



Contents lists available at ScienceDirect

## Industrial Marketing Management



## Alignments and misalignments of realized marketing strategies with administrative systems: Performance implications

Simos Chari<sup>a,\*</sup>, George Balabanis<sup>b</sup>, Matthew J. Robson<sup>a</sup>, Stanley Slater<sup>c</sup><sup>a</sup> Leeds University Business School, Maurice Keyworth Building, University of Leeds, Leeds LS2 9JT, United Kingdom<sup>b</sup> Faculty of Management, Cass Business School, City University, 106 Bunhill Row, London, EC1Y 8TZ, United Kingdom<sup>c</sup> Department of Marketing, College of Business, Colorado State University, Fort Collins, CO 80523, USA

## ARTICLE INFO

## Article history:

Received 11 September 2015

Received in revised form 26 September 2016

Accepted 25 November 2016

Available online xxxx

## Keywords:

Misalignment

Performance

Realized marketing strategy

Structure

Strategic control

## ABSTRACT

On the basis of intended marketing strategy plans, firms design administrative systems to support strategy implementation. In increasingly turbulent business environments—characterized by complexity, scarce resources, and escalating competitive opportunities and threats—firms are forced to alter intended and realize emergent strategies more frequently than ever before. The eventualities of realized marketing strategies may lead to misalignments between the strategy and the existing administrative system designed to support it. To examine performance implications of such misalignments we use Slater and Olson's (2001) taxonomy of marketing strategies. We distinguish between intended and realized plans and we propose an administrative system framework of structural (i.e., centralization, formalization, and specialization) and dynamic (i.e., interdepartmental connectedness and strategic control mechanisms) parameters for the effective implementation of realized strategies. We propose three-way interactions between realized marketing strategies and the dynamic parameters of the system. Research hypotheses on performance implications and responses from 215 marketing executives show performance differences across strategy types and (mis)alignments of the administrative system. Our findings confirm three-way interactions among strategy types, interdepartmental connectedness, and control mechanisms for all realized strategy types.

© 2016 Published by Elsevier Inc.

## 1. Introduction

Strategy typologies and taxonomies have played an influential role in shaping strategic management thought.<sup>1</sup> Work incorporating classification schemes facilitates theory building and advances understanding of the strategic realities facing firms (Thorpe & Morgan, 2007). Despite the popularity of business-level strategy classifications in marketing management (e.g., Menguc & Auh, 2008; Song, Di Benedetto, & Nason, 2007), research has placed little emphasis on marketing strategy typologies or taxonomies. Few studies (e.g., Murphy & Enis, 1986; Slater & Olson, 2001) have developed marketing strategy classifications that feature marketing-related problems and even fewer have incorporated them in empirical research. For this reason, the conceptual landscape of marketing strategy remains underdeveloped.

By contrast, the interface of organizational parameters with realized (implemented) strategies has long been focal to strategic marketing research (see Varadarajan, 2010). Theory argues that performance

outcomes of realized strategies are determined, partially, by how well organizational characteristics align with strategy-specific requirements (Yarborough, Morgan, & Vorhies, 2011). In marketing strategy studies, the focus has been constrained to the alignment of either structural and/or task-specific characteristics with: detached marketing-mix components (e.g., Kabadayi, Eyuboglu, & Thomas, 2007); standardization–adaptation choices (e.g., Xu, Cavusgil, & White, 2006); or business-level strategies (e.g., Vorhies & Morgan, 2003). Despite accumulated knowledge, scholars still call for further research on organizational contingencies (see Morgan, 2012). Thus far, no study has captured how firms deploy structural and more dynamic organizational parameters collectively, within administrative systems, to facilitate the implementation of diverse marketing strategy types. An administrative system refers to the deployment of structural parameters for rationalizing strategic decisions and the formulation and implementation of process facilitating a firm's dynamic capacity to adapt and evolve (Dvir, Segev, & Shenhar, 1993).

Scholars (e.g., Chandler, 1962) argue that managers initially develop a strategy and then design a fitting administrative system to support their plans. However, evidence suggests firms “reinvent the strategy making process as an emergent process” (Hamel, 2009, p. 91). In increasingly turbulent marketplaces, firms are expected to blend deliberate (i.e., patterns of action realized as initially intended) and emergent

\* Corresponding author.

E-mail addresses: S.Chari@leeds.ac.uk (S. Chari), g.balabanis@city.ac.uk (G. Balabanis), m.j.robson@lubs.leeds.ac.uk (M.J. Robson), stan.slater@business.colostate.edu (S. Slater).

<sup>1</sup> Strategy typologies and taxonomies are strategy classification schemes. Typologies are conceptually extracted, whereas taxonomies are empirical.

(i.e., realized patterns of action not explicitly planned) strategy facets so that strategy corresponds with changing conditions (Mirabeau & Maguire, 2014). Thus, the eventualities of realized marketing strategies can bring about unintended misalignments between the implemented strategy and the supporting administrative system (Hannan, Pólos, & Carroll, 2003). These misalignments impede implementation and may result in unintended outcomes (Balogun & Johnson, 2005).

Marketing strategy and administrative system (mis)alignments can be extracted empirically and/or theoretically (Zajac, Kraatz, & Bresser, 2000). Nevertheless, the bulk of scholarly work in marketing strategy studies favors empirical techniques (e.g., profile deviation) over theoretically grounded approaches (e.g., Vorhies & Morgan, 2003). A key criticism of empirical approaches is that they fail to gain appropriate theoretical grounding and tend to be context or industry specific. Thus, the generalizability of findings is limited.

Our study's main objective is to examine alignments and unintended misalignments of realized marketing strategies with the supporting administrative system. Heeding calls for further research on marketing strategy contingencies, we develop an administrative system framework that guides the deployment of realized marketing strategies. Specifically, we propose and test a fit-as-moderation model to determine how conditional levels (i.e., high/low) of the administrative system should align with diverse realized marketing strategies for optimal performance outcomes; while we control for environmental turbulence (see Fig. 1).

In addressing these issues our study contributes to the literature in multiple ways. First, contrary to previous studies (e.g., Vorhies & Morgan, 2003), we employ an applied and managerially relevant marketing strategy classification scheme to explain marketing strategy related phenomena—Slater and Olson's strategy types of: aggressive marketers (e.g., Nike and Apple), mass marketers (e.g., Microsoft), marketing minimizers (e.g., Costco), and value marketers (e.g., Samsung).<sup>2</sup> We contend that the use of marketing strategy taxonomies facilitates theory building and can help bring order to the conceptual landscape of marketing strategy research (Hambrick, 1984).

Second, unlike previous studies (cf., Olson, Slater, & Hult, 2005) that focused on either structural or task-specific characteristics, we posit that marketers need to rely on an administrative system comprised of a structural skeleton—including centralization, formalization, and specialization—and other dynamic components, such as strategic control mechanisms (SCMs) and interdepartmental connectedness. In fact, we reveal how SCMs and connectedness interact to facilitate the realization of marketing strategies. We assert the importance of information sharing in decision-making and argue that interdepartmental connectedness allows the results of SCMs to be communicated within the organization.

Third, to fully reflect the strategic realities facing firms, we emphasize realized marketing strategies rather than initially intended plans (see Mintzberg & Waters, 1985). We contend that the emergent nature of realized strategies provides the most meaningful basis upon which to establish performance consequences of organizational (mis)alignments. The present study provides novel insights into how realized strategies can bring about unintended misalignments between implemented strategies and the administrative system designed to support intended plans. In doing so, we unveil that structural and dynamic parameters need to adapt in order to maintain an effective alignment with emergent marketing strategies. Thus, we extend the notion of strategic fit by contributing new knowledge concerning the organizational adaptation process; which is more likely to be an emergent process.

Fourth, we argue that theory on strategy contingencies has developed sufficiently to provide information for conjecturing alignment

assumptions for all parameters concerned. We follow a multiple input (i.e., theoretical and qualitative) approach to fully inform realized marketing strategy–administrative system alignment conditions. To develop theory, we systematically reviewed research (i.e., 193 articles from 39 cross-disciplinary journals) over a 34-year period (i.e., 1980–2014). To improve accuracy, we complement theory-driven conditions with specifications by expert raters (i.e., qualitative input).

## 2. Theoretical background

### 2.1. Contingency theory and strategic alignment

Chandler's (1962) maxim structure follows strategy, conjectures that managers initially design a strategy and then establishes a structure to support strategy intentions (Hult, Cavusgil, Kiyak, Deligonul, & Lagerström, 2007).<sup>3</sup> Notwithstanding that empirical findings show that strategy or structure alone can affect performance outcomes, performance differences across firms may be better explained by considering strategy–structure fit or alignment (Zott & Amit, 2008). No single structure is applicable for all kinds of strategic tasks, weakening one-size-fits-all perspectives in favor of contingent solutions (Mintzberg, 1993).

Contingency theory (e.g., Zajac et al., 2000) posits that “organizational performance is a consequence of fit between two or more factors; such as, the fit between organization environment, strategy, structure, systems, style, and culture” (Drazin & Van de Ven, 1985, p. 334). From this viewpoint, organizational characteristics and strategy choices are co-dependent such that when fit conditions between strategy and its environmental context exist, performance can be optimized (e.g., Xu et al., 2006). In line with other strategy studies in marketing (e.g., Yarbrough et al., 2011), we adopt a strategic fit perspective for this study.

### 2.2. Marketing strategy

A firm's marketing strategy refers to a set of integrated decisions through which firms respond to competitive conditions and accomplish organizational objectives in target markets (Griffith, 2010). Central to marketing are choices pertaining to: segmentation, targeting, allocation of marketing resources for creating, communicating and/or delivering value to customers for profit (Varadarajan, 2010). Firms are faced with the need to revisit these complex decisions on an ongoing basis. It is thus surprising that research in marketing has yet to scrutinize marketing strategy formation considerations. The connotation of intended (i.e., planned) and realized strategies is rarely considered in marketing strategy studies (Chari, Katsikeas, Balabanis, & Robson, 2014). Purely deliberate or emergent strategies seem unrealistic in fast-moving business environments, as real-world strategies entail planned and emergent facets (Mintzberg, 1994; Bensaou et al., 2013). Failure to distinguish conceptually between intended and realized strategies runs the risk of managerial overemphasis of an idealized version of strategy that does not correspond to the implemented strategy.

To advance knowledge on marketing strategy, the present study adopts Slater and Olson's (2001) taxonomy (see Appendix A for strategy type descriptions). Unlike other marketing frameworks (e.g., Murphy & Enis, 1986) that are classified narrowly on the basis of the marketing

<sup>2</sup> In parentheses we provide living examples of firms for aggressive marketers, mass marketers, marketing minimizers, and value marketers. These examples were provided by an author of the original strategies, Prof. Eric M. Olson. We thank him for his contribution.

<sup>3</sup> This line of argument, however, provoked the counterargument that strategy follows structure, based on the logic that managerial cognition abilities and skills mediate between structure and strategy (Zott & Amit, 2008). To shed light on this debate, a systematic longitudinal study examined the nature of the relationship between strategy and organizational parameters and found that strategy has a stronger influence on structure than vice versa (see Amburgey & Dacin, 1994). In addition, observations from case studies in the automotive industry (e.g., Honda and Toyota) concur with the original maxim (see Sako, 2004). Finally, Chandler's (1962) maxim is supported by the contingency (e.g., Donaldson, 2001) and strategic-choice (see Hult et al., 2007) theoretical paradigms, as well as by the design strategy school of thought (Mintzberg, 1990).

Download English Version:

<https://daneshyari.com/en/article/5111146>

Download Persian Version:

<https://daneshyari.com/article/5111146>

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