The Role of Mediating Variables in Enhancing the Effect of Market Orientation on the Performance of Financial Service Organizations: A Field Study of a Sample of Banking Institutions in Eastern Algeria

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Abstract: *This study aims to investigate the role of mediating variables in strengthening the effect of market orientation, from a behavioral perspective, on the performance of banking institutions in Algeria. The study was based on a sample of 125 executives representing several banking institutions operating in eastern Algeria.*

The data were analyzed using Structural Equation Modeling (SEM) through SPSS AMOS. The results revealed a statistically significant indirect effect of market orientation on the performance of banking institutions through the mediating variables of service offering characteristics, customer relationship management, and bank reliability. However, this indirect effect was weaker than the direct effect, indicating that market orientation remains a key determinant of performance, even independently of service offering characteristics.

Keywords: Market orientation; mediating variables; organizational performance; financial services; banking institutions.

JEL Classification Codes: M31, L25, G20, G21.

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Introduction

Financial service organizations, particularly banking institutions, are currently facing increasing challenges as a result of rapid changes in the business environment, intensifying competition, and growing customer expectations. Customers have become more aware and knowledgeable in evaluating services. In this context, the success of institutions is no longer dependent solely on possessing financial or technological resources. Rather, it requires the adoption of a marketing orientation based on a dynamic understanding of customer needs and continuous efforts to satisfy them in a manner that ensures added value for both the customer and the institution.

Market orientation represents one of the most prominent behavioral approaches that enables institutions to interpret market signals and respond to them effectively by strengthening marketing capabilities and building long-term customer relationships. However, despite its importance, this orientation does not automatically translate into improved performance unless it is activated through internal mechanisms capable of transforming it into practical activities within organizational processes and the services provided.

From this perspective, the importance of studying mediating variables becomes evident. These variables may explain how the effect of market orientation is transferred to organizational performance, including:

- Improving the characteristics of banking service offerings.
- Activating customer relationship management.
- Strengthening bank reliability.

These variables are assumed to represent operational channels that contribute to strengthening the effect of market orientation on the performance of banking institutions, particularly in a competitive environment such as the Algerian banking market.
Accordingly, the significance of this study lies in addressing a research gap related to understanding the behavioral mechanism through which the effects of market orientation are transferred to marketing and organizational performance in the financial services sector.

Research Problem

Despite the extensive attention that the relationship between market orientation and organizational performance has received in marketing literature, studies examining the role of mediating variables in explaining this relationship within the financial services sector in Algeria remain limited. This situation raises the following central research question:

Do mediating variables—service offering characteristics, customer relationship management, and bank reliability—play a statistically significant role in strengthening the effect of market orientation on the performance of banking institutions operating in eastern Algeria?
This central question gives rise to the following sub-questions:

- Is there a statistically significant direct effect of market orientation on the performance of banking institutions?

- Does customer relationship management play a statistically significant mediating role in strengthening the effect of market orientation on organizational performance in Algerian banking institutions?
- Do service offering characteristics play a statistically significant mediating role in strengthening the effect of market orientation on organizational performance in Algerian banking institutions?
- Does bank reliability play a statistically significant mediating role in strengthening the effect of market orientation on organizational performance in Algerian banking institutions?

Research Hypotheses

To address the research problem and its sub-questions, the following hypotheses were formulated:

Main hypothesis

H_0: Mediating variables do not play a statistically significant role in strengthening the effect of market orientation on organizational performance in Algerian banking institutions.

Sub-hypotheses

H_{01}: Market orientation does not have a statistically significant direct effect on the performance of banking institutions.

H_{02}: Customer relationship management does not play a statistically significant mediating role in strengthening the effect of market orientation on organizational performance in Algerian banking institutions.

H_{03}: Service offering characteristics do not play a statistically significant mediating role in strengthening the effect of market orientation on organizational performance in Algerian banking institutions.

H_{04}: Bank reliability plays a statistically significant mediating role in strengthening the effect of market orientation on organizational performance in Algerian banking institutions.

Note: Hypothesis H_{04} is stated affirmatively in the original Arabic text, unlike the preceding null hypotheses. This translation preserves that wording.

Objectives of the Study

This study aims to examine the mediating role played by mediating variables in the relationship between market orientation and organizational performance.

Significance of the Study

The significance of this study stems from its effort to address a research gap concerning the mechanisms through which market orientation affects organizational performance by means of mediating variables. It also seeks to provide practical recommendations for various business organizations in general, and financial service organizations in particular. These

recommendations may help such organizations improve the quality of their service offerings, thereby strengthening the positive effect of their market orientation on performance.

Research Methodology

This study adopts the descriptive-analytical approach, as it is considered the most appropriate method for describing and analyzing the relationship between market orientation and organizational performance in financial service organizations operating in Algeria. The approach considers both the direct and indirect effects of market orientation in the presence of a mediating variable.

Data were collected from a sample of executives working in banking institutions and analyzed using advanced statistical analysis through SPSS AMOS, based on the Structural Equation Modeling (SEM) approach.

Section One: The Theoretical Background of the Study

Subsection One: Market Orientation

The concept of market orientation is considered one of the fundamental concepts in modern marketing thought. It represents a shift from a focus on the product to a focus on the customer and the market, thereby making the organization more responsive to environmental changes and increasing competition.

With the development of marketing thought during the 1990s, market orientation came to be viewed as an integrated organizational philosophy reflecting an organization's ability to collect market intelligence, disseminate it internally, and respond to it effectively (Kohli & Jaworski, 1990).

In the financial services sector, this orientation is considered an essential condition for achieving competitive sustainability and improving performance through understanding customer needs and adapting service offerings accordingly.

The Concept of Market Orientation

Researchers have differed in their definitions of market orientation according to the perspectives from which they have examined the concept. Two main perspectives can be distinguished:

First: The Behavioral Perspective

Kohli and Jaworski view market orientation as a set of specific behaviors related to generating, disseminating, and using information. They define it as:

"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" (Kohli & Jaworski, 1990, p. 4).

Second: The Cultural Perspective

Narver and Slater (1990), on the other hand, view market orientation as an organizational culture that places the customer at the center of attention and encourages all employees to create value that exceeds what competitors offer. They define it as:

"An organizational culture that creates the necessary behaviors for generating superior value for buyers, leading to superior and sustainable performance" (Narver & Slater, 1990, p. 21).

Based on these two perspectives, market orientation can be considered a combination of organizational behavior and institutional culture that motivates all organizational units to understand the market and serve customers.

Dimensions of Market Orientation According to the Behavioral Perspective

Through their study, Kohli and Jaworski identified three fundamental dimensions that characterize the behavior of a market-oriented organization. These dimensions involve collecting or generating information about customers and the organization's operating environment, disseminating this information across the organization's various departments and levels, and using the information to respond to customers' needs and expectations (Kohli & Jaworski, 1990). These dimensions can be summarized as follows:

1. **Market Intelligence Generation**

   This includes the processes of collecting and analyzing information related to customer needs, market trends, and competitors' activities.

2. **Intelligence Dissemination Within the Organization**

   This refers to the exchange of market intelligence among different departments to ensure that efforts are coordinated in the decision-making process.

3. **Responsiveness to Intelligence**

   This refers to the organization's ability to formulate and implement effective strategies based on the available information.

The Importance of Market Orientation

Numerous studies have emphasized the importance of adopting this concept for any organization, regardless of its field of activity. According to McCarthy and Perreault (1993), market orientation allows marketing efforts to be distributed across the various departments and individuals within an organization. This enables organizations to achieve higher levels of performance by ensuring consumer satisfaction and contributing to societal well-being.

Jaworski and Kohli (1993) explained that market-oriented institutions achieve higher levels of customer satisfaction and marketing performance. Similarly, Slater and Narver (1994) confirmed that market orientation is a strategic asset that contributes to achieving a sustainable competitive advantage.

In the financial services sector, studies such as Lado, Maydeu-Olivares, and Rivera (1998) demonstrated that banks with a market orientation achieve better performance as a result of their rapid response to customer needs and their continuous adaptation of services.

The importance of market orientation for financial service organizations can be summarized as follows:

- It helps financial service organizations establish achievable objectives within the limits of their available capabilities and resources (Obeidat, 2002).
- It encourages innovation and development through direct interaction with the market and the identification of customer expectations.
- It creates superior value from the customer's perspective. This objective is a priority for market orientation, which relies on diversifying service offerings and creating added value that targets all or some customer segments (Lindon, 2005).
- It enables organizations to identify the strategies and trends of competing financial service organizations and benefit from them when developing new or improved financial services (Al-Askari, 2005).
- It contributes to making financial services available at the appropriate time, in the appropriate direction, in the appropriate locations, and in the appropriate quantities.
- It helps identify and create marketing opportunities by recognizing customer needs and desires at an early stage and working to satisfy them.[1]
- It helps financial service organizations differentiate themselves and remain resilient in the face of competitors.
- It helps retain existing customers, thereby contributing to lower promotional costs (Al-Najjar, 2000).
- It makes it possible to meet customer requirements by ensuring that service specifications correspond to customer expectations (Sror, 2004; Garry and Philip Kotler, 2004).

Subsection Two: Organizational Performance

Organizational performance is one of the central concepts in management studies, as it represents a measure of an organization's success in achieving its objectives.

Definition of Organizational Performance

There are several definitions of organizational performance, including the following:

- Venkatraman and Ramanujam (1986) define organizational performance as "the extent to which an organization is able to achieve positive financial and market-related results that reflect its efficiency and effectiveness" (p. 803).
- Kaplan and Norton (1992) introduced the concept of performance through the Balanced Scorecard model, which integrates financial and non-financial performance dimensions, including customers, internal processes, and learning and growth.

In the marketing context, Narver and Slater (1990) define organizational performance as "the economic and market-related results generated by the implementation of an effective and continuous market orientation."

Therefore, organizational performance reflects an organization's ability to achieve its strategic objectives, improve customer satisfaction, increase profitability, and sustain growth.

[1] This is achieved by establishing systems to listen to the concerns of consumers and other stakeholders in the market.

Dimensions of Organizational Performance According to the Comprehensive Performance Model

This model provides an integrated perspective for evaluating an organization's performance from both financial and non-financial perspectives. Developed by the Institute of Management Accountants (IMA), the model consists of six main dimensions that provide a comprehensive view of organizational performance:

1. **Environmental Dimension**

This dimension focuses on measuring the extent to which an organization fulfills its responsibilities toward the environment and society. Examples include:

- Reducing waste and pollutant emissions.
- Using natural resources efficiently.
- Complying with environmental legislation and green initiatives.

2. **Market Dimension**

This dimension focuses on customer satisfaction and the organization's market position. It is measured through:

- The satisfaction levels of existing customers.
- The organization's ability to attract new customers.
- Market share and customer retention rates.

3. **Competitive Dimension**

This dimension reflects the organization's ability to respond to competition. Examples include:

- The speed of response to market changes.
- Innovation in products or services.
- The ability to differentiate the organization from competitors.

4. **Operational Dimension**

This dimension is related to the efficiency of internal processes and procedures. It includes:

- The quality of production or service processes.
- Efficient use of resources.
- Speed of service delivery and reduction of errors.

5. **Human Resources Dimension**

This dimension measures employee efficiency and satisfaction. Examples include:

- Levels of job satisfaction and motivation.
- Employee turnover rates.
- Skills development and continuous training.

6. **Financial Dimension**

This represents the traditional dimension of performance and is measured through financial indicators such as:

- Revenue growth rate.
- Return on sales or capital.
- Profitability of customers or products.

(Morgan et al., 2009)

Subsection Three: The Relationship Between Market Orientation and Organizational Performance

The relationship between market orientation and performance has received considerable attention in the literature.

Studies by Narver and Slater (1990) and Jaworski and Kohli (1993) demonstrated that market orientation has a statistically significant positive effect on performance across various sectors, including both industrial and service sectors.

Deshpandé and Farley (1998) indicated that organizations with a high level of market orientation achieve stronger customer loyalty and better marketing performance.

In the financial context, Flavián and Lozano (2006) confirmed that implementing market orientation practices in banks leads to improved service quality and increased financial efficiency.

Morgan, Vorhies, and Mason (2009) also concluded that the relationship between market orientation and performance is influenced by mediating variables.

The Role of Mediating Variables in Strengthening the Effect of Market Orientation on Performance

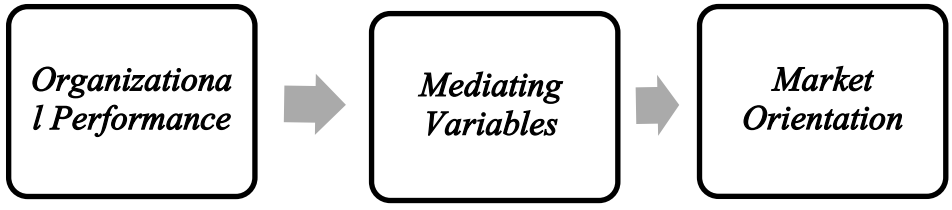
A mediating variable is an explanatory factor that clarifies the nature of the relationship between an independent variable and a dependent variable. It functions as an internal mechanism through which the effect of the independent variable is transmitted to the dependent variable (Baron & Kenny, 1986).

Within this framework, strengthening the positive effect of market orientation on organizational performance requires the presence of a set of mediating variables that can reinforce the indirect effect of market orientation on organizational performance (Gotteland, 2005).

Identifying these mediating variables is particularly important for understanding how improving an organization's level of market orientation can lead to a greater improvement in its performance (Gotteland, 2005).

The effect of market orientation may be transmitted through a set of mediating variables that constitute the organization's "marketing value chain" (Gotteland, 2005). These variables represent internal processes that activate the effect of market orientation and primarily include the following:

Figure 1: The Effect of Market Orientation on Performance in the Presence of Mediating Variables



Source: David Gotteland (2005), *Market Orientation: New Method, New Tools*, Éditions d'organisation, France.

1. **Service Offering Characteristics**

This refers to the organization's ability to develop service offerings that are adapted to customer needs in terms of quality, innovation, and specialization. Service offering characteristics are defined as:

"The set of tangible and intangible attributes that distinguish the product or service provided by an organization and ultimately determine the customer's perception of its value and quality" (Kotler & Keller, 2016, p. 345).

2. **Customer Satisfaction**

This results from the continuous improvement of products and services based on market feedback.

3. **Customer Trust and Loyalty**

An ongoing relationship between an organization and its customers leads to the development of mutual trust, which increases the likelihood of repeat purchases and, consequently, improves financial and competitive performance.

These mediating variables function as a link between market-oriented marketing activities and final performance outcomes, whether financial outcomes, such as profitability and sales, or non-financial outcomes, such as reputation and loyalty.

In other words, market orientation affects performance by influencing internal mechanisms related to the value of the service offering and customer satisfaction, rather than solely through an independent direct effect (Gotteland, 2005).

Section Two: The Field Study

Subsection One: Method and Instruments

Study Population and Sample

The study population consists of all executives working in banking institutions operating in eastern Algeria.

Given the size of this population, a purposive sample of 125 executives representing a group of public and private banks was selected. The purpose was to obtain diverse opinions that reflect the actual marketing practices within the banking sector.

Questionnaires were distributed both manually and electronically. A total of 113 valid questionnaires were retrieved for statistical analysis, representing a response rate of approximately 90.4%.

Design and Development of the Research Instrument

First: Design of the Research Instrument

The researchers relied on a questionnaire as the primary data collection instrument because of its suitability for quantitative studies aimed at measuring attitudes and perceptual variables.

To ensure the accuracy of the wording and the clarity of the statements, the questionnaire was prepared in accordance with formal and scientific requirements designed to obtain accurate and objective responses that serve the objectives of the study.
The questionnaire consisted of 27 items distributed across the three study variables—market orientation, service offering characteristics, and organizational performance—in addition to a section dedicated to the respondents' personal information.

Table 1: Structure of the Questionnaire

Study variables	Constituent dimensions of the study variables	Relevant items
Personal Information	Gender, age, educational level, position at the bank, professional experience	/
Independent Variable: Market Orientation (Behavioral Perspective)	Intelligence Generation	1–5
	Intelligence Dissemination	6–10
	Responsiveness to Intelligence	11–15
Mediating Variables	Customer Relationship Management	16–17
	Characteristics of Service Offerings	18–20
	Trust in the Bank	21
Dependent Variable: Organizational Performance (Measured According to the Comprehensive Performance Model)	Environmental Performance	22
	Marketing Performance	23
	Operational Performance	24
	Financial Performance	25
	Human Resource Performance	26
	Competitive Performance	27

Source: Prepared by the researchers based on the questionnaire developed for the study.

Second: Validity and Reliability of the Research Instrument

A. Validity of the Research Instrument

To verify the validity of the research instrument, the researchers adopted face validity (content validity) and intrinsic validity, as follows:

A.1. Face Validity (Content Validity)

The questionnaire items were developed based on a review of the literature and previous studies, particularly the market orientation scale developed by Kohli and Jaworski (1990).
The questionnaire was then presented to a group of expert reviewers specializing in marketing and business administration. They provided valuable comments, which were incorporated into the final version to ensure that the statements adequately represented the study dimensions and were conceptually accurate.

A.2. Intrinsic Validity

Intrinsic validity is the square root of the reliability coefficient (Cronbach's alpha) and is used as an indicator of the internal consistency of the items.

The results showed that all sections of the questionnaire demonstrated high levels of validity, as illustrated in the following table:

Table 2: Results of the Reliability and Intrinsic Validity Tests of the Research Instrument and Its Constituent Dimensions

Questionnaire sections	Number of items	Reliability coefficient (α)	Reliability assessment	Intrinsic validity coefficient	Intrinsic validity assessment
Market orientation (behavioral approach)	15	0.885	High reliability	0.940	Very high
Mediating variables	06	0.771	High reliability	0.878	High
Organizational performance	06	0.600	Acceptable reliability	0.774	High
Entire questionnaire	27	0.796	High reliability	0.892	High

Source: Prepared by the researchers based on the results of testing the research instrument using Cronbach's alpha coefficient.

Measurement Method

A five-point Likert scale was adopted to measure respondents' answers, with scores ranging from 1 to 5.

Statistical Methods Used for Data Processing

To analyze the data and test the study hypotheses, the researchers adopted a quantitative analytical approach using SPSS, Version 24, and AMOS.

A set of appropriate statistical methods was applied, as follows:

1. **Cronbach's alpha coefficient:** Used to verify the reliability of the questionnaire.
2. **Percentages and frequencies:** Used to describe the characteristics of the study sample.
3. **Descriptive statistical methods:** Arithmetic means and standard deviations were used to describe the study variables.
4. **Correlation, regression, and variance tests:** Used to examine the relationships among the variables.
5. **Path analysis:** Used to measure the direct and indirect effects of market orientation on organizational performance in the presence of the mediating variable (service offering characteristics), using AMOS supported by SPSS.

Subsection Two: Analysis of the Field Study Results

This subsection presents and analyzes the field study results concerning the effect of market orientation on organizational performance in the banking institutions under investigation.

The data were analyzed using descriptive and inferential statistical methods available in SPSS and AMOS in order to test the main and sub-hypotheses and interpret the relationships among the independent, mediating, and dependent variables.

Characteristics of the Study Sample

The number of questionnaires distributed to employees of the banking institutions was reported as, for example, 120 questionnaires. Of these, 100 questionnaires were retrieved and deemed valid for statistical analysis, representing a response rate of 83%, which is considered acceptable in organizational field studies.

The characteristics of the sample are distributed as follows:

Table 3: Demographic Characteristics of the Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	62	62%
	Female	38	38%
Age	Under 30 years	25	25%
	30–40 years	42	42%
	Over 40 years	33	33%
Educational level	Bachelor's degree	46	46%
	Master's degree	41	41%
	Doctorate	13	13%
Position at the bank	Operations employee	34	34%
	Department head	39	39%
	Branch manager	27	27%
Professional experience	Less than 5 years	29	29%
	5–10 years	37	37%
	More than 10 years	34	34%

Source: Prepared by the researchers based on the results of descriptive analysis (SPSS, 2024).

The sample characteristics reflect a considerable level of professional maturity, as more than 70% of respondents have over five years of professional experience. This indicates a moderate to high level of professional experience. The respondents also have a high academic level, suggesting that they are capable of completing the questionnaire with relative ease. Furthermore, most respondents hold senior positions, and their job responsibilities are directly related to customers, which lends credibility to their responses.

Analysis of the Study Variables

Analysis of the Market Orientation Variable

This variable consists of three dimensions: intelligence generation, intelligence dissemination, and responsiveness to intelligence. The means and standard deviations were calculated, as shown in the following table.

Table 4: Analysis of the Market Orientation Dimension (Behavioral Perspective)

Dimensions	Arithmetic mean	Standard deviation	Level of importance
Intelligence generation	4.12	0.63	High
Intelligence dissemination	4.05	0.71	High
Responsiveness to intelligence	3.96	0.69	High
Overall mean	4.04	0.68	High

Source: Prepared by the researchers based on the results generated by SPSS.

The table shows that employees' average assessment of market orientation reached 4.04, which represents a high level. This indicates that the banks under investigation engage to a considerable extent in activities involving market analysis and interaction with the market and customers, in a manner consistent with their strategic orientation.

Analysis of the Mediating Variables

The mediating variables include customer relationship management, service offering characteristics, and trust in the bank.

The results are presented in the following table:

Table 5: Analysis of the Mediating Variables

Dimensions	Arithmetic mean	Standard deviation	Level of importance
Customer relationship management	4.18	0.61	Very high
Service offering characteristics	3.91	0.67	High
Trust in the bank	4.25	0.58	Very high
Overall mean	4.11	0.62	Very high

Source: Prepared by the researchers based on SPSS outputs.

The results indicate that customer relationships and institutional trust represent two central dimensions in building the bank's image. This strengthens the indirect effect of market orientation on performance through these variables.

Analysis of the Organizational Performance Variable

Organizational performance is measured according to the comprehensive performance model, which includes environmental, marketing, operational, and financial performance, as well as human resources and competitive performance. The results are presented in the following table.

Table 6: Analysis of the Dimensions of Organizational Performance

Dimensions	Arithmetic mean	Standard deviation	Performance level
Environmental performance	3.88	0.74	**High**

Marketing performance	4.09	0.63	**Very high**
Operational performance	3.95	0.69	**High**
Financial performance	3.82	0.77	**High**
Human resources performance	4.01	0.66	**Very high**
Competitive performance	4.14	0.60	**Very high**
Overall organizational performance mean	3.98	0.68	**Very high**

Source: Prepared by the researchers based on statistical analysis (SPSS, 2024).

The results confirm that the banking institutions demonstrate a high and distinguished level of performance, particularly in the marketing and competitive dimensions. This reflects the successful implementation of market-oriented practices and their customer-focused orientation.

Subsection Three: Testing the Study Hypotheses and Analyzing the Results

Testing the General Hypothesis

Statement of the general hypothesis:

Market orientation, through its behavioral dimensions, has a statistically significant effect on the organizational performance of banking institutions in Algeria.

To test this hypothesis, simple regression analysis was used to identify the relationship between market orientation (as the independent variable) and organizational performance (as the dependent variable). The results are presented in the following table.

Table 7: Testing the Effect of Market Orientation on the Organizational Performance of Banking Institutions Operating in Algeria

Independent variable	**Correlation coefficient (R)**	**Coefficient of determination (R^2)**	**F-test**	**Sig.**	**Constant coefficient (A)**	**Regression coefficient (β)**	**t-test**	**Sig**
Market orientation and performance	0.815	0.664	242.810	0.000	1.344	0.669	15.582	0.000

Source: Prepared by the researchers based on SPSS outputs.

Analysis of the results:

The results revealed a statistically significant effect of market orientation on organizational performance at a significance level of ($\alpha \leq 0.05$). The correlation coefficient reached ($R = 0.815$), indicating a strong relationship. The coefficient of determination was ($R^2 = 0.664$), meaning that 66.4% of the variation in organizational performance is explained by market orientation through its behavioral dimensions.

The effect coefficient also reached ($\beta = 0.669$), indicating that a one-unit increase in market orientation leads to a 66.9% increase in organizational performance. Accordingly, the general hypothesis is accepted and the null hypothesis is rejected.

Testing the Second Hypothesis

Statement of the second hypothesis:

There is no statistically significant indirect effect of market orientation on the organizational performance of banking institutions operating in Algeria in the presence of the mediating variables (customer relationship management, service offering characteristics, and trust in the bank).

To test this hypothesis, path analysis was conducted using AMOS 24, supported by SPSS 24. The following results were obtained:

Table 8: Results of Path Analysis Testing the Indirect Effect of Market Orientation on Organizational Performance

Description	Calculated χ^2	GFI	CFI	RMSEA	Direct effect	CR	Indirect effect	Sig.
Effect of market orientation on performance in the presence of mediating variables	9.034	1.000	1.000	0.000	0.889	27.882	0.701	0.003

Source: Prepared by the researchers based on the results generated by AMOS 24.

Analysis of the results:

The results revealed a statistically significant indirect effect of market orientation on the organizational performance of banking institutions through the mediating variables.

The model-fit indices also indicate a perfect model fit, with values of (GFI = 1.000), (CFI = 1.000), and (RMSEA = 0.000). Consequently, the null hypothesis is rejected and the alternative hypothesis is accepted. This means that market orientation indirectly affects organizational performance through the mediating variables.

Testing the First Sub-Hypothesis

Statement of the first sub-hypothesis:

There is no statistically significant indirect effect of market orientation on organizational performance when customer relationship management is included as a mediating variable.

Table 09: Results of Path Analysis with Customer Relationship Management as a Mediating Variable

Description	χ^2	GFI	CFI	RMSEA	Direct effect	CR	Indirect effect	Sig.
Market orientation → Customer relationship management → Organizational performance	20.409	0.908	0.938	0.000	1.202	16.232	0.572	0.000

Source: Prepared by the researchers based on AMOS 24 outputs.

Analysis of the results:

The values indicate a strong indirect effect of market orientation on organizational performance through customer relationship management. Since CR > 1.96 and Sig. = 0.000, the effect is statistically significant. Accordingly, the null hypothesis is rejected and the alternative hypothesis is accepted.

Testing the Second Sub-Hypothesis

Statement of the second sub-hypothesis:

There is no statistically significant indirect effect of market orientation on organizational performance when service offering characteristics are included as a mediating variable.

Table 10: Results of Path Analysis with Service Offering Characteristics as a Mediating Variable

Description	χ^2	GFI	CFI	RMSEA	Direct effect	CR	Indirect effect	Sig.
Market orientation → Service offering characteristics → Organizational performance	55.385	0.806	0.857	0.000	1.077	27.492	0.538	0.000

Source: Prepared by the researchers based on AMOS 24 outputs.

Analysis of the results:

The results demonstrate a moderately strong indirect effect of market orientation on organizational performance through service offering characteristics. The statistical values (CR = 27.492, Sig. = 0.000) support the statistical significance of the model.

Based on these results, the alternative hypothesis is accepted, indicating the mediating role of service offering characteristics in strengthening the relationship between market orientation and organizational performance.

Testing the Third Sub-Hypothesis

Statement of the third sub-hypothesis:

There is no statistically significant indirect effect of market orientation on organizational performance when bank reliability is included as a mediating variable.

Table 11: Results of Path Analysis with Bank Reliability as a Mediating Variable

Description	χ^2	GFI	CFI	RMSEA	Direct effect	CR	Indirect effect	Sig.
Market orientation → Bank reliability → Organizational performance	39.646	0.846	0.858	0.000	1.206	13.610	0.503	0.000

Source: Prepared by the researchers based on AMOS 24 outputs.

Analysis of the results:

The results confirm the existence of a statistically significant indirect effect of market orientation on organizational performance through trust in the bank, with the indirect effect reaching (0.503).

The goodness-of-fit indices indicate an acceptable model fit. Consequently, the null hypothesis is rejected and the alternative hypothesis is accepted.

Overall Findings of the Section

Through the analysis of all the hypotheses, the study reached the following findings:

1. Market orientation has a strong and direct effect on organizational performance (R^2 = 66.4%).
2. The presence of mediating variables—customer relationship management, service offering characteristics, and trust in the bank—strengthens and reinforces this effect.
3. The strongest mediating effect was recorded for customer relationship management, followed by service offering characteristics and then trust in the bank.
4. This indicates that adopting market-oriented marketing behavior contributes to improving the organizational performance of banking institutions through the

development of service offerings and the strengthening of customer trust and relationships.

Analysis and Discussion of the Results in Light of Previous Studies

In line with several previous studies, the results of this study confirm that market orientation, through its behavioral dimensions, has a strong direct effect on organizational performance. They also demonstrate that mediating variables, such as customer relationship management, service offering characteristics, and bank reliability, play an important role in the indirect effect of market orientation on organizational performance.

These findings can be connected to the theoretical literature and recent research as follows:

- The results confirm that market orientation through its dimensions—intelligence generation, internal dissemination, and responsiveness—strengthens organizational performance. The intelligence dissemination dimension demonstrated the strongest performance among Algerian banks. This is consistent with the model's emphasis on information dissemination as the dimension that enhances the effectiveness of market orientation in terms of performance.
- The findings support the idea that market orientation affects not only traditional performance dimensions, such as financial and operational performance, but that challenges remain in infrastructure and trust. This is similar to the findings of the present study, which identified bank reliability as an important mediating variable (ijep.dz).
- The intelligence generation and responsiveness dimensions demonstrated relatively lower performance. This indicates that institutions may possess information but fail to use it sufficiently to guide their decisions. Similar observations have been reported in previous studies conducted in Jordanian and Maghreb contexts (aja.journals.ekb.eg).
- Marketing variables, including customer satisfaction and customer loyalty, were less affected. This may indicate that financial and operational considerations remain dominant in the organizational structure of the Algerian banking sector, while customer-related dimensions still require further strengthening.
- The importance of trust is evident in the results of this study and in recent research. Studies indicate that a lack of trust constitutes an obstacle to the effectiveness of market orientation, particularly in relation to digital transformation and new services (ijep.dz).

Conclusion and Recommendations

The results of the field study revealed that the level of market orientation in Algerian banking institutions ranges from moderate to high, with a clear strength in the intelligence dissemination dimension, compared with a relative weakness in intelligence generation and effective responsiveness.

The results also showed that service offering characteristics, bank reliability, and customer relationship management are mediating variables with an important significant effect in strengthening the relationship between market orientation and organizational performance.

These findings support the conclusions of the classical models developed by Kohli and Jaworski (1990) and Narver and Slater (1990), which emphasize that market orientation improves performance only to the extent that it is translated into effective strategic responses, particularly through improving service offerings and adapting them to customer expectations. The findings are also consistent with recent studies, such as Benabbes et al. (2021), which confirmed that the effectiveness of market orientation in financial institutions depends on the quality of the products and services provided. They are also consistent with the study by El-Gohary and Eid (2023), which demonstrated that innovation in digital banking offerings contributes to improving the financial and marketing performance of Arab banks.

Furthermore, the study by Rahmani et al. (2022) indicates that trust and transparency are central mechanisms linking the outcomes of market orientation to organizational performance.
Based on these theoretical and field findings, the following conclusions and recommendations can be drawn.

First: Analytical Summary

- The study confirms that market orientation is an effective strategic approach to improving performance. However, its effect is not achieved directly alone, but rather through mediating variables such as service offering quality, trust, and customer relationships.
- The results demonstrate that banking institutions in Algeria need to transform market intelligence into strategic decisions that result in the development of products and services more closely aligned with customer requirements.
- The study indicates that weaknesses in certain behavioral dimensions of market orientation, particularly intelligence generation and rapid responsiveness, limit banks' long-term competitive capabilities.

Second: Recommendations

1. At the Administrative Level

- It is necessary to establish an internal market-oriented culture that encourages the regular collection and analysis of information about customers and competitors, in accordance with the recommendations of Narver and Slater (1990).
- Marketing information systems should be developed using digital technologies that allow information to flow among different departments, enabling more accurate and timely decision-making (El-Gohary & Eid, 2023).
- An interactive approach to customer engagement should be adopted through multiple communication channels, including branches, applications, and social networks, with the aim of building trust and strengthening customer loyalty.

2. At the Level of Service Offering Development

- The characteristics of banking service offerings should be redesigned to make them more flexible and innovative through the addition of customized digital services (Kumar et al., 2021).

- Greater emphasis should be placed on the added value of service offerings rather than relying solely on price competition. This would contribute to improving both financial and marketing performance.
- Periodic indicators should be adopted to measure customers' perceived service quality, and the results should be used to improve products.

3. At the Strategic Level

- Trust and transparency should be integrated into the bank's institutional values as essential competitive elements in the market (Rahmani et al., 2022).
- Investment in intelligent digital transformation should be encouraged as a new mediating mechanism for strengthening the relationship between market orientation and performance, as emphasized by recent studies (El-Gohary & Eid, 2023).
- Future research should be encouraged to examine additional mediating variables, such as organizational innovation and digital transformation, within the Algerian banking model.

Third: Directions for Future Research

- The study should be expanded to include other non-banking service institutions, such as insurance and telecommunications companies, in order to assess the extent to which the model can be generalized.
- More advanced causal analysis models, such as SEM or PLS-SEM, should be used to identify indirect relationships with greater precision.
- The role of digital transformation and marketing artificial intelligence should be examined as factors that may amplify the effect of market orientation on performance in the Algerian financial services environment (2025–2030).

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