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Listening in and out: Listening to customers and employees to strengthen an integrated market-oriented system[☆]

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ABSTRACT

While volumes of research have been dedicated to listening to customers as part of a market-oriented strategy, very little attention has been given to the mechanisms that disseminate the information internally to the employees who need it to meet and exceed customer requirements. A multidisciplinary exploratory study was initiated to investigate how an organization's listening environment facilitates both organizational and employee outcomes. Building on theory from marketing, management, and communications, the impact employee beliefs about the organization's listening environment was shown to relate to both the external market orientation and the individual's performance and commitment to the organization. Focusing on a small number of representative variable in lexicon theoretical linkages, a structural equation model was tested utilizing managerial data across a wide range of management levels of a major retail organization, as a preliminary foray into a potential multiple disciplinary research program.

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Emanating from a multidisciplinary, rigorous, and comprehensive research program, customer orientation is considered de rigueur for organizational success. Unquestionable benefits arise from developing a culture focused on satisfying the organization's customers, including increased customer satisfaction and loyalty, higher financial performance, and improved new product creativity (cf. Baker & Sinkula, 1999; Im & Workman, 2004; Jaworski & Kohli, 1993; Jyoti & Sharma, 2012; Narver & Slater, 1990; Slater & Narver, 1995). Less studied and certainly less publicized, the internal benefits of having a market-oriented business strategy include increased employee commitment (Jaworski & Kohli, 1993), satisfaction (Castro, Armario, & del Río, 2005; Kennedy, Lassk, & Goolsby, 2002), and effectiveness (Brown, Mowen, Donovan, & Licata, 2002). Methods for linking the company externally to customers appear extensively in research, books, and university degree programs, but scant information exists about linking the company's customer and market knowledge internally to employees. While organizations spend vast resources collecting marketplace data, little is known of how to disseminate this knowledge throughout the organization. Often, failures occur not from lack of knowledge within the organization but instead from that knowledge failing to reach

employees who need the information to satisfy customers (Lings, 1999; Harris & Ogbonna, 2000).

An ancillary tenet of customer orientation requires creating an "internal market orientation" in which organizations use similar relational approaches internally, as done with external customers (Lings, 1999, 2004); the result being that employees are motivated to focus outward by listening to customers and to use customer information inwardly to fuel employee discussions. Logically, a constructive internal listening environment provides a necessary but not sufficient platform for a strategic external market orientation (MO), as data from external customers must be disseminated effectively to employees throughout the organization.

Although undeniably a critical component in MO implementation, only a paltry few studies empirically explore this listening inward strategic aspect. The research described herein, research crossing marketing, management, and business communication, seeks to explore how an organization's internal listening environment (OLE) is empirically linked to both employees' perceptions of the organization's MO and individual employee outcomes of performance and commitment. Grounded on a multidisciplinary foundation, including OLE from business communication, MO from marketing, and human resources and employee effectiveness from management, this research fills a void in the literature needed to understand organizational factors that drive an effective market-oriented organizational strategy. These overlapping research streams are integrated to create a testable theoretical model; research hypotheses are developed to test important linkages in that model, and a pilot empirical study using observations from a wide variety of managerial positions in a major retailer is examined to provide

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tentative support for the importance of MO theory's key underlying propositions. Fig. 1 visually portrays the construct linkages tested based on multidisciplinary theory. The results of this study advocate attention to a listening culture in which employees perceive that the organization effectively communicates and uses market information impacts employee perceptions of the external MO posture and key employee performance and attitudinal outcomes.

1. Listening in a market-oriented organization

With unrelenting pressure to meet performance goals, successful companies aim to listen to customers' feedback to ensure that all organization programs maximize the likelihood of a positive reaction from the marketplace. The benefits of a customer orientation are virtually unchallenged today. The term "customer orientation" is used to varying levels of distinction with other similar terms, such as "customer mind-set" (Kennedy et al., 2002), market orientation (Kohli & Jaworski, 1990), market oriented (Shapiro, 1988; Narver & Slater, 1990), customer focused (Homburg, Workman, & Jensen, 2000) and market driven (Jaworski, Kohli, & Sahay, 2000). In the research, "market orientation" or "market oriented" is used as an umbrella term capturing the notion that organizational cultures focused on gathering, understanding, and meeting needs of external customers facilitate greater organizational success. Appendix A offers summary literature most relevant to key constructs in this study.

Focused on exceeding requirements for customer satisfaction, market-oriented firms rely on superior market intelligence to be used throughout the organizational system to create holistically integrated market-oriented actions (Narver & Slater, 1990). Importantly, the market-oriented process begins by gathering customer chatter and, once obtained, getting employees to first listen and then translate data into meaningful actions driving customer satisfaction. Market-oriented firms report superior business results in terms of innovation (Hurley & Hult, 1998), learning and adaptation (Slater & Narver, 1995), market share (Baker & Sinkula, 1999), and profitability (e.g., Lengler, Sousa, & Marques, 2013; Shah & Dubey, 2013; Slater & Narver, 2000). Still, sustaining customer attention and appetite poses an exhausting and virtually insatiable challenge for competitive organizations.

Organizations employing a market-oriented strategy reap advantages in not only the marketplace but also positive employee attitudes and behaviors (Lings, 2004). The competitive success of a market-oriented firm invigorates employee pride, nurtures employee organizational commitment, and creates an esprit de corps that both permeates the boundaries of the organization, infusing the internal organizational culture and external market actions. Companies listening effectively to customers' comments, compliments, and criticisms can obtain a competitive advantage if, in turn, management creates an environment

that directs employees to use the market intelligence to take customer-driven actions that win sales and gain loyalty (Jaworski & Kohli, 1996; Slater & Narver, 1995).

Clearly, the interaction between employees and customers is critical to a successful market-oriented strategy (Lings & Greenley, 2005), and emboldening employees to perform market-oriented behaviors (Brown et al., 2002) creates linchpins for increasing customer loyalty (Jaworski & Kohli, 1993; Larson & Sasser, 2000). With customer loyalty mirrored in the level of employees commitment, Larson and Sasser (2000) suggest, "Highly satisfied employees exhibit a series of positive behaviors which allow them to do a better job of delighting their customers" (p. 44). As a key part of MO strategy, the desire to satisfy customers must be ingrained in the culture, so that employee attitudes and behaviors align with the aim of creating superior competitive value for the customer (Hartline & Ferrell, 1996). Unmistakably, leaving to chance the internal management side of the MO equation naively jeopardizes the full value of the MO strategy.

A cultural artifact under management control, the OLE can bolster employee–customer relationships because organizational effectiveness depends on open and transparent internal communication (Bansal, Mendelson, & Sharma, 2001; Lings, 2004; Lings & Greenley, 2005). As stated succinctly by Jaworski and Kohli (1993), "[the] greater the extent to which individuals across departments are directly connected (or networked), the more they are likely to exchange market intelligence and respond to it in a connected fashion" (p. 56). Empirical evidence of this contention is provided by Conduit and Mavondo (2001), in which internal communication and information sharing are shown to drive internal customer and external market orientations. Lings and Greenley (2005) highlighted the critical importance to future MO research in linking employee needs with a company's MO, such that management should align market-driven needs with employee behaviors in a mutually advantageous interaction. Thus, both inwardly and outwardly, an MO strategy unifies the organization and simultaneously increases the likelihood of customer satisfaction and employee fulfillment.

While the literature is replete with methods for listening to customers, much less is known about engendering a proper internal listening culture. That is, while much is written about applying resources to listen externally (e.g., Herson & Matthews, 2011), parallel processes for listening to employees has escaped researchers' attention. Drawing from the communications literature, specifically the work of Brownell (1994); Gilchrist and van Hoeven (1994); Jacob and Coghlan (2005); and Johnston, Reed, and Lawrence (2011), OLE captures a critical aspect of organizational performance and employee perceptions. Recent empirical research suggests the more employees believe the organization listens to their feedback the more likely they are to commit to the organization (Reed, Goolsby, & Johnston, 2014). Heretofore silent in MO management theory, listening to employees yields a powerful internal factor for implementing a holistic MO.

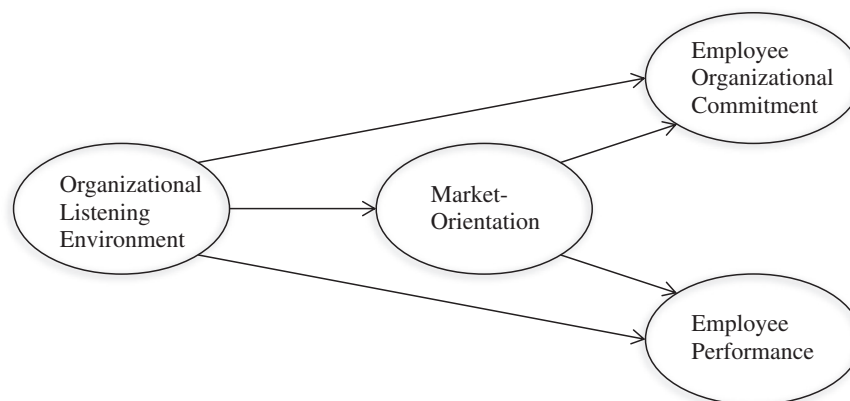


Fig. 1. Structural research model of the impact of listening environment on market orientation and employee outcomes.

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