

**MARKET ORIENTATION AND SERVICE INNOVATION EXAMINING
THE LINKAGES TO ORGANIZATIONAL PERFORMANCE WITH
REFERENCE TO LICENSED COMMERCIAL BANKS IN KURUNEGALA
DIVISIONAL SECRETARIAT DIVISION**

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ABSTRACT

Today's organizations need market orientation practices and innovative services to strive and generate superior organizational performance in the modern turbulent market place. The paper provides strong foundation to better understanding the dynamics in banking and facilitates exploring of future business opportunities for sustainable competitive advantage in banking, which is particularly significant for this sector. As a significant contribution to a bank's long-term success, market orientation (MO) and service innovation (SI) have emerged as significant antecedents of bank performance. Many banks are obligated to market and service innovation as the fundamental philosophy for their strategic development. Market orientation has to be coordinated with a service innovation in order that accomplish the bank's mission. The main purpose of this study is to investigate the impact of market orientation and service innovation examining the linkages to organizational performance with reference to licensed commercial banks in Kurunegala divisional secretariat division.

Service innovation serves as mediation mechanism that explains the relationship between market orientation and organizational performance. Using survey method, primary data were collected from 285 managerial level and executive level personnel in 25 branches of 12 different licensed commercial banks in Kurunegala divisional secretariat division. The collected data has been analyzed by using descriptive statistics, correlation analysis and regression analysis. The findings indicate that there is a high level of market orientation, service innovation and organizational performance of commercial banks in Kurunegala divisional secretariat area. And also the results showed that there is a strong positive relationship between market orientation, service innovation and organizational performance. The findings further suggest that service innovation perform a mediating role in the relationship between market orientation and organizational performance.

Key Words: *Market Orientation, Service Innovation and Organizational Performance*

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