



Getting the most out of cross-functional cooperation: Internal structural change as a trigger for customer information use[☆]



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ABSTRACT

Using customer information in the decision making of R&D and production is vital for industrial firms to survive and prosper in an increasingly competitive marketplace. Previous studies show that cross-functional cooperation may have both negative and positive effects on information use. The authors hypothesize that internal structural change positively moderates the relationship between cross-functional cooperation and information use. However, structural change also decreases the quality of cross-functional cooperation. Cross-functional knowledge increases both cross-functional cooperation and customer information use. These hypotheses are tested and supported using a data set consisting of 221 manufacturing and R&D managers in large industrial firms. The findings imply that although internal structural change increases the benefits of cooperative, cross-functional relationships in terms of customer information use, managers in volatile organizations should continue to strengthen cooperative relationships by maintaining and improving sales and marketing contact people's knowledge of manufacturing and R&D.

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1. Introduction

The changing role of sales and marketing and improved access to large amounts of customer data have fueled new interest in studying the factors that influence the use of customer information within industrial organizations (Ling-yee, 2011; Rollins, Bellenger, & Johnston, 2011, 2012; Salojärvi & Saarenketo, 2013; Zahay, Griffin, & Fredericks, 2011). Recent research shows that better utilization of customer information in operational planning and in new product development results in considerable improvements in customer service satisfaction, more successful product launches and cost savings (Cuijpers, Guenter, & Hussinger, 2011; Esper, Ellinger, Stank, Flint, & Moon, 2010; Fugate, Stank, & Mentzer, 2009). The implementation of wide-spread manufacturing practices such as just-in-time production, total quality management and concurrent engineering also heavily depend on utilizing information on customers (Forza & Salvador, 2001).

Recent studies indicate, however, that companies are better at customer information acquisition and storage than at interpreting and

using this information in decision making throughout the organization (Rollins et al., 2011). A key challenge for companies aiming to realize the profit-enhancing potential of customer information is to enable and motivate the communication of relevant information to the appropriate employees (Foss, Husted, & Michailova, 2010) and to integrate and use this information in everyday operations (Rollins et al., 2012).

Sales and marketing play key, boundary-spanning roles in ensuring an organization's responsiveness to customer information, now perhaps more than ever (Hult, 2011). Although the customer interface has been broadened in many firms to include employees outside sales and marketing, the focal contact point with customers typically remains the key account manager or other sales and marketing contact persons (Foss et al., 2010). However, instead of "throwing information over the wall" to production and R&D (Fugate et al., 2009, p. 248), sales and marketing have become accountable for ensuring that customer information enters the decision making of other functions (Esper et al., 2010; Juttner, Christopher, & Baker, 2007; Kok & Biemans, 2009; Lane & Piercy, 2009; Slone, Dittmann, Dittmann, & Mentzer, 2010; Storbacka, Ryals, Davies, & Nenonen, 2009). Consequently, marketing scholars and practitioners alike require a better understanding of how the choice and design of organizational practices influences individual seeking, sharing and usage of customer information to its maximum advantage (Foss et al., 2010; Rollins et al., 2012; Wei & Wang, 2011).

In this paper, we build on and extend the stream of marketing literature that examines processing and management of market-related knowledge in organizations, and more specifically, the studies on cross-functional relationships and the utilization of customer

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information in decision making at the individual level (e.g., Fisher, Maltz, & Jaworski, 1997; Maltz & Kohli, 1996; Maltz, Souder, & Kumar, 2001; Moorman, Zaltman, & Deshpande, 1992; Nätti & Ojasalo, 2008; Rollins et al., 2011). Our study responds to the following question: what is the role of cross-functional cooperation and cross-functional knowledge in enhancing the use of customer information among non-marketing managers?

By responding to this question, we make two contributions. First, despite its central role in marketing, the empirical evidence on the effects of *cross-functional cooperation* on market-related information use is ambiguous. Cross-functional cooperation refers to the extent to which there is a state of collaboration between sales and marketing and the other function that is characterized by unity of effort (Homburg & Jensen, 2007; Lawrence & Lorsch, 1969). The dominant view within the marketing literature is that cross-functional cooperation positively influences the use of market-related information (Jaworski & Kohli, 1993; Maltz & Kohli, 1996; Menon & Jaworski, 1997; Nätti & Ojasalo, 2008; Rollins et al., 2011). However, a growing body of studies questions the uncritical embracing of cooperation and its benefits to information sharing and use. Nurturing cross-functional cooperation does not seem to stimulate the in-depth utilization of function-specific knowledge (e.g., Weiss & Hughes, 2005), improve the sharing of relevant information (Troy, Hirunyawipada, & Paswan, 2008), or improve marketing departments' decision influence within firms (Verhoef & Leeflang, 2009).

This paper suggests that we can better understand the effect of cross-functional cooperation on the use of customer information if we account for *internal structural change* in the organization. Internal structural change refers to the frequency of change within a company in terms of structure, rules, and procedures (Maltz & Kohli, 1996). Previous studies in marketing draw attention to this variable. Maltz and Kohli (2000), as an example, note that a firm's responsiveness to the needs and wants of a customer requires the ability to reorganize rapidly and smoothly. As industries and markets demand greater flexibility and timeliness from manufacturing companies, "reorganization must become a routine" (Maskell, 2001, p. 10), and these firms increasingly engage in continuous change and flexible work arrangements (Bernardes & Hanna, 2009; Kok & Biemans, 2009; Leana & Barry, 2000).

Maskell (2001) and Vázquez-Bustelo, Avella, and Fernández (2007) tentatively suggest that to succeed, manufacturing firms must combine strong firm-internal cooperation with continuous organizational change. However, the literature on marketing's cross-functional relationships notes that combining the two can be a challenging task because internal volatility increases manifest interfunctional conflict (Maltz & Kohli, 2000). In this study, we bring new insight into how industrial firms improve their responsiveness to customers by examining how cross-functional cooperation, internal structural change and their interaction influence the use of customer information by non-marketing managers.

This study's second contribution to the literature on market information use and cross-functional relationships is that it highlights the role of *cross-functional knowledge*. Cross-functional knowledge refers to sales and marketing contact persons' understanding of the manufacturing (or R&D) process, its limitations and its capabilities as perceived by manufacturing (or R&D) managers (Calantone, Dröge, & Vickery, 2002). This means that the information sender has insight into the specialized knowledge of other functions (Homburg & Jensen, 2007). Previous studies have identified cross-functional knowledge as crucial in communicating to non-marketing functions a tacit understanding of what customers value and how customers perceive the current offerings of the firm (Calantone & Rubera, 2011; Esper et al., 2010). However, to our knowledge, no empirical studies have measured and linked the level of cross-functional knowledge to cross-functional information use. The findings of this paper show how cross-functional knowledge benefits companies by increasing cross-functional cooperation and customer information use.

The rest of the paper is organized as follows. We first discuss each construct and its hypothesized relationships. We then test the model, and, in contrast to previous studies on information utilization, we conduct extensive robustness checks to account for endogeneity and heteroscedasticity in our results based on cross-sectional data. In the final section of the paper, we discuss the implications of the results for theory and managerial practice.

2. Research model and hypotheses

2.1. Theoretical grounding of the study

Our theoretical focus on cross-functional relationships and the use of customer information in non-marketing managers' decision making is grounded in studies that examine the management of market-related knowledge within organizations. Within the marketing field, this research stream builds on the well-established literature on market-related information use (e.g., Deshpande & Zaltman, 1982; Menon & Varadarajan, 1992) and the behavioral perspective of market orientation (Jaworski & Kohli, 1993). Recently, a growing number of studies have specifically scrutinized the intra-organizational management of customer knowledge and have integrated ideas from the recent literature on knowledge management as well as customer relationship management (e.g., Ling-yee, 2011; Nätti & Ojasalo, 2008; Salojärvi & Saarenketo, 2013). These studies examine the processing of customer information (acquisition, dissemination/sharing/transfer and utilization of customer information) as well as its antecedents and performance consequences at the organizational, group and individual levels. Our research model (Fig. 1) contributes to this literature.

The central variable of interest in our model is non-marketing managers' use of customer information that is received from their sales and marketing contacts. Examination of customer information utilization at the individual level remains scarce (Rollins et al., 2012). Furthermore, our model differs from previous models that explain information use by specifically considering how internal structural change positively moderates the effect of cross-functional cooperation and how cross-functional knowledge affects the use of customer information, both directly and indirectly through cross-functional cooperation. Cross-functional relationships remain an important explanatory variable in studies on the management of customer knowledge (e.g., Arnett & Wittmann, 2014; Biemans, Makovec Brenčič, & Malshe, 2010; Storbacka et al., 2009; Zahay & Peltier, 2008), and our study thus provides a valuable additional insight into the boundary conditions of the relationship between information use and cross-functional cooperation. We include control variables at the individual (respondent's function, participation in sales and marketing activities, physical distance to sales and marketing contacts), organizational (size, resource inadequacy), and environmental (customer demand change) levels.

2.2. Customer information use

Customer information use is the degree to which customer information is taken into account in decision making and problem solving by non-marketing managers (Diamantopoulos & Souchon, 1999; Moorman et al., 1992). *Customer information* refers to information about customer orders, needs, expectations, satisfaction, buying habits, behavior, market segment characteristics and business development (Juttner et al., 2007). Following Nonaka (1994, p. 15), "information is a flow of messages while knowledge is created and organized by the very flow of information, anchored on the commitment and beliefs of its holder." Our conceptualization includes two types of information use. *Instrumental use* is the direct application of customer information to problem solving and decision making (Diamantopoulos & Souchon, 1999). *Conceptual use* is the indirect use of customer information and includes the concepts, assumptions, models and theories, and heuristics (rules of thumb) that employees can use for practical problem solving in the future (Low &

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