Abstract. *With a focus on the financial services industry, the current study takes a contingency theory approach to the relationships between market orientation and a variety of marketing strategy concepts, including profitability, a firm's Miles and Snow strategy type, market growth, service growth, service focus, market coverage, the Porter strategy group, and strategic marketing initiative. Data for the study were gathered from a survey of chief executives from credit unions in the U.S. The results of the study are mixed. In particular, the findings suggest that despite the perceptions of management, it is the less aggressive and less costly approaches to market orientation and marketing strategy that actually pay off in terms of objectively measured ROA. The pattern that emerges seems to suggest that if the goal is overall firm profitability as measured by ROA, then the recommendation may be to focus on more conservative strategies combined with lower levels of market orientation. Additionally, the total number of strategic alignments is also relevant to profit performance. It was shown that companies with a higher number of recommended "fits" between market orientation and their marketing strategies achieved a larger ROA.*

Keywords: contingency theory, market orientation, financial services, strategic fits.

A CONTINGENCY THEORY APPROACH TO MARKET ORIENTATION AND RELATED MARKETING STRATEGY CONCEPTS: DOES FIT RELATE TO PROFIT PERFORMANCE?

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1. Introduction

Contrary to the conservative image of the financial services industry, financial service providers have begun to show an increasing interest in marketing (Uzelac and Sudarević, 2006). This is especially true in the case of credit unions, many of whom have begun to pursue differentiation through expanded service offerings in response to the intensification of rivalry among the range of competitors (Barboza and Roth, 2009). Nevertheless, as marketing strategy begins to play a greater role in these organizations, researchers need to continue to strengthen the link between marketing strategy and performance (Uzelac and Sudarević, 2006).

Given the complexity of markets and competitive conditions, the fundamental assumption by researchers in strategy and related disciplines since the 1970s has been that no universal set of strategic choices exists that is optimal for all businesses (Ginsberg and Venkatraman, 1985). In essence, corporate or business strategy is contingency-based, with the effectiveness of an organization being dependent upon the amount of congruence or "fit" between structural and environmental variables (Shenhar, 2001). The primary focus of contingency theory, therefore, has traditionally been on the relationship between organizational factors, environmental characteristics, and the organization's strategic response (Ginsberg and Venkatraman, 1985). For instance, studies looking at organizational factors such as firm size or firm technology or environmental factors such as environmental uncertainty have tended to dominate the field (Birkinshaw, Nobel and Ridderstråle, 2002).

Although the contingency perspective is less prominent today than during the earlier stages of organization theory, researchers have recently begun to reintroduce this important idea. For instance, Solberg (2008) investigated the contingency factors influencing international distributor relationships, Teasley and Robinson (2005) analyzed the contingency factors influencing technology transfer, and Birkinshaw et al. (2002) examined the validity of knowledge as a contingency variable influencing organizational structure. Consistent with the recent reemergence of contingency based studies, the current study examines the relationship between a variety of marketing strategy concepts and one of the most important variables guiding the practice of modern day marketing: market orientation.

2. Market Orientation

Perhaps the most fundamental philosophical assumption of modern marketing theory is the centrality of the marketing concept. According to the marketing concept, in order to achieve sustained success, firms should identify and satisfy customer needs more effectively than their competitors. Firms that adopt and implement the marketing concept are said to be market oriented (Lamb, Hair and McDaniel, 2005). It follows then that market oriented firms engage in activities related to the generation and dissemination of customer and competitor related market intelligence (Kirca, Jayachandran and Bearden, 2005).

Li and Calantone (1998) point out that those firms more adept at generating market knowledge will be able to achieve better performance because they will have better access to information about consumer preferences. Yet market oriented firms go beyond the mere collection of market related information. Firms with a market orientation also actively share this information across departments. The result is to create greater customer value and satisfaction, a prerequisite for success (Kerin, Hartley, and Rudelius, 2011).

In addition, those firms exhibiting high levels of market-orientation are likely to identify, and seek to take advantage of, opportunities presented in their markets (Narver and Slater, 1990). For instance, Im and Workman (2004) find a relationship between new product success and market-orientation. In fact, much of the research investigating the market-orientation concept suggests that firms which have better market knowledge are often more creative and innovative overall, which should lead to better overall long-term performance (Im and Workman, 2004).

3. Hypotheses

According to the marketing strategy literature, implementing a market orientation provides a firm with the ability to sense market trends and to anticipate customer needs, both of which can lead to superior organizational performance (Hult and Ketchen, 2001; Kirca et al., 2005). Therefore, firms should ideally operate with a high level of market orientation. Also, research suggests that market orientation creates an aggressive and proactive disposition toward meeting customer needs (Kirca et al., 2005). As such, it is likely that high levels of market orientation will work best when other related marketing strategy decisions are more aggressive and in line with the advantages given by a high market orientation. We call this alignment between relatively high levels of market orientation with similar degrees of other related marketing strategy decisions (such as more initiative, or aggressive market and product strategies) a "recommended fit" (RFit).

Just as high levels of market orientation may facilitate the success of an aggressive strategy, low levels of market orientation may be appropriate when a firm chooses to pursue less aggressive strategies. For instance, a follower brand that is not in the position to risk valuable resources may choose to be less aggressive overall, especially given the high cost of implementing a market orientation (Rust, Moorman, and Dickson, 2002). Therefore, combining low levels of market orientation with less aggressive strategies may be another consistent approach favored by some firms, which we refer to as "other fit" (OFit). These less aggressive fit firms would not be expected to match the same levels of market share of the more aggressive firms with higher market orientation, simply because these firms would not be in position to take advantage of the many opportunities available in the market (Jaworski and Kohli, 1993).

Finally, there are firms which, either through choice or inability, do not match their marketing strategies to their market orientation. These firms, which have an unmatched strategy profile and "do not exhibit a fit" (NoFit), will implement less aggressive strategies with high levels of market orientation or more aggressive strategies

with lower levels of market orientation. As with the OFit firms, it is not expected that NoFit firms will match the RFit companies in terms of market share. This may be due to inefficient activities, wasted efforts, or lack of support for important marketing decisions that result from poorly aligned strategies.

We expect that consistency between market orientation and other related marketing strategy decisions will be relevant to a firm's profitability, especially when an appropriate alignment is evident between less aggressive, and less expensive, strategies and lower levels of market orientation. This leads to the following set of alternative hypotheses, with the null hypothesis and the alternative research hypotheses stated as follows.

Hypothesis$_0$: Profitability will not differ among the contingency groups.

The Miles & Snow Typology Groups

Hypothesis 1_A: Profitability will differ among the market orientation-Miles & Snow "fit" groups with RFit having the largest profits.

Market Growth

Hypothesis 2_A: Profitability will differ among the market orientation-market growth "fit" groups with RFit having the largest profits.

Services growth

Hypothesis 3_A: Profitability will differ among the market orientation-service growth "fit" groups with RFit having the largest profits.

Services Focus

Hypothesis 4_A: Profitability will differ among the market orientation-services focus "fit" groups with RFit having the largest profits.

Market Coverage

Hypothesis 5_A: Profitability will differ among the market orientation-market coverage "fit" groups with RFit having the largest profits.

The Porter Strategy Groups

Hypothesis 6_A: Profitability will differ among the market orientation-Porter "fit" groups with RFit having the largest profits.

Strategic Marketing Initiative

Hypothesis 7_A: Profitability will differ among the market orientation-marketing initiative "fit" groups with RFit having the largest profits.

4. Data Collection

A sample of chief executives from credit unions was taken in the financial services industry. Data for the study were gathered from a statewide survey in Florida of all the credit unions belonging to the Florida Credit Union League (FCUL). Credit unions are cooperative financial institutions that are owned and controlled by their members.

Credit unions differ from banks and other financial institutions in that the members who have accounts in the credit union are the owners of the credit union. Credit union membership in the FCUL represented nearly ninety percent of all Florida credit unions and included three hundred and twenty-five firms. A single mailing was directed to the president of each credit union, all of whom were asked by mail in advance to participate.

A four-page questionnaire and a cover letter using a summary report as inducement were included in each mailing. This approach yielded one hundred and twenty-five useable surveys, a thirty-eight percent response rate. Of those responding, ninety-two percent were presidents and the remaining eight percent were marketing directors. Further analysis revealed that the responding firms differ from the sampling frame based on asset size ($\chi^2 = 20.73$, df = 7, $p <. 01$). Consequently, medium to larger firms are represented in the sample to a greater degree than smaller firms.

5. Measurement

In addition to profitability, respondents were also asked for their perceptions regarding their firm's position relative to a variety of marketing strategy constructs. These constructs include (i) market orientation, (ii) Miles & Snow strategy type, (iii) market growth, (iv) services growth, (v) services focus, (vi) market coverage, (vii) Porter strategy group, and (viii) marketing initiative. The precise methodology used to measure these variables is explained in the following paragraphs.

Profit performance includes both an objective indicator which was derived from accounting reports and a perceptual indicator. For the objective profit indicator derived from accounting data, the current study utilized actual accounting data gathered from summary reports regarding mandated financial standing of financial services institutions in the state of Florida (ROA). In other words, the ROA numbers are from government documents pertaining to each credit union. In this study, the ROA variable had a range from 0% to 5%, a mean of 2.20%, and a standard deviation of 0.98.

The perceptual indicator of profits was derived from five questions, which were then combined into an overall indicator (PProfits). In particular, respondents were asked about their profit performance on a scale from [1] poor to [5] excellent relative to five baselines: [1] versus competitors, [2] versus goals/expectations, [3] versus previous years, [4] versus firm potential, and [5] growth. A principle axis factor analysis indicated that the five items load highly on a single dimension explaining 66.1% of the original variance (Gabor, 2010). An overall indicator of PProfits was therefore constructed by summing the five, and a reliability of .870 was found using coefficient alpha. The PProfits variable ranged from five to twenty-five with a mean of 16.06 and a standard deviation of 4.35.

5.1. Market Orientation

Market orientation is conceptualized as including two factors common in the marketing literature: customer focus and competitor focus (Kirca et al., 2005). The respondents were asked to evaluate their perceptions of the firm's efforts in the marketplace on a scale from [5] true to [1] not true, across seven items: [1] we are

committed to our customers, [2] we create value for our customers, [3] we understand customer needs, [4] we are concerned with customer satisfaction, [5] our employees share competitor information, [6] we respond rapidly to competitors' actions, and [7] management is concerned with competitive strategies.

The items were subjected to principal axis factoring. The results indicated that two factors, customer focus and competitor focus, explain 69.7% of the original variance. The items for each of the two factors were summed separately. Reliabilities of 0.789 for customer focus and 0.834 for competitor focus were found using coefficient alpha. An overall indicator of market orientation was then constructed by summing these two factors. The resulting market orientation variable had a possible range from eight to forty with a mean of 31.38 and a standard deviation of 4.51. Then, a median split was used to group the firms into those exhibiting high relative levels of market orientation and those exhibiting low relative levels of market orientation. In total, 48% (59/123) of responding firms were classified as having a low market orientation and 52% (64/123) were classified as high in market orientation.

5.2. Miles & Snow Strategy

The firms in the sample were also classified according to their strategic orientation utilizing the strategic typology categorization scheme popularized by Miles and Snow (1978). Consistent with this approach, the respondents were asked to check the box which best describes their firm's strategy from the following four descriptions. [1] *Defenders* – "We attempt to locate and maintain a secure niche in a relatively stable market environment. We try to protect our markets by offering high-quality, well-target services. We are not at the forefront of industry developments". [2] *Prospectors*: – "We typically concentrate on many diverse markets, which we periodically help to redefine. We value being first-in with new services and in new markets even when these efforts are not highly profitable initially. We respond rapidly to most new opportunities". [3] *Analyzers* – "We attempt to maintain a stable and secure position in the market while at the same time moving quickly to follow new developments in our industry. We are seldom first-in with new services or in new markets, but are often second-in with better offerings". [4] *Reactors* – "We appear to have an inconsistent approach to our markets and services and are often indecisive. We are not aggressive in attacking new opportunities, nor do we act aggressively to defend our current markets. Rather, we take action when we are forced to by outside forces such as the economy, competitors, or market pressures". This procedure resulted in one hundred and nineteen respondents answering the question, with 38% of the firms being classified as Defenders (45/119), 5% as Prospectors (6/119), 44% as Analyzers (53/119), and 13% as Reactors (15/119).

5.3. Market Growth

One of the most popular and well-known theoretical models in marketing is the product-market growth matrix developed by Ansoff (1957). Extending Ansoff's conceptualization of available product-market growth strategies, Pleshko and Heiens

(2008) suggest that market growth strategies initiated by a given firm may focus on [1] existing market segments, [2] new market segments, or [3] both existing and new market segments. Consequently, our questionnaire asked respondents to indicate their particular market growth strategy by marking the box next to the appropriate descriptor. Respondents could check either [1] we target market segments presently served by the firm, or [2] we target market segments new to the firm. They could also check both of the boxes, indicating they use both new and current markets for growth. One hundred thirteen respondents answered the question with 65% (74/113) classified as focusing on current segments, 11% (13/113) classified as emphasizing new segments, and 23% (26/113) classified as targeting both new and existing market segments in their efforts at growth.

5.4. Services Growth

Once again, drawing from Ansoff's (1957) conceptualization of available product-market growth strategies, Pleshko and Heiens (2008) suggest that product, or in this case service, growth strategies initiated by a given firm may focus on [1] existing services, [2] new services, or [3] both existing and new services. Our questionnaire asked respondents to indicate their particular services growth strategy by marking the box next to the appropriate descriptor. Respondents could check [1] we emphasize services presently offered by the firm, or [2] we emphasize services new to the firm. They could also check both of the boxes, indicating they emphasize both new and current services in their growth efforts. One hundred seventeen respondents answered the question with 54% (64/117) classified as focusing on existing services, 14% (17/117) classified as emphasizing new services, and 30% (36/117) classified as utilizing both new and existing services in their growth efforts.

5.5. Services Focus

Services focus is defined as the similarity or consistency of services offered by the firms. Firms were classified on the basis of services focus by asking respondents to check the box next to the appropriate response. The options were (i) we emphasize a line of related services or (ii) we emphasize many unrelated services. One hundred twelve respondents answered the question with 73% (82/112) classified as offering related services and the remaining 27% (30/112) offering unrelated services.

5.6. Market Coverage

Market coverage is defined as the number of customer markets targeted by the firms. Firms were classified in their degree of market coverage by asking respondents to check the box next to the appropriate response. The options were (i) we specialize in one or two market segments or (ii) we target many market segments. One hundred ten respondents answered the question with 52% (57/110) classified as targeting just one or two segments and the remaining 48% (53/110) targeting many segments.

5.7. Porter Strategy Group

According to Michael Porter's (1980) well-known strategic framework, firms may compete by either investing in systems to become the low-cost producer or rather engaging in efforts to differentiate and distinguish their offerings from other similar products. Based on Porter's generic strategies, our questionnaire asked respondents to classify their firms into one of two categories: (i) we compete by differentiating our services from others or (ii) we compete by keeping our costs lower than others. One hundred seven respondents answered the question with 34% (36/107) classified as differentiating firms and the remaining 66% (71/107) classified as low-cost firms.

5.8. Strategic Marketing Initiative (SMI)

First mover advantages have been documented in numerous fields, including the market for financial services. Specifically, Berger and Dick (2007) demonstrate that the earlier a bank enters a market, the larger its market share relative to other banks. Extending previous research on first-mover advantages, the concept of "Strategic Marketing Initiative" is suggested to encompass the totality of a firm's on-going marketing activities as they pertain to leadership actions (Heiens, Pleshko, and Leach 2004; Pleshko and Heiens, 2002). Strategic Marketing Initiative (SMI) is conceptualized as inclusive of six relevant areas: (1) introduction of new products or services, (2) introduction of new advertising campaigns or other promotions, (3) initiation of pricing changes, (4) employment of new distribution ideas, (5) adoption of new technology, and (6) seeking out of new markets. Respondents were asked to evaluate on a scale from (1) not true to (5) true whether their firm is "always the first" regarding the six items.

The overall indicator of SMI was constructed by summing the six items. A reliability of 0.903 was found using Cronbach's (1951) coefficient alpha. Scores on the SMI scale ranged from six to thirty with a mean of 13.72 and a standard deviation of 5.72. A median split was then used to classify firms by degree of strategic marketing initiative. This technique resulted in 49% (61/123) of firms classified as exhibiting low levels of SMI, while the other 51% (62/123) were classified as having high levels of SMI.

5.9. The measures of "Fit"

The primary predictor variables used in the analyses include measures of "fit" between market orientation and each of the seven marketing strategy constructs previously described, including (1) the Miles and Snow strategy type, (2) market growth, (3) services growth, (4) services focus, (5) market coverage, (6) the Porter strategy group, and (7) strategic marketing initiative. Note that each 'fit' construct has three possible categories, depending on the expected correspondence to market orientation: (i) recommended "fit" (RFit), (ii) other "fit" (OFit) and (iii) no "fit" (NoFit). A "fit" would be recommended (RFit) in those circumstances where

combinations of market orientation with strategies would result in better profitability, likely through less expensive activities, such as with less aggressive growth or lower levels of initiative. Other "fit" refers to those combinations where more aggressive, but more expensive, strategies are undertaken, such as with more aggressive growth or initiative. Any and all other possible combinations of market orientation with the strategy variables would be classified as NoFit. The specific 'fit' categories related to each marketing strategy construct are revealed in Table 1.

Table 1

"Fit" Definitions

(Recommended Fit = RFit, Other Fit = OFit, No Fit = NoFit, Market Orientation = MO)

Miles & Snow ($H1_A$): prospector, analyzer, defender, reactor RFIT = analyzers + high MO, defenders + low MO OFIT = prospectors + high MO, reactors + low MO NoFIT = all others
Market Growth ($H2_A$): target new markets, target existing markets or target both RFIT = existing mkts + low MO OFIT = both mkts + high MO, new mkts + high MO NoFIT = all others
Services Growth ($H3_A$): develop new services, use existing services, or use both RFIT = existing services + low MO OFIT = both services + high MO, new services + high MO NoFIT = all others
Services Focus ($H4_A$): offer related services, offer unrelated services RFIT = related + low MO OFIT = unrelated + high MO NoFIT = all others
Market Coverage ($H5_A$): target many segments, target few segments RFIT = few segments + low MO OFIT = many segments + high MO NoFIT = all others
Porter ($H6_A$): emphasize low cost, differentiate services RFIT = lowcost + low MO OFIT = differentiate + high MO NoFIT = all others
Marketing Initiative ($H7_A$): high levels of initiative, low levels of initiative RFIT = low initiative + low MO OFIT = high initiative + high MO NoFIT = all others

6. Analysis and Results

First, univariate analysis of variance (Anova) was used to determine if the seven "fit" constructs are relevant to the two profit performance indicators. Each of

the seven hypotheses were tested using this method, with significant findings further investigated using least-squared distances to determine if the means of any of the specific groups differed significantly. Second, a correlation was performed to determine if the number of recommended strategic alignments ("Fits") is related to profitability. The second analysis should reveal how important it is for companies to implement a strategic "fit" across many subcategories of marketing strategy.

A summary of the Anovas are provided in Tables 2 through Table 8. Each shows, for a specific "fit" between market orientation and a specific marketing strategy, the number of firms in each "fit" group, the average profitability for each group, the "F" statistic, the "*p*" value, and the findings of any group mean comparisons. The results of the Anovas reveal that three of seven tests (43%) are significant for PProfits. Since this is much larger than would be expected due to type I errors, there must be some importance regarding the "fit" between market orientation and marketing strategies as it affects perceptual profitability. On the other hand, only one out of seven (14%) of the Anovas regarding ROA were significant. Thus, it appears that "fitting" market orientation with marketing strategy is not as relevant when utilizing actual ROA as the dependent variable. Therefore, the results offer mixed support for H_0. The specific analyses are discussed in the following paragraphs.

As shown in Table 2, the "fit" between market orientation and the Miles & Snow strategy was not significant as it relates to either PProfits ($p = 0.98$) or ROA ($p = 0.29$). Therefore, Hypothesis 1_A cannot be supported. Instead, it appears that the recommended "fit" between market orientation and marketing strategy, as indicated by the Miles & Snow groupings, is not associated with higher levels of profitability when compared to the OFIT and NoFIT groups.

Table 2

MO+Miles & Snow ($H1_A$) ANOVA

		n	*PProfits*	*ROA*	
RFit: Anal + high MO, Def + low MO	55	16.00	2.31		
OFit: Pros + high MO, React + low MO	17	16.18	2.43		
NoFit		47	15.91		2.03
		F	*0.24*		*1.24*
		"p"	*0.98*		*0.29*
Findings (p<.05)		*none*		*none*	

As shown in Table 3, there is a significant finding for PProfits (p=0.04) but not for ROA (p=0.17) when considering the "fit" between market orientation and market growth strategy. A closer look at the findings reveals that OFIT, the more aggressive "fit" combinations, is perceived to result in superior profits when compared to both the less aggressive RFIT and mixed NoFIT groups. Therefore, Hypothesis 2_A cannot be supported. However it does appears that the more aggressive contingency group, OFIT, may be the better group when focusing on perceptual profits as derived from market growth contingencies with market orientation.

Table 3

MO+Market Growth ($H2_A$) ANOVA

			n	*PProfits*	*ROA*	
RFit: existing + low MO		42	15.38		2.39	
OFit: both + high Mo, new + high MO	27	17.93		1.91		
NoFit			44	15.64		2.13
		F		*3.28*		*1.84*
		"p"		*0.04*		*0.17*
	Findings (p<.05)			*OFIT>RFIT*		*none*
				OFIT>NoFIT		

As shown in Table 4, there are significant findings related to both PProfits ($p = 0.04$) and ROA ($p = 0.01$) when considering the "fit" between market orientation and service growth strategy. For PProfits it is shown that the more aggressive contingency group OFIT exhibits superior performance when compared to both the RFIT and OFIT groups. This is contrary to our expectations. For ROA it is shown that both the more conservative RFIT and the mixed OFIT groups exhibit better performance than the more aggressive OFIT group. Therefore, the evidence pertaining to Hypothesis 3_A is mixed in that RFIT has larger ROA only when compared to the more aggressive OFIT groups. Otherwise, the more aggressive contingency groups have higher perceptual profits when considering the "fit" of market orientation with services growth strategy.

Table 4

MO+Service Growth ($H3_A$) ANOVA

			n	*PProfits*	*ROA*	
RFit: existing + low MO		37	15.16		2.52	
OFit: both + high MO, new + high MO	35	17.49		1.78		
NoFit			45	15.38		2.28
		F		*3.29*		*4.66*
		"p"		*0.04*		*0.01*
	Findings (p<.05)			*OFIT>RFIT*		*RFIT>OFIT*
				OFIT>NoFIT		*NoFIT>OFIT*

As shown in Table 5, the "fit" between market orientation and services focus strategy was not significant as it relates to either PProfits ($p = 0.92$) or ROA ($p = 0.07$). Therefore, Hypothesis 4_A cannot be supported. If one relaxes the cutoff value for an acceptable "*p*", then the RFIT group exhibits a higher ROA than the NoFIT group. However, based on the more stringent tests, it appears that the recommended "fit" between market orientation and services focus is not associated with higher levels of profitability when compared to the OFIT and NoFIT groups.

Table 5

MO+Service Focus ($H4_A$) ANOVA

		n	*PProfits*	*ROA*	
RFit: related + low Mo	34	15.94		2.46	
OFit: unrelated + high MO	13	15.69		2.41	
NoFit		65	16.17		1.98
	F		*0.08*		*2.73*
	"p"		*0.92*		*0.07*
	Findings (p<.05)		*none*		*none (RFIT>NoFIT)*

As shown in Table 6, the "fit" between market orientation and market coverage strategy was not significant as it relates to either PProfits ($p = 0.41$) or ROA ($p = 0.70$). Therefore, Hypothesis 5_A cannot be supported. It appears that the recommended "fit" between market orientation and coverage strategies is not associated with higher levels of profitability when compared to the OFIT and NoFIT groups.

Table 6

MO+Market Coverage ($H5_A$) ANOVA

		n	*PProfits*	*ROA*	
RFit: few + low MO		28	15.89		2.32
OFit: many + high MO	31	17.07		2.09	
NoFit		51	15.88		2.16
	F		*0.89*		*0.36*
	"p"		*0.41*		*0.70*
	Findings (p<.05)		*none*		*none*

As shown in Table 7, the "fit" between market orientation and marketing strategy, as defined by the Porter typology groups, reveals a significant finding for PProfits ($p = 0.05$) but not for ROA (p=0.13). For PProfits it is shown that the more aggressive contingency group OFIT exhibits superior performance when compared to both the RFIT and OFIT groups. This is again contrary to our expectations. Therefore, Hypothesis 6_A cannot be supported. However it does appears that the more aggressive contingency group, OFIT, may be the better group when focusing on perceptual profits as derived from either differentiation or low cost contingencies with market orientation.

Table 7

MO+Porter ($H6_A$) ANOVA

	n	*PProfits*	*ROA*		
RFit: low cost + low MO	35	15.00		2.51	
OFit: differ. + high MO	21	17.81		2.12	
NoFit		50	15.70		2.04
	F		*3.06*		*2.11*
	"p"		*0.05*		*0.13*
	Findings (p<.05)		*OFIT>RFIT OFIT>NoFIT*		*none*

As shown in Table 8, the "fit" between market orientation and marketing initiative strategy was not significant as it relates to either PProfits ($p = 0.12$) or ROA ($p = 0.20$). Therefore, Hypothesis 7_A cannot be supported. It appears that the recommended "fit" between market orientation and leadership is not associated with higher levels of profitability when compared to the OFIT and NoFIT groups.

Table 8

MO+Marketing Initiative ($H7_A$) ANOVA

		n	*PProfits*	*ROA*	
RFit: low SMI + low MO	34	14.74		2.23	
OFit: high SMI + high MO	37	16.68		1.94	
NoFit		52	16.32		2.36
	F		*2.13*		*1.64*
	"p"		*0.12*		*0.20*
	Findings (p<.05)		*none*		*none*

The second analysis tested the number of recommended strategic fits (RFit) against profitability using simple correlation analysis. Table 9 shows the distribution of the number of RFits within the sample along with the average market share for the specific number of RFits. As previously shown in Table 2 through Table 8, seven recommended fits were identified. Therefore, the total number of RFits for each firm can range from zero (no RFits) to seven (all alignments are RFit). As shown in Table 9, twenty-eight percent of the sample firms failed to implement a recommended fit for any of the market orientation combinations. Also, five percent of the firms achieved total recommended fit across all seven of the strategic marketing combinations. For PProfits, the correlation with RFit-Total is $r = -0.14$, with $p = 0.14$.

For ROA, the correlation between RFit-Total is $r = +0.20$, with $p = 0.05$. Therefore, the performance of firms in terms of ROA profitability is dependent on the total number of recommended (conservative) alignments of strategy with market orientation. In the case of the credit unions, this correlation corresponds to approximately four percent of variation in objective profits being explained by the number of RFits exhibited by a firm. Therefore, even though in a number of instances

the more aggressive Fit groups outperformed the more conservative groups in terms of profits, it is important for firms to consider the marketing strategy profile as a whole when implementing strategic decisions.

Table 9

RFIT Total

RFIT Total	*Freq.*	*PProfits*	*ROA*
0	28	16.79	1.92
1	30	16.28	2.19
2	3	16.67	3.35
3	10	14.70	2.06
4	11	15.13	2.06
5	9	14.90	2.50
6	4	15.80	2.85
7	5	15.57	2.65
total	100	16.06	2.20
r		*-0.13*	*+0.20*
"p"		*0.14*	*0.05*
findings	*none*		*small + correlation*

7. Discussion

As firms operating in the financial services industry face greater competitive pressures, marketing strategy must continue to play a greater role (Uzelac and Sudarevi, 2006). Contingency theory reminds us, however, that it is the appropriate combinations of strategy, organizational structure, and the environment which are most relevant for success. Therefore, the purpose of our research was to determine if an appropriate "fit" between market orientation and other marketing-related strategy concepts would result in higher levels of profitability.

The specific findings for credit unions suggest that the following contingent relationships may provide the best perceived profit performance: (i) a high degree of market orientation combined with more aggressive market growth, (ii) a high degree of market orientation combined with more aggressive service/product growth, and (iii) a high degree of market orientation combined with a differentiation strategy. This suggests that the executives of firms with higher levels of market orientation tend to perceive their firms as more profitable than the competition.

However, the findings reveal the following contingent relationships may provide the best ROA profit performance: (i) a lesser level of market orientation combined with a less aggressive service growth strategy and possibly (ii) a lesser level of market orientation combined with a focus on related service/product lines. This suggests that despite the perceptions of management, it is the less aggressive and less costly approaches to market orientation and marketing strategy that actually pay off in terms of objectively measured ROA. The pattern that emerges seems to suggest that if

the goal is overall firm profitability as measured by ROA, then the recommendation may be to focus on more conservative strategies combined with lower levels of market orientation.

Additionally, the total number of strategic alignments is also relevant to profit performance. It was shown that companies with a higher number of recommended "fits" between market orientation and the marketing strategies achieved a larger ROA. This suggests to credit union management that the entire strategic profile should be managed as a whole, rather than looking at each marketing strategy decision separately.

In summary, the results of the study support a contingency theory approach to marketing strategy in the case of credit unions, just not in the manner anticipated by the authors. The appropriate "fits" between market orientation and strategy appear to have a relevant impact on profitability under certain conditions, depending on the profitability indicators applied. Nevertheless, our sample was biased towards medium to larger firms that may possess superior strategic resources to the smaller firms in the industry. Consequently, readers should use caution when generalizing the results to all types of credit unions or to other firms in the broader banking and financial services sectors. Finally, limitations to the findings must consider the cross-sectional nature of the study. Perhaps longitudinal studies, or a similar study during other time periods, might produce a different impact on profitability.

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