantages and reach superior organizational performance through creating superior customer value and analyzing current and future customer's needs. In addition, since market orientation places the customer at the centre of all the activities of an organization, it aims to achieve customer satisfaction by offering products based on customer's desires and expectations. A study by Reichheld and Sasser (1990) found that firms can improve profits from 25% to 85% by making an improvement of only 5% in their customer retention. Furthermore, they have found that if 2-5 percent of the additional customers are retained, it has the same effect as cutting costs by 10%, which will increase the profit. Thus, this study hypothesizes that:

H1: Customer orientation has a positive and significant influence on sustainability of management of microfinance institutions.

The second characteristic of market oriented organizations is being competitor orientated. By definition, competitor oriented organizations monitor and analyze the actions and capabilities of competitors for making just-in-time decisions in order to show the best reactions (Narver & Slater, 1990). A competitor-oriented organization should firstly be informed about the level of competitive intensity by knowing the competitive environment (CO1). It should be able to evaluate its own ability and power as well as that of its competitors. This organization should have a systematic procedure for gathering all the relevant data (CO2) and transferring this information from the competitors to top management (CO3) to make suitable and just-in-time decisions (CO4) (Armstrong & Collopy, 1996, Kohli & Jaworski, 1990, Tortosa *et al.*, 2009). Some studies suggest that competitor-oriented firms, which continuously monitor progress about rivals, gain opportunities by creating products or marketing programs that are differentiated from those of their competitors (Im & Workman Jr, 2004) or by adopting an effective 'second-but-better' approach, which assists them to gain long-term performance (Frambach *et al.*, 2003). Similarly, according to the mentioned literature, the current study hypothesizes that:

H2: Competitor orientation has a positive and significant influence on sustainability of management of microfinance institutions.

Inter-function coordination reflects the level of interactions and communications that assists organizations in providing better quality of services (Grinstein, 2008). Generally, market-oriented organizations should have something new for presenting such as innovations to impress the market and customers in order to persuade them to stand by the organization. Inter-function coordination is directly related to the top management attitude of whether they want to be the best in the market or otherwise (IC1). If so, how much is their risk tolerance (IC2)? Alternatively, do they have the capability for being innovative? (Gresham *et al.*, 2006). On the other hand, 'too much' collaboration and information sharing, innovation and risk taking, often have a negative effect (Szymanski & Henard, 2001). Still, at the heart of the inter-functional

coordination lies the sharing of market information that is crucial for new product development and that is why internal connectedness (IC3) and conflicts (IC4) may have remarkable effects (Im & Workman Jr, 2004). Similar to other dimensions of market orientation, the following hypothesis is considered:

H3: Inter-function coordination has a positive and significant influence on sustainability of management of microfinance institutions.

Furthermore, the current research measures management sustainability of microfinance institutions through its definition (Sebhatu, 2009; Crittenden *et al.*, 2011). Generally, management sustainability drives the organization based on customers' demands and not by managers' personal feelings. Management sustainability of microfinance providers is about managers' management duration (MS1) and stability of organization's managerial guideline regardless of the managers changing (MS2), and whether the turnover of managers is something normal or otherwise (MS3).

RESEARCH METHOD

The main objective of the current study is to empirically test the level of influence of the three dimensions of market orientation as the independent variables on the sustainability of TEKUN as the dependent variable similar to the approach used by Narver and Slater (1990a). For measuring the level of a firm's market orientation, the 14 items of the MKTOR scale developed by Narver and Slater (1990a) and the 32-item scale of market orientation originally developed by Jaworski and Kohli (1993) are used. The Narver and Slater's (1990) measurement scale (MKTOR) has been used extensively in studies on market orientation and has been widely recognized for its validity and reliability (Pelham & Wilson, 1995; Ngansathil, 2001; Ngai & Ellis, 1998). The reported reliability coefficient of the scale has been reported to be above the 0.7 threshold as recommended by Nunnally (1978).

This study adopts the PLS-SEM as the statistical method to assess the research model using a smart PLS2.0.

Data Collection

The study is based on a survey of one of the biggest Islamic microfinance providers in Malaysia namely the Economic Fund for National Entrepreneurs Group (TEKUN). The survey fieldwork started in August 2013 and continued until February 2014. Questionnaire protocol was used as the primary means for data collection. Data were gathered from TEKUN's top management level. All respondents had two common characteristics; all of them were decision makers (have influences on the organization's strategies) and were fully aware of TEKUN's marketing strategies. 190 self-administered questionnaires were distributed for gathering data from the respondents, at the monthly center meeting in the main branch. A total of 110 usable questionnaires were received and used for this analysis, which translates to about a 58% response rate.

The next section presents the assessment of the goodness of measure of these constructs in terms of their validity and reliability within the research framework.

Construct Validity

The results obtained from the use of the measure are examined to testify how well they fit the theories around which the construct validity is designed (Sekaran & Bougie, 2010). The question here is whether the instrument taps the concept as theorized. This can be assessed through the convergent and discriminant validity. First, we look at the respective loadings and cross loadings from Table 1 to assess if there are problems with any particular items. We use a cutoff value for loadings at 0.5 as significant (Anderson *et al.*, 2010). As such, any item with a loading of higher than 0.5 on two or more factors will be deemed to have significant cross loadings. From Table 1, we can observe that all the items measuring a particular construct loaded highly on that construct and loaded lower on the other constructs thus confirming construct validity.

Bold values are loadings for items, which are above the recommended value of 0.5

Convergent Validity

Next, we test the convergent validity, which is the degree to which multiple items that measure the same concept are in agreement. As suggested by Hair *et al.* (2011), we use the factor loadings, composite reliability, and average variance extracted to assess the convergence validity. The loadings for all items exceeded the recommended value of 0.5. Composite reliability values (see Table 2), which depict the degree to which the construct indicators indicate the latent construct range from 0.713 to 0.843, which exceeds the recommended value of 0.7 (Hair *et al.*, 2012). The average variance extracted (AVE) measures the variance captured by the indicators relative to the measurement error, and it should be greater than 0.50 to justify using a construct (Barclay *et al.*, 1995). The average variance extracted is in the range of 0.528 and 0.715. Table 3 summarizes the results of the measurement model. The results show that all the four constructs namely customer orientation, competitor orientation, inter-function coordination, and management sustainability are all valid measures of their respective constructs based on their parameter estimates and statistical significance (T-value should be greater than 1.96) (Chow & Chan, 2008).

Discriminant Validity

Next, we proceed to test the discriminant validity. The discriminant validity of the measures (the degree to which items differentiate among constructs or measure distinct concepts) is assessed by examining the correlations between the measures of potentially overlapping constructs. Items should load more strongly on their own constructs in the model, and the average variance shared between each construct and its measures should be greater than the variance shared between the construct and other constructs (Compeau *et al.*, 1999). As shown in Table 4, the squared correlations for each construct are less than the average variance extracted by the indicators measuring that construct indicating adequate discriminant validity. In total, the measurement model demonstrated adequate convergent validity and discriminant validity.

Table 1: Loading and Cross Loadings

	Customer Orientation	Competitor Orientation	Inter-function Coordination	Management Sustainability
CU1	**0.713**	0.624	0.439	0.317
CU2	**0.738**	0.477	0.342	0.425
CU3	**0.764**	0.638	0.415	0.440
CO1	0.194	**0.688**	0.227	0.265
CO2	0.295	**0.791**	0.266	0.375
CO3	0.129	**0.613**	0.469	0.534
CO4	0.491	**0.739**	0.362	0.317
IC2	0.367	0.391	**0.742**	0.199
IC3	0.232	0.235	**0.621**	0.278
IC4	0.623	0.486	**0.703**	0.383
IC1	0.284	0.248	**0.792**	0.416
MS1	0.675	0.482	0.414	**0.739**
MS2	0.415	0.374	0.503	**0.843**
MS3	0.433	0.421	0.298	**0.827**

Bold values are loadings for items, which are above the recommended value of 0.5

Table 2: Results of the Measurement Model

Model construct	Measurement item	Loading	CRa	AVEb
Customer Orientation	CU1	0.713	0.769	0.591
	CU2	0.738		
	CU3	0.764		
Competitor orientation	CO1	0.688	0.712	0.528
	CO2	0.791		
	CO3	0.613		
	CO4	0.739		
Inter-function coordination	IC1	0.742	0.773	0.539
	IC2	0.621		
	IC3	0.703		
	IC4	0.792		
Management Sustainability	MS1	0.739	0.833	0.715
	MS2	0.843		
	MS3	0.827		

[a] Composite reliability (CR) = (square of the summation of the factor loadings)/((square of the summation of the factor loadings) * (square of the summation of the error variances))
[b] Average variance extracted (AVE) = (summation of the square of the factor loadings)/((summation of the square of the factor loadings) * (summation of the error variances))

Table 3: Summary Results of the Model Construct

Model construct	Measurement item	Standardized estimate	T-values
Customer Orientation	CU1	0.713	9.430
	CU2	0.738	8.178
	CU3	0.764	21.147
Competitor orientation	CO1	0.688	4.761 0
	CO2	0.791	8.496
	CO3	.613	9.385
	CO4	0.739	13.492
Inter-function coordination	IC1	0.642	20.746
	IC2	0.621	18.492
	IC3	0.703	15.284
	IC4	0.612	14.529
Management Sustainability	MS1	0.739	26.814
	MS2	0.843	30.963
	MS3	0.827	38.528

Table 4: Discriminant Validity of Constructs

Constructs	Competitor Orientation	Customer Orientation	Management Sustainability	Inter-function Coordination
1.Competitor Orientation	**0.528**			
2.Customer Orientation	0.395	**0.591**		
3.Management Sustainability	0.481	0.563	**0.715**	
4.Inter-function Coordination	0.296	0.378	0.432	**0.539**

Diagonals (in bold) represent the average variance extracted while the other entries represent the squared correlations

FINDINGS OF THE STUDY

Reliability Analysis

We use the Cronbach's alpha coefficient to assess the inter item consistency of our measurement items. Table 5 summarizes the loadings and alpha values. As seen from Table 5, all alpha values are above 0.6 as suggested by Nunnally and Bernstein (1991). The composite reliability values range from 0.738 to 0.844. Interpreted as the Cronbach's alpha for internal consistency reliability estimate, a composite reliability of 0.70 or greater is considered acceptable (Fornell & Larcker, 1981). As such, we can conclude that the measurements are reliable.

Table 5: Results of Reliability

Constructs	Measurement items	Cronbach's α	Loading rang	Number of items a
Customer Orientation	CU1, CU2, CU3	0.821	0.713-0.764	3(3)
Competitor orientation	CO1, CO2, CO3, CO4	0.752	0.613-0.791	4(4)
Inter-function coordination	IC1, IC2, IC3, IC4	0.737	0.612-0.703	4(4)
Management Sustainability	MS1, MS2, MS3	0.844	0.739-0.843	3(3)

a Final items numbers (initial numbers)

Hypotheses Testing

Next, we proceed with the path analysis to test the six generated hypotheses. Figure 2 and Table 6 illustrate the results. The R2 value for management sustainability is 0.402, suggesting that 40.2% of the variance in the extent of management sustainability can be explained by customer orientation, competitor orientation, and inter-function coordination. As Hair *et al.* (2012) and Djajadikerta *et al.* (2015) point out, each path coefficient greater than 0.2 reflects significant relationship between two respective variables. Therefore, a close look shows that customer orientation is positively related to the extent of management sustainability (β = 0.384, p<0.01), whereas competitor orientation and inter-function coordination are not significant predictors of the extent of management sustainability (β = 0.114, p<0.01) and (β = 0.138, p<0.01), respectively. Therefore, H1 of this study is supported while H2 and H3 have not received statistical support. In this study, it was found that the higher the extent of customer orientation, the better the microfinance institution's management sustainability.
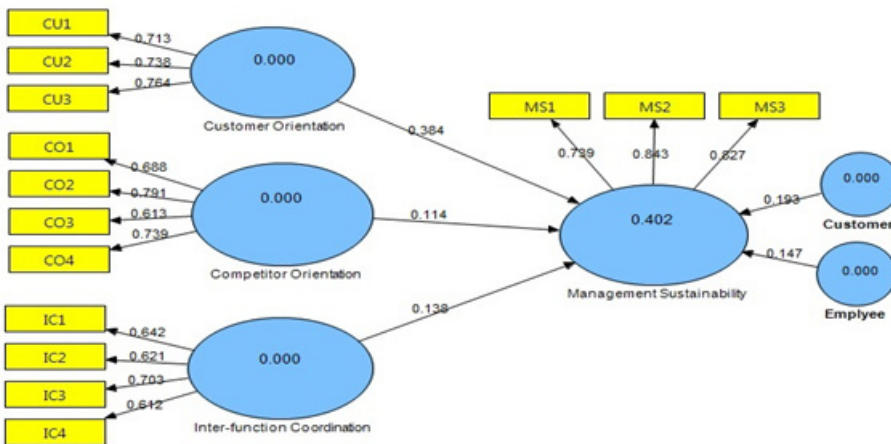

Figure 2: Results of the Path Analysis

Table 6: Coefficients and Hypothesis Testing

Hypothesis	Relationship	Coefficient	t value	Supported
H1	Cus Ori → ManSus	0.384	2.286	YES
H2	ComOri → ManSus	0.114	1.621	NO
H3	Int → ManSus	0.138	1.875	NO

DISCUSSION

The sustainability literature is focused on the notion that a proper implementation of market orientation leads to superior sustainable performance. Yet, to date, a limitation of this mentioned fact is the lack of research about the relationship between market orientation's dimensions and management sustainability of organizations (O'Cass & Ngo, 2007). Two main objectives of accountability in MFIs are first, to reach more clients in the poorer strata of the population (outreach or social performance), and second, financial sustainability (Mersland & Øystein Strøm, 2009). Furthermore, based on the stakeholder theory, managing stakeholders is about creating as much value as possible for stakeholders, without resorting to tradeoffs (Freeman, 2004). Thus, the top management of each organization should pay attention to every appropriate guideline for improving the organization's financial and social performance in order to create as much financial benefits as possible for the stakeholders.

The central argument of this research is that microfinance is known as an efficient tool for poverty alleviation (Awojobi & Bein, 2010), but in order to maximize their efficiency, MFIs need to increase their sustainable performance by sustaining their management. In addition, organizations with a strong established investment should be aware that to create financial benefits, in addition to producing high quality products or services, the organization's ability to save current clients and attract more new ones and to be innovative in creating superior customer value, are also required. This proposition has been corroborated by the empirical findings of this study in which customer orientation has positive impacts on organization's sustainable performance of management. In addition, unlike the previous body of literature, in this study, sustainability is investigated at the micro level, such as the sustainability of the management.

By definition, TEKUN has a high level of customer orientation. Based on the results of the current study, TEKUN has a high ability to provide new services based on the clients' preferences and their future demands by analyzing their current needs. In addition, TEKUN emphasizes on keeping the clients satisfied by creating more added value for them. Some of the actions taken in this regard include failed customers are encouraged to extend their repayment period, each branch manager should be responsible for the clients' complaints, unsatisfied clients can even talk to the top management level, R&D department is responsible for measuring the clients' satisfaction level, directly and frequently, and clients can contact the top management through the suggestion box installed in all the branches. In total, fully adoptable to the customer orientation definition, TEKUN places the clients at the centre of all the activities and services. The findings are fully consistent with previous studies that examined the influences of customer orientation on sustainable performance of organizations (Ghani & Mahmood, 2011; Megicks *et al.*, 2005; Ruekert, 1992).

On the other hand, management sustainability of TEKUN was not influenced by inter-function coordination, significantly. However, this result has not previously been described (Gresham *et al.*, 2006; Kohli & Jaworski, 1990; Narver & Slater, 1990; Md Saad & Abdul Razak, 2013). This result may be explained by the fact that TEKUN is under the purview of the Ministry of Agriculture and Agro-based Malaysia. Thus, management changes in this particular MFI are conducted based on government policies. Therefore, it is expected that sustainability management in TEKUN is dependent on the financial and social policies of the Malaysian government more than the appropriate level of interdepartmental conflicts and connectedness.

However, regarding the insignificant relationship between competitor orientation and sustainability in TEKUN, this fact should indicate that TEKUN is one of the largest microfinance providers compared to other microfinance institutions in Malaysia. In addition, another possible explanation for this is the nature of the microfinance market in Malaysia, which is not a competitive market. In other words, microfinance institutions in Malaysia are not eager to monitor other competitors' actions, analyze and respond to them. From a moral point of view, TEKUN's management prefers to focus on their own activities rather than be concerned about the activities carried out by the other microfinance institutions. These findings are totally inconsistent with other conducted studies (Armstrong & Collopy, 1996; Deshpandé & Farley, 1998; Narver & Slater, 1990).

Based on the results of this study, it is claimed that market orientation partly affects management sustainability of TEKUN, which is directly responsible for the long-term social and financial performance of the organization. The findings could be classified in three categories as "long-term sustainable performance-based market orientation research". First, the positive impact of customer orientation on sustainable management replicates previous researches that found a positive relationship between market orientation and performance at the macro level (Jaworski & Kohli, 1993; Matsuno &entzer, 2000). In other words, based on the findings, creating superior customer value, analyzing customers' current and future demands, and identifying customer target market affect the sustainable management performance (management sustainability) of TEKUN, significantly.

Secondly, the results have shown that there is a conflicting theoretical perspective in this area. Nevertheless, as discussed above because of a non-competitive market in the microfinance business in Malaysia, competitor orientation does not affect management sustainability of TEKUN significantly, however according to previous studies, it is revealed that in normal markets (in a more competitive atmosphere), sustainability of organizations could be affected by competitor orientation (Armstrong & Collopy, 1996; Jaworski & Kohli, 1993; Mokhtar *et al.*, 2014).

Third, the results provide empirical validation that TEKUN's long-term management sustainability is not significantly affected by inter-function coordination. Since the top management of TEKUN is chosen by the government's policies, top management emphasis and risk tolerance, inter department connectedness, avoiding inter department conflicts and having innovations in the business in order to affect the market and clients, do not have a significant influence on the sustainability of TEKUN.

CONCLUSION

This empirical study advances past theories such as the stakeholder theory, or marketing-based theories such as the adaptive structuration theory, and agency theory, market orientation, and organizational sustainability. From both theoretical and empirical standpoints, the current study attempted to address a gap in the "sustainable performance-based market orientation research" in microfinance business and employing market orientation at the micro level such as sustainability of management. In addition, the results also indicated there is a conflicting theoretical perspective on the nature of market orientation (dimensions of market orientation). This study addressed the gap by empirically determining:

  i.   The effects of each dimension of market orientation on management sustainability; and

  ii. The effects of two major control variables (sustainability of customers and employees) on sustainable management and financial sustainable performance (simultaneously with dimensions of market orientation).

Remarkably, these fundamental issues have not been addressed in any empirical study to date.

In conclusion, the current study provided empirical evidence that customer orientation significantly influences management sustainability of TEKUN. On the other hand, competitor orientation and inter-function coordination have no significant impacts on the management of sustainability of TEKUN.

The present study has a number of limitations, thus, the evaluation of the results should be construed in light of these limitations. First, this study used several valid measurements for measuring the financial sustainability of the MFIs including long-term profitability, liquidity, and efficiency. However, results that are more accurate could be gained if the official annual reports of the MFIs for the last past five years (which were not accessible) were investigated. Second, in the primary data collection process, the data were collected from the main office and the branch of Tekun. The information given by the officers and managers could be biased or overstated to favor the microfinance institutions' top management. Finally, despite these limitations, one of the strengths of the present study is the use of the partial least squares (PLS) analysis, which is able to solve multiple relationships simultaneously, takes into consideration the measurement errors so as to produce accurate estimates, and is able to determine the direction of the casualty.

Finally, based on the recommendations for future research, these points seem necessary to be noticed. The current study set out to examine the influences of market orientation on the financial sustainability of Islamic microfinance institutions in Malaysia. Furthermore, studies comparing the level of being market oriented between two (or more) organizations or two (or more) different businesses in Malaysia would be interesting. In addition, besides Malaysia, there are other countries, which are classified as pioneers in the microfinance business such as Indonesia, Bangladesh, and Pakistan. A further research could compare the level of being market oriented among microfinance institutions in selected countries or comparing the current status of Malaysia with another country in this particular area.

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APPENDICES

List of Islamic Banks, Branches of Conventional Banks and Islamic Windows by Conventional Banks in Bangladesh on 31 March 2015

Full-fledged Islamic Banks

SL. No.	Name of the Bank	No. of Branch
1	Islami Bank Bangladesh Limited	294
2	ICB Islamic Bank Limited	33
3	Social Islami Bank Limited	100
4	Al-Arafah Islami Bank Limited	119
5	EXIM Bank Limited	87
6	Shahjalal Islami Bank Limited	93
7	First Security Islami Bank Limited	137
8	Union Bank Limited	27
	Total	890

Islamic banking branches of conventional Banks

SL. No.	Name of the Bank	No. of Branch
1	The City bank Limited	1
2	AB Bank Limited	1
3	Dhaka Bank Limited	2
4	Premier Bank Limited	2
5	Prime Bank Limited	5
6	Southeast Bank Limited	5
7	Jamuna Bank Limited	2
8	Bank Alfalah Limited	1
9	HSBC Limited*	0
	Total	19

Islamic banking windows of conventional banks

SL. No.	Name of the Bank	Total Branch
1	Sonali Bank Limited	5
2	Janata Bank Limited*	0
3	Agrani Bank Limited	5
4	Pubali Bank Limited	2
5	Trust Bank Limited	5
6	Standard Bank Limited	2
7	Bank Asia Limited	5
8	Standard Chartered Bank	1
	Total	25

* Has taken permission from Bangladesh Bank, but not yet started

Source: Bangladesh Bank Report by Research Department during January-March 2015