



Reconceptualizing the elements of market orientation: A process-based view



Xiaodan (Dani) Dong^a, Zelin Zhang^{b,*}, Christian Andrew Hinsch^c, Shaoming Zou^d

^a Wagner College, Campus Hall 215, 1 Campus Road, Staten Island, NY 10301, United States

^b Marketing Department, School of Business, Renmin University of China, Mingde Building, Rm. 915, 59 Zhongguancun St., Haidian Dist., Beijing 100872, PR China

^c Grand Valley State University, Seidman College of Business, 3114 Seidman Center, Grand Rapids, MI 49501, United States

^d University of Missouri, Department of Marketing, Robert J. Trulaske, Sr. College of Business, 335 Cornell Hall, Columbia, MO 65211, United States

ARTICLE INFO

Article history:

Received 10 July 2014

Received in revised form 4 December 2015

Accepted 11 December 2015

Available online 6 January 2016

Keywords:

Market Intelligence Implementation Process (MIIP)

Market orientation

Disaggregation

Moderated mediation

Centralization

International experience

ABSTRACT

Market Orientation (MO) was originally introduced with a reflective second-order scale, but much recent research has conceptualized MO as a formative second-order construct. However, either the reflective or the formative approach to measuring MO may have issues that obscure relationships between both the individual dimensions and their relationships with other variables. Thus, the current research disaggregates the MO construct into three sub-constructs in an effort to explore relationships between the three dimensions of MO and its implementation process within the firm. The proposed Market Intelligence Implementation Process (MIIP) model suggests both a direct path from intelligence generation to responsiveness and an indirect path through a company-wide focus on dissemination. The process model suggests that firms may select two distinctly different paths to responsiveness when applying market intelligence. Explicating this dual process model allows us to understand how firm characteristics impact the process of MO through the individual elements. If the three sub-constructs do not vary in concert with each other, researchers cannot simply conclude that a firm characteristic (i.e., centralization or international experience) positively or negatively impacts MO's relationship to important marketing variables. The results indicate that for centralized and experienced firms, a high level of intelligence dissemination may actually hinder responsiveness. However, in decentralized and inexperienced firms, high levels of dissemination are linked to increased responsiveness. Using conditional process modeling, our study disaggregates the temporally distinct process of MO to reveal internal relationships among its dimensions. The current research also shows that the mediation of intelligence dissemination on the link between intelligence generation and responsiveness depends on the firm's levels of both centralization and international experience.

© 2015 Elsevier Inc. All rights reserved.

1. Introduction

In the current era of increasingly competitive global markets and constantly evolving customer demands, marketing orientation (MO) has emerged as a major influence on strategic decision-making (e.g., Jaworski & Kohli, 1993). Understanding the impact of MO has been found to be especially important in business to business (B2B) and industrial markets where the financial implications of customer loss can be particularly troublesome (Liao, Chang, Wu, & Katrichis, 2011). Market intelligence generation, dissemination, and response to markets have been widely accepted as the primary components of market orientation, and these activities have been routinely executed, though the exact relationships between the dimensions of MO have not been empirically shown. Numerous studies have found that factors like levels of international experience, competition, or other environmental

moderators, influence market orientation's impact on important variables like firm performance (e.g., Sandvik & Sandvik, 2003). However, it should be noted that many of these studies treat market orientation as a composite construct (either a formative or a reflective composite). This composite approach may hide existing relationships or even suggest non-existent relationships (Cadogan & Lee, 2013). According to Howell, Breivik, and Wilcox (2007), aggregation of multiple dimensions can be justified only when all dimensions show substantially similar relationships with antecedents or consequences. The multiple dimensions of MO can each have their own "nomological networks", and so each dimension has the potential to have different consequences (Cadogan, 2012, p. 344). For example, intelligence generation or dissemination might have no impact on performance, while responsiveness does. Hult, Ketchen, and Slater (2005) found that intelligence generation and dissemination operates through responsiveness to drive the firm success. Thus, if the dimensions of MO are differentially impacted by other variables, or if each dimension affects other variables with a different strength or weight, these differences may not be visible if one addresses MO as a composite construct.

Recent research has begun to explore the isolated effects of the individual dimensions of MO (e.g. Cadogan, 2012; Dong, Hinsch, Zou, & Fu,

* Corresponding author at: Marketing Department, School of Business, Renmin University of China, Mingde Building, Rm. 915, 59 Zhongguancun St., Haidian Dist., Beijing, 100872, PR China.

E-mail addresses: xiaodan.dong@wagner.edu (X.(D.) Dong), zhangzelin@rbs.org.cn (Z. Zhang), hinschc@gsu.edu (C.A. Hinsch), zou@missouri.edu (S. Zou).

2013). Some studies have found that intelligence generation or dissemination, when studied in isolation, had no effect on firm performance (e.g. Carbonell & Rodríguez Escudero, 2010, Horng & Chen, 1998, Murray, Gao, Kotabe, & Zhou, 2007, Rose & Shoham, 2002), a finding that conflicts with much extant research using aggregated MO as an independent variable (IV) (Cadogan & Lee, 2013). This conflict provides an impetus for the exploration of the implementation process of market intelligence by studying the relationships that exist between the individual MO dimensions. Market orientation is a construct that defines a firm's focus or orientation. This orientation is indicated by the degree to which the firm generates intelligence, disseminates intelligence, and responds to consumers. In a pure MO conceptualization, the mix or combination of these variables is irrelevant as an increase in any variable would result in the firm becoming more market oriented. The current research suggests a logical order to the MO variables and conceptualizes these measures as a linked process, which is defined as the marketing intelligence implementation process (MIIP).

The purpose of this study is to revisit market orientation by exploring the relationships between market intelligence generation, dissemination, and responsiveness as a process. Within the proposed process, intelligence generation is modeled as the independent variable (IV) and responsiveness is modeled as the dependent variable (DV). The multinational corporation's (MNC) strategic business unit (SBU) level of intelligence dissemination is modeled as a mediator (see Fig. 1). This model shows two paths to responsiveness, one directly from intelligence generation (the c path) and the other through the SBU's level of intelligence dissemination (the a × b path). This disaggregated, mediated model will allow for additional tests of potential moderating variables like centralization and international experience.

The current research offers several important contributions. First, this study advances the theory of MO by investigating the process of market intelligence implementation. Researchers need to sufficiently understand how market intelligence is internally processed to better understand MO's impact on other variables. Compared with the conventional conceptualization of a composite MO, the disaggregation of MO provides an advanced avenue to scrutinize the more granular effects of each MO dimension. Each component performs a unique function in the process, and there is a logical connection between them. Thus, treating MO as a composite or simply separating the MO dimensions into three different constructs ignores the chronological interplay between each of the individual dimensions. Recognizing the independent logical role of each dimension in the MIIP can help us better understand how market intelligence contributes to performance.

Secondly, based on a disaggregation of the traditional MO construct, the current research suggests that the level of intelligence dissemination can either depress or enhance the effect of intelligence generation

on responsiveness, depending on organizational characteristics and the model path that is chosen (with or without the mediation of dissemination). We will further address conflicting findings in the extant literature and identify boundary conditions that are not visible when using an aggregated MO construct. Thus, the current research informs the management of the MIIP in situations where SBU attributes or functions can be either minimized or cultivated to foster positive SBU outcomes.

Third, this study uses conditional process modeling (CPM) to examine both the intelligence implementation process and factors that moderate the proposed mediation effect of intelligence dissemination. This method allows for an explication of both the direct and indirect effects of intelligence generation on responsiveness at different values of the moderators. Previous studies have not explored the intelligence implementation process at this level.

Lastly, this study provides important managerial guidance. Drawn from the findings, managers can decide, with an understanding of deeply rooted organization characteristics, how to leverage intelligence generation and/or dissemination to maximize the SBU's level of responsiveness. A deep understanding of these relationships will help managers to avoid wasting resources and allow them to maximize the utility of their intelligence implementation activities. The current research shows how managers can develop a mix of market intelligence generation, dissemination, organization structure and experience to maximize responsiveness.

The next section will review the market orientation and management strategy literature relating to the focal constructs. Then the conceptual model and hypotheses are developed. This will be followed by an outline of the data collection procedure and an analysis of the results. Lastly, the paper concludes with theoretical contributions, implications for managerial practice and future research.

2. Literature review and conceptual development

2.1. Theoretical background

From the behavioral perspective, market orientation emphasizes activities that are related to the generation of market intelligence, dissemination of the intelligence across departments, and responsiveness to the market using this intelligence (Kohli & Jaworski, 1990). This multi-dimensional construct has been studied from a wide array of perspectives and in many different contexts. While the construct originated with work done in the United states (Kohli & Jaworski, 1990; Kohli, Jaworski, & Kumar, 1993; Narver & Slater, 1990), the construct has been studied in Asia (Chung, 2012; Taylor et al., 2008; Wang & Wei, 2005), Europe (Börjesson & Dahlsten, 2004; Megicks & Warnaby, 2008) including former Soviet bloc countries (Akimova, 2000) and

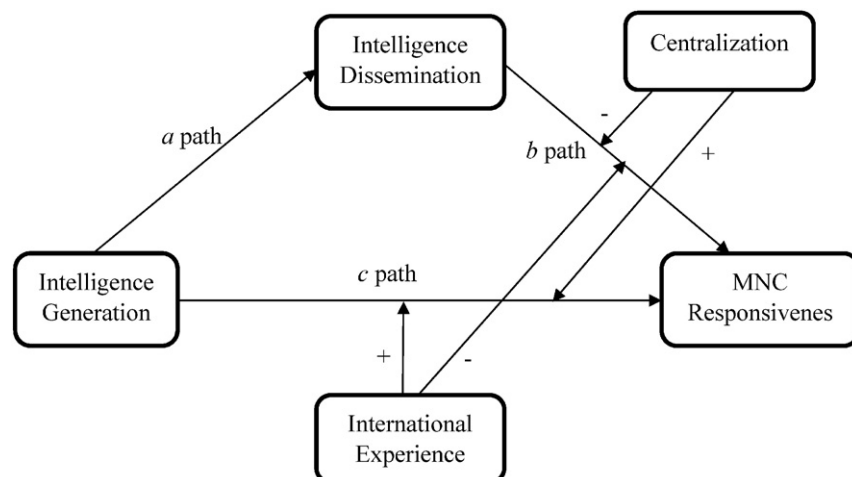


Fig. 1. Conceptual model.

Download English Version:

<https://daneshyari.com/en/article/1027343>

Download Persian Version:

<https://daneshyari.com/article/1027343>

[Daneshyari.com](https://daneshyari.com)