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Culture in Services Marketing

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Culture in Services Marketing

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Abstract

The research features both theoretical and empirical work underlining the potential value of marketing to contribute to commercial performance. The theory draws from those authors who have been predominant in promoting the concept of a market orientation as an antecedent to organisational success. The marketing culture paradigm is introduced and developed to specifically consider the area of services marketing. The empirical investigation concludes that there is an acknowledged appreciation of the value of a market oriented culture, particularly at senior levels of organisation, and that a market-oriented culture can be said to be associated with market shareholding and to a lesser extent business type. However there is variation as to what aspects of marketing are valued in service companies. While there are a number of broadly based, customer-oriented metrics by which a market culture might be identified, as a mechanism for strategic competitive advantage, a market-oriented culture and its commensurate values are not reflected in company accounts.

Chapter 1. Introduction,rationale, aims and objectives and thesis outline

1.0 Preface

Organisational culture, determined in part by the general business in which the organisation operates, will be impacted upon by the traditions of industry i.e. a specific market environment. However, little is known about what contribution, if any, a marketing philosophy can make to organisational performance and success.
As a strategy, a market oriented culture might provide a possible means of survival in turbulent and competitive markets where a link between broad measures of activity and organisational performance can be demonstrated. Typically the way to judge an organisation's overall commitment to a marketing orientation has been through a market audit. The question arises if a universal set of benchmarks (such as an audit) can indicate if an orientation exits, and if there is one that can apply to every marketing organisation in all circumstances.

1.1 Summary of contents

In order to address the above, this thesis is divided into eight chapters. Chapter 1, Introduces the topic and outlines the Rationale and Aims and Objectives of the study. Chapter 2, comprises the first part of the literature review giving consideration to the subjects of Marketing Culture and that of Services marketing. Chapter 3, forms the second part of the literature review, and features an emphasis on the Services Value Chain and Performance Measurement. Chapter 4, presents the Methodologies driving and informing the research, and which gives rise to Chapters 5, 6, 7, and 8, which collectively comprise the Analysis and Findings. Chapter 9, concludes the study, presenting the overall Conclusions and PhD insights.

1.2 Introduction

The chapter introduces and develops the underlying theory regarding the accepted components of organisational culture, to highlight research into successful cultures and to give emphasis to its organisation-wide perspective.

The research proposes the strategic use of organisational culture as a competitive strength and suggests that by overlaying a set of values to which employees can identify and as the organisation develops new skills or is confronted by different market conditions, a specific culture may be fostered over time. The emphasis on management and culture introduces the study which evaluates a sample of Irish companies from the services marketing sector. An empirical rationale for the study is then given along with conclusions.

1.3 Marketing as a culture

Marketing, as an identified functional department or simply as a set of activities, may be seen as an organisation-wide philosophy or orientation. It is the whole business seen from the customer's point of view (Deshpande 1999) and can have an impact on any strategy formulation which aims to build long-term relationships through customer value (Brownlie 1996).

What is required is an understanding as to what gives rise to a market orientation, its level within the organisation, its impact on business profitability, and an understanding of market orientation as a corporate culture and a strategic orientation (Deshpande 1999).

The consequence for marketers and strategists interested in developing a market orientation is the need to develop an appreciation of organisational culture, and that if a market orientation is to be achieved, a greater understanding of organisational dynamics is necessary (Harris 2000). According to Harris and Ogbonna (1999), a majority of marketing theorists assumes that culture is an organisational variable that can be governed by astute management but that focusing on issues which reflect certain sectors or even aspects of organisation the management of an organisational culture may be subject to manipulation and that attitudes such as resistance to change, conservatism, suspicion, and prevarication have led to the realisation of a marketing orientation being possibly inhibited by management (Martin 1992).

According to Piercy and Cravens (1994), the marketing organisation may be largely irrelevant when viewed as a philosophy or culture, in that it is only concerned with managed activities, such as strategies, systems, and programmes. Shaped by the way the structure focuses attention on some issues and not others, there may also be a barrier to the implementation of market-oriented strategies through interventions such as 'ownership, commitment, reward and evaluation,' and the like. The study of market orientation suggests that this argument may underestimate the significance of marketing organisation to the culture of marketing in a company. It also avoids the potential relationship between market structure and its characteristics, along with the structure of the marketing organisation itself. For example a market structure, acts as an external environment influencing the conduct of organisations and affects performance. The result is that high-performing organisations will have achieved a better 'fit' with their environment; and in consequence, offer superior customer value when compared to low performers.

Organisational location and structuring of marketing may also be linked to the power and political strength of marketing in the firm. As a result, attention is directed at establishing and operating appropriate administrative and managerial mechanisms for the formulation and implementation of marketing strategies. Examples include; the management of the interface with end-customers; the effective pursuit of a market orientation featuring customer service strategies; and the development of information and intelligence systems and processes (Piercy and Cravens 1994).

As intimated already, the marketing organisation has become a fundamental strategic issue concerned with intra-organisational relationships, and inter-organisational alliances, along with the management of critical boundary spanning environmental interfaces. Claims for the potency of relationship marketing, service quality, and customer care, amongst possible others, rests to a large part on the ability of the organisation to effectively manage the customer vs. organisation interface. As a result the role of marketing as a fundamental customer-driven process has important implications for its structuring and positioning.

The dimensions of the market orientation construct and the link to organisational performance is almost universally accepted (Sheth & Sisoda 1999) but an understanding of how a market orientation influences performance is still nascent and requires development (McNaughton et al 2001). As highlighted by Guo (2002), although it is nice to know that market orientation and performance are correlated, it is more important to understand how they are related but the processes that underlie the market-orientation-performance relationship are poorly defined in most empirical studies (Homberg & Pflesser 2000). Although the improbability of a direct causal link is acknowledged as a result of potential moderators, there is an established logic that a market orientation provides the basis for devising a strategy that creates value for customers, and hence the foundation for a sustainable competitive advantage that contributes to financial performance.

1.4 Research of successful cultures

A key assumption underpinning the research is that culture is an ingredient of organisational success because it allows the firm to marshal the commitment of its members to achieving the firm's goals (Martin 1992) - something that the organisation 'has' (Rollinson et al 1998; Smircich 1983), and in consequence management will attempt to identify cultures that promote success (Ouchi 1981; Peters and Waterman 1982; Deal and Kennedy 1982), and hence to obtain these cultural characteristics (Kanter 1995). But what comprises those characteristics can vary in description as well as content, for example:

Ouchi (1981) derived seven different dimensions comprising: commitment to employees, evaluation of employees, career structure, employee control, decision making, responsibility, concern for people.

Peters and Waterman (1982) identified eight characteristics of culture, which they concluded were common to all organisations. These comprised: bias for action, staying close to the customer, autonomy and entrepreneurship, productivity through people, hands-on management, sticking to the knitting, simple form, lean staff, and simultaneous loose-tight organisation.

Deal and Kennedy (1982) proposed a framework featuring visible indicators to reveal underlying elements of a culture. The most important they concluded were; values, organisational heroes, rites and rituals, and the cultural network.

Historically a number of approaches to made;

Ames (1970) proposed a series of tests to check for 'real' marketing orientation which included strategic focus, a product/service package, information exchange and communication.
The marketing audit proposed by Kotler et al. (1977) made no specific reference to a marketing orientation, even though many of their questions implied this. For instance, the need to understand customer needs and their buying criteria, along with relationships in terms of customer development and satisfaction and the strategy an organisation's competitive advantage.
Davidson (1987) suggested criteria for rating an organisation in terms of its prowess in 'offensive' marketing, which included a strategic customer proposition, related to new products, services, and markets, in terms of quality and level of investment.
Webster (1990) in determining the different perceptions of the importance of marketing culture of goods-producing firms and those of service firms, was of the opinion that certain dimensions of marketing culture, namely service quality, interpersonal relations, selling task, organisation, internal communications, and innovation, were more important in service firms than in goods-producing firms.

But to the fore were Kohli and Jaworski (1990) who proposed that market orientation be defined as the organisation-wide generation of market intelligence, of information on customers' current and future needs, dissemination of that information across departments, and organisation-wide responsiveness to it. Their antecedents to a market orientation featured the impact of senior management, the formal and informal interactions and relationships among the organisations departments, and organisational systems or structure. Coincidentally, Narver and Slater (1990) constructed a means of measuring market orientation, which featured customer orientation, competitor orientation and interfunctional co-ordination, with a long-term profit focus. By suggesting that organisational culture implies values and attitudes, they presented market orientation as a series of specific behaviours driven by cultural values. Their approach differed from that of Kohli and Jaworski (1990) in that they considered a focus on the generation and dissemination of information to be insufficient to reveal the breadth of an organisation's culture.

What they have in common is the derivation of a set of organisational dimensions which may be considered to embrace the essential elements of culture. Using convenient descriptors, depending on ones perspective, they illustrate the possibility to introduce diverse interpretations of organisational culture (See 2.2 below) which may accurately describe the origin and intent of the study, although they may not be applicable universally.

In their research, Kohli and Jaworski (1990) concluded that the link between orientation and performance is consistent, irrespective of environmental conditions. In a similar fashion, Narver and Slater (1990) claimed it as a specific form of organisational culture, comprising an orientation towards the customer, a focus on competitors, and co-ordination between functions. They too claimed a statistical association between the extent of market orientation/market oriented culture and the performance of an organisation. Harris and Ogbonna (1999) considered such an orientation to be based on a full focus on customers, departmental co-ordination, and profit growth.

The resulting issue then was not whether to adopt a market orientation, but rather what level of market orientation is appropriate? There is limited empirical evidence of its adoption. While Greenley and Foxall (1996) for example, noted that many practitioners believe that they are oriented to the consumer; others referred to problems in the practice of marketing as being partly due to the limited extent of organisational orientation towards the needs of the market (Harris and Ogbonna 1999; Wilson and McDonald 1994; Doyle 1995).

Many of the studies into market orientation have highlighted the contextual specificity of the research. For example, while Slater and Narver (1996) found aggressive strategy to be linked to market orientation, Morgan and Strong (1998) found that aggressive strategic traits were not. The latter also indicated that research into the barriers to a market orientation in manufacturing firms may not be applicable to service sectors. Other studies were specifically national or boundary defined i.e. U.S., and so may not be generalisable to other countries (Harris 2000).

In spite of the evidence of these approaches, Wilson (1995) asserted that the marketing profession has failed to point to sufficient, enduring, incontrovertible evidence that it actually produces the desired results – and to produce them across a spectrum of applications covering consumer and industrial products, consumer, and industrial services, profit and non-profit organisations, the reason being is that it is difficult to establish. But just because something is difficult, or a simple solution has not yet been found, should not mitigate the obligation for marketing researchers to continue trying to find a connection.

1.5 An organisation-wide perspective

According to Barclay (1997), we accept quite readily the sociological concept of culture, being part of it through experience, interaction, its coherence, and its embodiment and manifestation of the unique way one society presents itself to the rest of the world. It is the framework and guiding principles of society through the daily activities and routines of its members, so too with organisations. Culture emerges out of interactions between members of a work group, their place and their position in the context of other group members and in their understanding of organisational cultural norms and values. As mini-societies each organisation has its own distinct cultural pattern. It has its shared values, which underpin the processes, and procedures which encourage, reinforce, regulate and sanction behaviour and action.

Structures, business processes, policies and procedures can be designed and implemented with a particular cultural context in mind. Culture itself develops as an interaction with and in response to the framework they provide to the extent that diversity within subgroups is fundamentally consistent with the values of the dominant culture. Although there is the possibility of tension as a consequence, there can be a healthy challenge to some of the basic assumptions inherent in the predominant culture and which can encourage appropriate adaptation. Whether the tension strengthens or weakens the organisation will be dependent on the quality of leadership and the ability of management to co-ordinate relations within and across functions (Murley 1997).

The appropriate culture for a particular firm depends on the objectives and strategies being pursued by that firm. From a marketing perspective, the interest in organisational culture arises from its influence on employee's behaviour, and socialisation (Webster 1990) in that it affects the firm's ability to meet their needs and demands; and the way it copes with the external environment. She asserts that a firm's culture has as much or more influence on corporate effectiveness as the formal structure of jobs, authority, and technical and financial procedures, and suggests that it might be a critical key used by strategic managers to direct the course of their organisations. For example, culture provides the central theme around which: employee's behaviour can coalesce; is the critical key that strategic managers might use to direct the course of their firms; it provides a pattern of shared values and beliefs, the norms for behaviour, and a form of control of employees; influences productivity, the manner in which the firm copes with the various aspects of the external environment, and newcomer socialisation; aids in hiring practices; and establishes the rationale for do's and don'ts of behaviour (Webster 1993).

1.6 Research approach

The approach adopted by most popular writers is for a universal, single 'best' culture whose descriptions are often taken as a prescription for an ideal culture, with the consensus that an integrated culture consists of a deeply ingrained set of values that provides people in an organisation with a code of acceptable behaviour (Rollinson et al 1998).

In order to reflect an organisation-wide market orientation, it is necessary for the research to take cognisance of the wider aspects of customer-oriented strategies that create value. The objective of so doing is to allow for the assessment of a market oriented culture that removes the construct from the province of the marketing department and makes it the responsibility of all departments in the organisation (Lafferty and Hult 2001).

By encompassing the wider aspects of organisation the research instrument is in a better position to reflect of the broader mix of activities undertaken within the business as a whole, and their perceived contribution to overall company performance. As a functional methodology the approach so proposed represents and assesses the organisational impact of marketing culture on areas such as profitability and growth, and so serve as an aid to help managers target new investments, and to develop service and levels of satisfaction for maximum competitive impact.

By including such a wide-ranging perspective consideration is given to all those functions and activities of service organisations that make up organisational philosophy and behaviour. Reference is made to the sum total sets of variables which make up each dimension of organisation, along with the potential for others, and how they might relate. The emphasis, which depends on customer oriented services (Harris 1996), is measured through an internal audit of perceived scale levels.

The focus is on an internal assessment of management perception. What it yields is a constructive measure of the perceived importance of those activities which are considered to constitute the essence of a marketing culture, viewed across a broad cross-section of service organisations, and as expressed in each case, by a specific representative of the organisation. It is acknowledged that by preference all the stakeholders of the organisation should be considered, but time and finance limitations have combined to preclude this possibility.

The research developed in this thesis seeks to make two main contributions to the field of marketing.
1. Firstly to identify those characteristics which represent an organisation-wide marketing culture in the context of service firms operating in the Republic of Ireland.
2. The second, to assess the relevance of these characteristics in terms of specific performance criteria.

1.7 Empirical rationale

It is the member perceptions of practices and procedures of any firm that are the primary data necessary in understanding organisational behaviour in that people in a work setting tend to have similar perceptions of the practices and procedures that characterise the setting (Webster 1990). Although business firms may have many cultures or subcultures for service, the importance of management and leadership, and the perceptions of the CEO (Chief Executive Officer) regarding the extent and operationalisation of marketing orientation is particularly relevant (Webster 1990) particularly as the role of marketing within the organisation may be interpreted by clustering the perceptions of senior executives (Webster C. 1991). Underscoring the role of leadership and perception in the study of organisational practices, it is the practices and procedures of the organisation, as perceived by management, which are used to demonstrate a marketing culture for services.

The schematic is derived from interviews with business executives, along with representative academics drawn from the DIT, Faculty of Business, and includes an extensive number of variables. These are grouped under broad organisational dimensions including: external communications; research; training; culture; external agencies; performance; customer satisfaction; perceived service value; productivity; employee loyalty; employee satisfaction; internal service quality; leadership; along with the concept of profit.

The final dimension of a performance measurement is included specifically because of the argument that performance [i.e. profits] results from the adoption of a market concept (Levitt 1969; Narver and Slater 1990). Putting it another way, there is a more general assertion in that where the marketing concept encompasses profitability as profitability is expected to be the consequence of a strong, appropriate, and consistent marketing culture (Webster C.1991).

The research question may be rephrased to ask, if the distinction between high and low levels of orientation/culture is not what we do, but how we do it (Harris and Piercy 1997), then what are the distinctive cultural features of successful firms? If successful companies have similar strategic and organisational orientations, what is the relationship between those business orientations and financial performances of the firms?

1.8 Aims of research

If it is to be demonstrated that a market orientation or culture yields a competitive edge in business, what is firstly required is the identification of those factors that may be said to comprise marketing culture and then to address the issue of which positively contribute to organisational performance. Part of the difficulty is that given the variety of determinants, how the research instrument should measure cultural values reliably (Amine 1993). Samli (1995) and Chung (1991) suggest that by identifying the key values that relate to behaviour and in consequence the major modifiers in a cultural setting, better direction would be provided as to the nature of information used in association with the firms marketing functions and hence its contribution to improving performance in particular markets.

Thus two questions arise:

What is the set of dimensions that support a market-driven approach?

What are the performance implications for firms that develop a market driven approach?

The proffered solution is to find those factors, which are considered to give rise to a market orientation, and which present themselves as a marketing culture.

The research reflects two major considerations in that market orientation research in services has tended to examine specific sectors rather than on a broad contribution of market orientation to service firm performance (Matear et al 2002), and that there should be a concentration on adapting or creating scales according to the characteristics of different countries and sectors, with special attention to services because of their particular features (Esteban et al 2002).

In seeking to achieve the above, this project surveys services marketing organisations in the Republic of Ireland, as listed in the Top 1,000 Companies* published in Business & Finance, 1998. This database was chosen as comprising the most up-to-date listing of companies operating at that time within the Irish Republic. Variables contributing to service management and service delivery are identified and a schematic comprising those factors is constructed. This is tested and evaluated in terms of management's perception of the importance of those variables, and which are used in a comparison against measures of organisational performance.

As a result the study seeks to contribute to the advancement in the theoretical development and empirical findings on the topic of marketing culture, as well as to highlight the potential of using marketing culture as a strategic tool in the successful achievement of business performance.

1.9 Objectives

The objectives of this study are to identify:

Those organisational factors subscribing to marketing culture, and to assess
The positive relationship between marketing culture and business performance

The research focus proposes market orientation as a dominant culture, and to this end primary research of service companies in Ireland is undertaken by reference to: the service-based characteristics of organisational design and structure and: the marketing activities which are considered as influencing company performance.

Specifically, that market orientation as an organisational culture is a reflection of the importance, and hence values placed by management on those activities designed to deliver customer satisfaction. This in turn is presented as a market culture.

Driving the argument is the particular importance of culture in services marketing. As has been demonstrated, this importance is impacted by both organisational and environmental inputs in that organisational culture is a reflection of its business; its leadership; its structure; its product; and its customers.

Because an aspect of service firms is that service operations are instrumental in complementing or detracting from the service product, the values placed on marketing ---

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*Top, in this context refers to gross turnover as defined by Business & Finance Magasine 1998.

resources and activities are a reflection of their perceived worth in contributing to competitive performance.

In order to maximise on service delivery, the firm should do all it can to match its structure and process to the demands of its customer base (Bradley 1995). It is because the marketing of services involves a culture which takes account of the fundamental nature of services - their form, delivery/consumption, and evaluation that usually some form of adaptation to local conditions is necessary (Cowell 1986; Stern and Hoekman 1987; Carmen & Langeard 1979; Gronroos 1978). The theoretical development focuses on the development of a model of organisation, and the justification of those dimensions of which organisation is comprised. Each dimension is further developed in terms of its relevance and contribution to a marketing culture (Ch.3).

1.10 Propositions:

Proposition 1 Business organisation acknowledges the concept of cultural complexity, manifested in those values, which result from different marketing cultures.

A marketing culture may be the dominant culture in an organisation. It is the expression and evaluation of marketing activities as they are translated into practices, which are portrayed by service staff, and valued by management, and ultimately by the customer that make manifest the reality of a market orientation..

Proposition 2 Cultural determinants affect the orientation of companies in services marketing.

Inseparable services are more sensitive to cultural differences (Erramilli & Rao 1993). The considerations of standards, quality and promise, are multiplied when extended to cross-cultural markets. The key is to understand and capitalise on the unique market characteristics of different cultures and sub-cultures (Wills et al 1991; Douglas & Dubois 1977; Jeannet & Hennessy 1988). The means are achieved by management's acceptance of the concept of culture, and for identifying those unique cultures within and external to the company i.e. those constituents of the factors that make up that culture.

Proposition 3 Organisation culture is a reflection of management culture i.e. the specific cultural factors to which management subscribes.

Corporate culture in the firm embraces people, values and skills (Normann 1984; Kaynak 1991). A clear understanding of the company's environment and its implications for the company results from a cohesive and well planned programme to influence the nature of those environments (Moore 1982; Bateson 1989).

Proposition 4 Service firms must formally identify their own culture as it relates to its customers.

In order for a marketing culture to be considered as a strategic variable, then the measures of this discrimination should be identifiable in terms of service company performance. Depending on the industry or the specific service mix which comprises the firm, the items that comprise the culture may or may not be unique to that organisation.

Proposition 5 Organisational culture is reflected in service design.

The services firm must be reasonably flexible regarding the definition and nature of the service it provides. It must attempt to develop reliable networks and systems for communication and the delivery of the service. Services are embodied in products, information flows or people, which are transported from one place to another (Bradley 1995). So managing cultural risk means learning how to read and respond to the organisational culture of realtors, business associates, customers, in order to build effective partnerships and strategic alliances (Hofstede 1981).

Proposition 6 Services marketing requires personnel with specific skills which contribute to satisfactory buyer/seller interchange.

The proliferation of services has led marketers to rely heavily on service personnel in the delivery of quality service for customer satisfaction (Bradley 1995). Practices, values and theories, and even the categories available to build theories from, are products of culture. Membership of an organisation is usually partial and voluntary, and composed of practices rather than values (Hofstede 1994). For people brought up in different cultures the potential for moral or ethical problems increases (Frievalds 1991; Armstrong 1992; Armstrong & Sweeney 1994). Cross-cultural studies in marketing have identified differences in the marketing negotiating process and marketing decision-making characteristics that are critically reflective of national personality or character (Clark 1990; Kale 1991). The result is the potential for an unsatisfactory service outcome as any one or more of the aspects of the service encounter may adversely affect the customer's perceptions on a wide array of attributes (Bateson 1989; Cowell 1986; Glover 1990; Ricks 1983; Dalgic & Heijblom 1995).

Proposition 7 Services marketing highlights the necessity for cultural sensitivity in all forms of marketing communications.

Business opportunities and negotiations are much more successful where there is greater cultural and political understanding. Consumer satisfaction is inextricably linked to cultural values and these in turn influence perceptions i.e. of foreigners and foreign products, prejudices, nationalistic policies and to some degree protectionism (Henry 1976; Kaynak 1991). Considering the interaction process more specifically, communication takes place at a number of levels, and hence can interfere with what signals are sent and what are received, giving rise to the extent of cultural preparedness of service marketers and service consumers in acceptance of each others values.

Proposition 8 Satisfactory delivery of culturally based needs is a consequence of the appropriate implementation of a culture-based strategy.

Marketing as a reflection of corporate culture addresses the degree to which the customer's values and beliefs are embedded within the organisation and its marketing activities. In an organisational sense, marketing may be seen as a strategy and a culture (Sung-Joon and Sung-Ho 2005). In services marketing management, the focus is on the abstract or intangible elements that shape consumer preferences. These norms and shared beliefs create the underlying drives of consumer behaviour, which is acceptable to the culture (Engel et al 1987). The service package may be simple or complex, depending on the components of importance that comprise it (Lovelock 1994).

Proposition 9 Satisfactory performance in both server and customer terms is as a result of the mutual outcomes commensurate with adopting an appropriate marketing culture.

Cross-cultural analysis is the systematic comparison of similarities and differences in the behavioural and physical aspects of cultures. What is required is an understanding of market segments, both across boundaries, and between groups within a society. The approach is particularly helpful in deciding which elements of a marketing programme can be standardised (Engel et al 1987). Such an approach highlights the opportunities for success (and failure) in mismatching customer expectations (values) through inappropriate delivery. This has been noted more recently in terms of gap analysis (Zeithaml & Bitner 1996)

Proposition 10 Performance measures (ROI; Market share/position amongst others) are consistent with an organisation marketing culture

This particular proposition may be said to comprise the overall hypothesis, in that the existence of a marketing culture will be reflected positively in the degree of correlation between that measure, and the measures of marketing culture.

1.11 Thesis outline

The topic of market culture is wide and fraught with many difficulties. The scale of marketing operations, let alone the environment in which the organisation operates present an almost limitless number of variables, each of which to a greater or lesser extent has the potential to impact on the success or failure of an organisational strategy. What is of significance is the ability of the organisation to develop an ideal construct of itself – one which highlights those specific values which render it more capable of

answering the needs of its customers, and which put in a more favourable position vis-à-vis its competitors.
By presenting a marketing orientation as an organisational philosophy or culture (Chapter 2 Literature review), the remit for marketing success is not necessarily removed from the marketing department, but rather is adopted by the organisation as a whole, and where each and every member can identify with their contributory role in ensuring and achieving success.

Part, if not the major difficulty is in identifying those organisational antecedents which give rise to success. The general starting point is the customer, particularly in the case of services marketing (Chapter 2 Literature review), and how satisfaction may be delivered. If those organisational values, described as culture, which are considered essential in contributing to satisfactory, if not excellent service performance can be identified, then they can be adapted and improved upon within the customer service paradigm.
A marketing culture features operations and systems personnel as well as other non-marketing people, in order to develop a feedback loop, while to ensure that everyone is working towards the same objective it is necessary to place a wider importance on organisational values and behaviour (Chapter 3, Literature review). It is acknowledged that employees from various levels may have significantly different attitudes regarding components of the current/actual marketing culture and the desired/ideal marketing culture for the firm, but such attitudinal differences subscribing to a marketing culture would suggest a lack of understanding and communication, whichever the direction, upwards or downwards (Chapter 4, Methodologies). Marketers should be concerned about these attitudinal differences as they signal possible differences among employees as to the variables that contribute to a marketing culture and that differences in perception toward an ideal and actual marketing culture may lead to overall operational inefficiencies in turn (Chapters 5 - 8, Analysis and Findings).

While employees will show greater pride in and support for a firm whose purpose, and direction they more clearly understand (Webster C.1991), perhaps more importantly, any service marketing culture perception differences could lead to differences in the treatment of customers and in the implementation of marketing strategies of the service firm (Chapter 7, Analysis and Findings).

The theory presents organisational culture as a strategic variable which contributes to that organisation's performance, where because cultural components are universally acknowledged, and so that culture becomes organisation-wide, and not just the remit of any one department. As a result the stress on culture is on the organisation in its entirety with emphasis being laid on a majority culture which is acknowledged by all. In the case of services marketing in particular, each staff member contributes to satisfactory delivery of service in that the process requires both individuals and management's identification and acceptance of their valued contribution to be made in the service process. As a result the approach involves a consideration of all the potential dimensions that may comprise culture, and the identification of those items that are valued in terms of their positive contribution to service delivery in its widest sense (Chapter 8, Analysis and Findings).

Just as markets may comprise a number of different cultures, organisations may take advantage of the positive contribution to be made as a result of differences in background, expertise, and experience of personnel (Adapted from de Ruyter, Crask & Hsu 1995). Underpinning the importance of culture in services marketing is that organisational culture is a reflection of the business, and the combination of its leadership; its structure; its product; and its targeted customers. The resulting potential competitive advantage to marketing management and services marketing in particular of placing emphases on culture arises in consequence of those values that subscribe to service excellence, both from the composition of personnel within the firm, as well as that comprising its customer base (Chapter 9 Overall conclusions and Ph.D insights).

Chapter 2. Literature review 1: Culture and Services

2.0 Culture

This section introduces the concept of culture and to those elements which comprise a culture. Culture is then considered from the point of view of representing the orientation of the organisation which leads to the development of a marketing orientation. In order to relate the strategic value of a market oriented culture to organisation, the topic of organisational effectiveness is addressed, along with the importance of leadership and the implications for management. The second part on services looks at the characteristics of services and the services marketing mix, with special reference to the nature of the relationships between service providers and clients. It considers the concept of service culture and the logic of its development into a services marketing orientation, with subsequent implications for management. The chapter then concludes with some empirical studies used in the measurement of culture and to the benefits of a marketing orientation in services marketing.

2.1 Culture as a concept

The concept of culture was invented by anthropologists to describe those elements of a social system that are in many senses the least changeable aspects of that system (Kilmann et al 1985). In the context of business, those aspects which provide solutions to everyday problems but which over time come to be taken for granted and drop out of awareness. They then operate as a set of assumptions or routines that are unconscious, unless called to the surface by some process of enquiry. Because organisations may not know precisely which routines are at the source of their advantage, managers may not know that routines matter or even care about them. In consequence the challenge is to research for that which may be difficult to readily articulate - that is, finding ways of expressing what could be, but has not been expressed (Huff & Jefkins 2002).
According to Kilmann et al (1985), there are three contributors to an understanding of culture: cultural direction, cultural pervasiveness, and cultural strength

Cultural direction expresses the extent to which a culture actually helps an organisation to achieve its goals i.e. cultures which can be positive and facilitate goal achievement, or negative and inhibit it.
Pervasiveness denotes the extent to which an organisational culture is homogeneous, although to some extent sub-cultures are probably inevitable.
Strength of a culture expresses the influence it has on the behaviour of people, which in turn, may be impacted on by the extent of time the workforce has been in situ, and which can be diluted by high staff turnover.
Cultural strength may be expressed as a function of two factors: the degree of sharing or homogeneity, that is, the extent to which all organisational members have the same core values, and intensity; corresponding to the degree of commitment of all the people in the organisation to these values (Luthans 1995). There are two potential difficulties. Although strong cultures are associated with superior organisational performance (Rollinson, Broadfield and Edwards 1998; Deal and Kennedy 1982; Peters and Waterman 1982; Goldsmith and Clutterbuck 1984) a strong culture might only be a good predictor of performance in the short term (Gordon and DiTomaso 1992), while one that is deeply ingrained may be inappropriate in a turbulent environment. However the authors agree on one thing - it is safe to assume that a strong culture is an aid to success if it is also one that is suitable for coping with the conditions faced by the organisation (Rollinson, Broadfield and Edwards 1998).

The foregoing has research implications where the study of organisational culture requires an understanding of the meaning and impact of culture; the elements that comprise culture; which elements of culture support future goals and strategies and should be retained, and those which are no longer appropriate, and must be changed.

The approach requires that a firm's distinctive competencies be defined in terms that tie the entire organisation together in such a way that there is a good strategic fit between the activities and customer value generating opportunities (Cravens 1998). This involves a definitive mapping, and analysis of the processes that comprise the organisation (i.e. value chain Ch.3). It will also involve a change in the organisational focus from functional specialisation to inter-functional activity processes where those organisational competencies may be viewed as distinctive bundles of activities that are unique and difficult to copy and create superior customer value. This latter point is particularly important for service providers as management needs to ensure that staff buy into and articulate the desired culture, given their businesses are dependent on satisfactory personal interactions (Gray & Hooley 2002).

Although factors such as the characteristics of the industry and the market place as well as the diversity, size, and market position of the organisation may define the broad outlines of an appropriate culture, what is posited is that the most successful companies will tend to place a higher value on somewhat different factors than do those that are less successful, and that these very values will be accorded to factors that comprise the essence of a successful culture. In order to identify those factors that constitute a winning culture the process will involve a combination of subjective judgements and financial analyses (Doyle 2000).

2.2 Definition

Culture as a result of being one of the less tangible features of organisational life has accumulated many different definitions; e.g. 164 separate and distinct definitions of the word *culture* (Punnett & Ricks 1997). Emphasising the functions that culture performs for its members, Edgar Schein defined culture as being the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think, and feel in relation to these problems (Schein 1990). From a business or commercial perspective this is somewhat unsatisfactory as it fails to sufficiently consider the orientation of the organisation to its market. A more fitting suggestion is offered by (Jelinek et al 1983) who define organisational culture as shared values or dominant beliefs and to be both process and outcome because it shapes human interactions and is also the outcome of those interactions As the pattern of shared values and beliefs, culture helps individuals understand organisational functioning, and so provide norms for behaviour in that organisation. These may be unwritten, nor formally decreed, but give rise to what actually takes place.

2.3 Components of culture

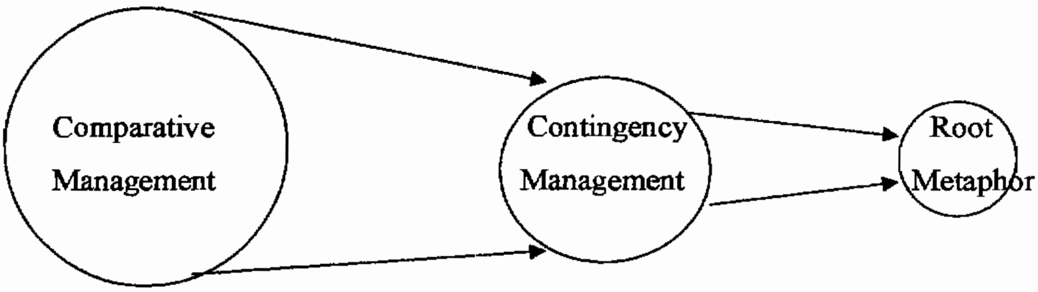
Culture, according to Alvesson (2002) has no fixed or broadly agreed meaning even in anthropology. As an expression for a way of thinking it will include values and assumptions about social reality, while as a system of common symbols and meanings, it provides the shared rules governing cognitive and affective aspects of membership in an organisation and the means whereby they are shaped and expressed. From an organisational perspective culture is recognisable through: management style; employment policies and practice; attitude to customers; corporate style; people and personalities; corporate priorities and budgets; pace and energy levels. It is also affected by a variety of factors. For example: history and ownership; size; technology of operations, product, communications; business goals and objectives; environment; people; and the values and beliefs of key people, all of which to a greater or lesser degree influence it and determine its unique character. (Murley 1997)

Cultural influence is achieved through the strength and distinctiveness of the value system by which the various dimensions (power, communication, symbols & rituals, commitment, recruitment, attitudes and objectives) of culture are shared and it is the content of culture in addition to its strength which is an indication of how effective an organisation's culture might be. This will vary, as will the extent to which members of the organisation are committed to it. From a marketing perspective culture may include technology and material culture, as well as products, their distribution and promotion (Terpstra and Sarathy 1997).

2.4 Culture in Commercial Organisation

Culture is acknowledged as one of several subsystems making up the organisation, but also one which permeates the entire organisation (Alvesson 2002). From a management perspective culture can be seen as comparative, that is, viewed as a variable exogenous to the firm, (i.e. Scheins 1990 definition) influencing the development and reinforcement of core beliefs and values within the organisation (e.g. national culture). From a contingency perspective, culture is seen as an independent variable endogenous to the firm, in terms of its specific skills and resources, while as a root metaphor it may be seen in terms of expression, ideas, and symbols (Jelinek et al 1983 definition) and hence represent and reflect the organisation itself (Smircich 1983).

Fig. 1: Culture as a Metaphor: a fundamental dimension which permeates various subsystems.



Source: Adapted from Alvesson 2002

The approach is analogous to organisational development in that a culture is initially guided by societal values and orientations held by staff and the identification and acceptance of outside influences such as industry conventions. Then as sub-cultures are developed and vie with each other for supremacy, the organisation commences the process of developing its own unique culture. Where a subsequent dominant organisational culture arises, it becomes universally accepted to the point that it represents the organisation itself, reflecting it in terms of its values and practices.

The result is an organisation where there is a shared system of values and beliefs by which members perceive and organise their world i.e. focusing on the mind of the manager, and viewing the organisation as a knowledge system (Weick 1985).
These values may be viewed as a particular kind of belief. For example, Fishbein's theory of attitude asserts that a person's attitude toward any object is a function of his or her beliefs about that object (Ronen 1986). The distinction between attitudes and values is that whereas a value is a single belief, an attitude refers to an organisation of several

beliefs that are all focused on a given object or situation, and although a belief may change when the individual receives new information, values are general concepts that apply to all situations and are relatively resistant to change. Thus values are major cultural variables, and as value systems which arise in response to the same problems, they can be considered to be comparable.*

Organisation culture is a characteristic of the total organisation, and of groups or 'subcultures' within the organisation (Wilkins and Ouchi 1983). These subcultures may be manifest, and depend on a variety of factors, such as nature and type of organisation, its structure and product portfolio, as well as inherent personnel skills and interests (Denison 1990). Although such organisations with subgroups with different occupational, divisional or ethnic approaches, may be more accurately viewed as multicultural, both culture and orientation concepts focus on organisation-level behavioural characteristics and implicitly argue that organisational units are a viable level for the analysis of behaviour, and that they are a useful way to understand the actions taken by organisations and by the individuals within them. The approach assumes a degree of consistency (meaning, beliefs, and patterns of behaviour) and integration within an organisational system, (Doyle 2000). A benefit to services marketing being that as culture emerges out of the interactions that members of a work group have with each other (Schneider and Reichers 1983), a strong culture can contribute to a better understanding of one's place or to the consideration as to what kind of culture one wants to have, and that employees will show greater pride in and support for an organisation whose purpose, direction, and what makes it special, they more clearly understand (Downey 1987).

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* In the study of organisational culture and effectiveness the linking of management practices with underlying assumptions and beliefs is important as the values and beliefs of an organisation give rise to a set of management practices that are usually rooted in the values of the organisation. Typically the method used to assess values is through questionnaires to produce groupings of similar concepts, whereby average scores are determined for each value grouping (Ronen 1986:p.23-4).

2.5 A synthesis of orientation and culture

Due to the prevalence of studies of market orientation from a cultural perspective, the more precise term 'market-oriented culture' should be adopted to avoid deceptive and misleading label connotations, and that a market-oriented culture to be defined as 'the dominant, dynamic segment of an organisation whose orientation, attitudes and actions are geared towards the market' (Harris & Ogbonna 2000). The emphasis therefore is on a direct, significant and strong association between business performance and market orientation and where overall performance may be assessed using judgmental measures, (a link which is also sought using objective measures of performance).

Focusing on organisational systems as a meaningful level for behavioural analysis Denison (1990) supports the argument as to the conceptual similarity between orientation and culture referring to what he called the perceived nature and logic of the internal social environment of a human organisation featuring the connections between basic beliefs and assumptions on the one hand and actual behaviours and practices on the other. But the approach does not address the impact that a system might have on individuals as well as the impact those individuals might have on the system. There are also problems associated with trying to characterise the objective features of an organisation when the only real criteria of its existence is a function of its intersubjectivity*.
A solution suggested by (Denison 1990) is to outline a contingency model. The goal being to distinguish topics for which a set of nomothetic assumptions** similar to those underlying the orientation metaphor might be appropriate and to contrast them with a set of topics for which the idiographic *(personal)* assumptions characteristic of culture research would be most appropriate, and as followed in this study.

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*The study of culture encompasses three basic motives or interests in which any knowledge-seeking project is grounded.
As an offensive tool for achieving effectiveness.
The practical-hermeneutic interest which aims at achieving understanding about human existence – meaning and communication.
To liberating human beings from external and internal repressive forces that prevent them from acting in accordance with their free choices (Denison 1990)
**Relating to or concerned with the study or discovery of the general laws underlying something.

There are a number of assumptions. These are that there is a common set of underlying values applicable to all organisations in pursuit of commercial goals; that although personal distortion may allow for bias, responses from individuals from various levels of organisation would tend towards a common set of values, and hence be reflective of the organisation as a whole. An underlying logic is that marketing and hence market culture is a central dimension of the entire business in that although the functions of organisation may differ as to their strategic input, marketing is the one aspect of business which identifies most closely with the customer and hence is in a position to know what customers want, encapsulated in its market orientation (Wilson 1995; Drucker 1973).

The emphasis on being market-led requires a substantial and painful upheaval in the way organisations are structured, the way decisions are made, the key values communicated to employees and managers, how jobs are done and how the outside world is perceived (Piercy (1992) and (acknowledging the critical role played by personnel), as a consequence the achievement of the marketing process may have less to do with specialist marketing and sales executives and more to do with those who operationalise the activities of the organisation, including human resource managers.

This emphasis on personnel is reinforced in Armstrong's (1990) principles of human resource management which is addressed in the context of services generally, underlies the various roles played by personnel in the delivery of a service product, in that human resources are the most important assets an organisation has, and their effective management is the key to its success. This success is most likely to be achieved if the personnel policies and procedures of the enterprise are closely linked with, and make a major contribution to, the achievement of corporate goals and strategic plans.

The corporate culture and the values, organisational climate and managerial behaviour that emanate from that culture will exert a major influence on the achievement of excellence.

2.6 Market orientation terminology

Businesses embracing the philosophy that the customer should be at the centre of management thinking have been referred to as 'marketing, market-oriented and customer oriented'.

The marketing literature reflects a remarkable variety of definitions of market orientation Gounaris et al 2004): a set of beliefs that put the customer's interest first (Hooley et al., 1990; Deshpande et al., 1993); the ability of the organisation to generate, disseminate and make use of superior information about customers and competitors (Kohli and Jaworski, 1990); and the coordinated application of interfunctional resources to the creation of superior customer value (Narver and Slater, 1990).

For the sake of simplicity and ease of comprehension these terms are used interchangeably, (Shapiro 1988; Harris 1996) as the expressions 'market driven', 'marketing oriented', 'market oriented' and 'close to the customer' are considered to be so similar that few important distinctions between them exist (Drucker 1954; Kotler 1991; Ruekert 1992; Deshpande, Farley & Webster 1993; Meehan 1996).

Marketing orientation (or whichever term is preferred) identifies with the central role of culture in that a business is market oriented when its culture is systematically and entirely committed to continuous creation of superior customer value (Narver and Slater 1990). So when culture is viewed as a set of orientations for the members of the firm, those orientations will refer to the business performance of that society, namely - sales (Rierson 1968; Schooler 1971; Terpstra and David 1991). Thus development of a marketing oriented culture requires an examination of culture in the areas of organisational systems and interdepartmental dynamics, which include top management (Harris 1996a) and will be contingent on the ability of an organisation to overcome its cultural barriers (in the form of attitudes), and the principle barrier to market orientation is organisational culture (Messikomer 1987; Deng & Dart. 1994).

Barriers and processes of developing an orientation towards market needs tend to assume or prescribe cultural unity, or to organisation or company-wide application so that the marketing concept and market orientation are based on the assumption that organisational unity is not only possible but is also the ideal. A counter argument is that while the marketing concept is appropriate for the majority of organisations, and appropriately being translated into an organisation-wide philosophy or universal cultural trait, culture theory typically presents organisational cultures as unique (Harris & Ogbonna 1999).

In order to be successful, a market-oriented culture must constitute a form of organisation-wide cultural dominance where the subculture of market orientation is dominant and inform other organisational subcultures. As a market oriented culture development hinges on cultural transferability, the views of a single subculture (such as top management or the marketing department) may variously be imposed and dominate the broader organisational culture. However even assuming such cultural dominance is possible a range of contextual factors could influence sub-cultural interaction (Harris 1998). These include the ability to identify other organisational subcultures and elements or components of those cultures which contradict the market oriented subculture. That those subcultures are comparatively weak, and/or adaptable and that the ability of a market-oriented culture to govern is dependent on the favourability of organisational conditions (crisis, leadership turnover and formation).

But is culture an organisational variable that can be governed by astute management? (Narver and Slater 1990; Payne 1988; Webster 1994b) or is it a case that culture cannot be directly managed but can be manipulated under certain conditions? (Whittington and Whipp 1992) Theories of cultural change suggest that it can be considered as either revolutionary (managed) change, or evolutionary (incremental) change (Slater and Narver 1995). Research indicates that organisation culture is not something the organisation has, but something the organisation is, and that alteration of the organisation culture is not one of change but rather manipulation (Harris and Ogbonna 1999). (See Culture as Metaphor 6.2) Furthermore the extent to which the culture of an organisation is established depends on the focus on specific cultural components. These include; congruence to cultural artefacts (Sathe 1983), best applied to cultural values; coherence (Weick 1985); psychological penetration to basic assumptions, and homogeneity (Ouchi & Price 1978) to symbols, and congruence. As a result it is possible that what is being managed is purely a behavioural change and not the sought for wider or deeper cultural change, and where what is achieved is merely an acting-out of surface signals, or resigned behaviour compliance (Ouchi & Wilkins 1985).

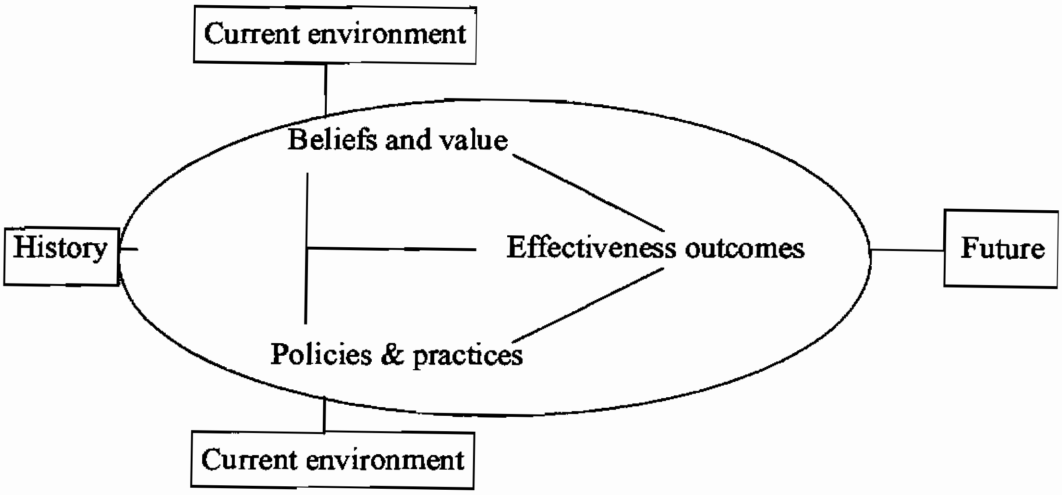
2.7 Organisational Culture and Effectiveness

Researchers into organisation have sought to provide managers with tools to assess and control the organisational culture of their subordinates As a result they have probably contributed to the tendency to evaluate the effectiveness of culture with respect to specific management goals i.e. compliance or non-compliance with the normative view managers have of the organisation, tending to deal with it implicitly, as an underlying or background orientation (Hall 2002) even to the extent of defining the dominant culture as the explicit management philosophy (Baker 1980; Schein 1985). Similarly the studies of market orientation and market culture have sought to associate various organisational outcomes with the underlying philosophy (Kohli and Jaworski 1990; Narver and Slater 1990; Webster 1990).

As values and other cultural assumptions are in measure influenced by company or work-specific factors (Heelas 1996) culture may be seen to exist within the set of conditions within which organisation members must operate. This environment is created by patterns of behaviour, which reflect and reinforce values and which underlie actions (Denison 1990). But because organisational culture focuses attention on forces that exert influence on the behaviour and productivity of its employees, its importance should only be gauged by the degree to which it influences corporate effectiveness, rather than the formal structure of jobs, authority, and technical and financial procedures (Webster 1992). Part of the difficulty is that the larger and more complex the organisation, the greater the range and variety of constraints it will face (Hall 2002). These may be imposed, they may be bargained for, discovered, or even self-imposed - for example arising from legal or economic conditions, such as professional codes, or social sanctions. Organisations also have multiple and possibly conflicting goals which become much more specific in actual operations for example, what might be right in the short term might be disastrous in the long. Furthermore as it is difficult to determine what activity within an organisation contributes to some outcome, it is equally difficult to determine if the outcome is as a result of organisational actions or the result of some external force.

According to Denison (1990) the relationship between culture and effectiveness (or lack of it) is a function of the values and beliefs held by the members of an organisation; of the policies and practices used by an organisation; of translating the core values and beliefs into policies and practices in a consistent manner; of the interrelation of core values and beliefs, organisational policies and practices and the business environment of the organisation.

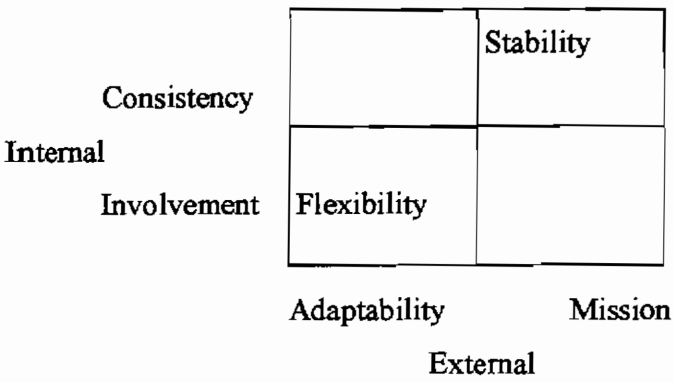
Fig. 2 A Framework for studying organisational culture and effectiveness



Source: Denison 1990.

The consequence of effectiveness (or lack of it) being seen as a function of the values and beliefs held by the members of an organisation, is that these values etc are interdependent with organisation policies and practices within the particular business environment, which in turn are a function of the policies and practices used by the organisation thus featuring an organisation where involvement works through control; where consistency is as a result of teamwork; and that responsiveness comes from adaptability and goals are identified as a result of the overall mission.

Fig. 3 Effectiveness - interaction model



Source: Adapted from Denison 1990.

The Involvement hypothesis (Involvement & Control), suggests that organisational effectiveness is a function of the level of involvement and participation of organisation members, the result is a sense of ownership gives rise to a greater commitment to the organisation and less need for an overt control system – one where voluntary and implicit normative systems ensure the co-ordination of behaviour, rather than explicit bureaucratic control systems.

The Consistency hypothesis (Consistency & teamwork) stresses the positive impact that a strong culture can have on effectiveness and argues that a shared system of beliefs, values and symbols, widely understood by an organisation's members, has a positive impact on their ability to reach consensus and carry out co-ordinated actions. With a stress on communication and socialisation of members, effectiveness is improved through the exchange of information and co-ordination of behaviour. Emphasis on a few general, value-based principles, on which actions can be grounded, enables individuals to better react in a predictable way to an unpredictable environment. The result from the consistency approach is that a high degree of normative integration, shared meaning and a common frame of reference can increase an organisations capacity for co-ordinated action, and promote a more rapid decision process.

The Adaptability hypothesis (Adaptability & responsiveness to information), takes the view that although a culture usually consists of the collective behavioural responses that have proven to be adaptive in the past (Schein 1985) it does not explain how culture contributes to adaptation. What is needed is a system of norms and beliefs that can support the capacity of an organisation to receive, interpret, and translate signals from its environment into behavioural changes that increase its chance for survival, growth and development (morphogenesis, or the capacity of a system to acquire an increasingly complex adaptive structure). There are three aspects of adaptability, which are likely to have an effect on the organisation's effectiveness: the ability to perceive and respond to the external environment; the ability to respond to internal customers; and a reaction that requires the capacity to restructure and re-institutionalise a set of behaviours and processes that allows the organisation to adapt, each of which is supported to a greater or lesser degree by an organisations culture. This may also be referred to as the learning organisation. It may also be likened to information and organisational responsiveness to it (Kohli & Jaworski 1990).

The Mission hypothesis (mission & goals), is a shared definition of the function and purpose of the organisation and its members, which grow out of and support the key values of the organisation. It provides purpose and meaning, as well as a clear set of goals that serve to define the appropriate course of action through an acceptance that organisation behaviours transcend functionally defined bureaucratic roles through individual and group internalisation and identification of value codes of practice, thus contributing to short-term and long-term commitment and leading to effective performance. They also provide clarity and direction.
Offering an alternative methodological approach to the study of culture, involvement and consistency primarily address the internal dynamics of the organisation they do not address the interaction of the organisation with the external environment. Adaptability and mission, on the other hand, take as their focus the relationship between the organisation and its external environment. Involvement and adaptability form one pair, emphasising the organisation's capacity for flexibility and change, while consistency and mission by contrast, are oriented towards stability. The result is that an organisation's

culture must at the same time be adaptive, consistent, and responsive, within the context of a shared mission. The other two potential pairs: involvement and mission, and adaptability and consistency (not addressed in Denison's hypotheses) are both equated with the learning organisation, and depend on teamwork. But involvement and mission may not be mutually exclusive given effective information and goal response within the organisation, and adaptability and consistency are apparently contradictory where services are varyingly heterogeneous.

2.8 Strategic Value of Culture

Culture relates to the values determining the actual practices in an organisation in the way people behave or the way they do things, and so culture should be the starting point for the managerial focus (Lafferty and Hult 2001). For example in Japan, USA, France, Germany and the U.K., market cultures are associated with the best performances (Deshpande, Farley and Webster 1993). As summed up by Green (2002), it is culture rather than strategy that is the key to understanding organisation success, as success requires the right organisation- having the capabilities and culture to operationalise strategy.

As representing a means of solving organisational problems, these values* present a fundamental means of assessing the collective sense of culture given its reflection of goals, ideals, and standards, whether actively expressed in terms of an organisation mission, or as the measure of a set of underlying assumptions** regarding the organisation as a whole. Thus as a reflection of a collective mindset which distinguishes the members of one organisation from another, a detailed measure of corporate culture offers an alternative competitive edge (Hofstede 1991).

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*Values: The evaluational base that organisational members use for judging situations, acts, objects and people. Values reflect the real goals, ideals, and standards. Experienced members sometimes articulate them more or less in statements of organisational philosophy and mission.

**Assumptions: The tacit beliefs that members hold about themselves and others, their relationships to other persons and the nature of the organisation in which they live. Assumptions are the non-conscious underpinnings of the first three levels – that is, the implicit, abstract axioms that determine the more explicit system of meanings (Westall 1996).

Through its customer-value oriented activities the market-oriented business is well positioned to cost effectively develop products and ancillary services (Deshpande, Farley and Webster 1993). Within the service organisation, a starting point is those employees who are familiar with strategic and operational goals, and who possess the right knowledge and have the right attitude and capabilities to deliver excellent service quality.

Employees develop a thorough understanding of the customer's expressed and latent needs; they are in a position to discuss customer's satisfaction; and to act quickly to take advantage of market opportunities. The result is an enhancement in the business's ability to create superior value for customers and thereby superior performance for itself. Developing a service oriented organisational culture is a means of creating and enhancing the good interactive marketing performance needed for implementing a relationship marketing strategy (Gronroos 1990). Using a six-point Likert scale and consistent with Heskett et al (1995), Sin and Tse (2000) concluded that consumer orientation, service quality and informality and innovation are significantly associated with marketing effectiveness. Their research supports the assertion that service organisations that demonstrate superior profitability are also those that achieve higher marketing efficiency and those companies are characterised by an organisational culture with identifiable corporate values featuring consumer orientation, provision of quality services, free communication and innovation.

Conceptualising strategy in cultural terms implies the re-orientations of corporate collective values, ideas and understandings (Chaffee 1985). These strategic orientations are translated into an operational efficiency, by identifying with an organisational culture that is dependent on the ability to identify sub-cultures, including their relative strengths and entrenched values, against a background of the organisations adaptability, and the transferability of that culture. (See Organisational culture and effectiveness Ch. 2.7)
So just as it is accepted that under certain conditions a particular type of culture is appropriate, even necessary, it may also encourage efficiency where the commitment of

employees to the same set of values, beliefs and norms, will have positive results - even to the extent that the strength of corporate culture is directly correlated with the level of profits in a company (Denison 1984). So it is with service markets, where a premium is placed on the ability to implement an appropriate structure in order to facilitate the development of a company culture that is consistent with the organisations strategy and the demands of the external environment – referred to sometimes as the quality of work life (Scarpello and Ledvinka 1988).

2.9 Culture, Leadership, and Management

As strategy will emerge from the firms controlling group and direction as a consequence of a particular culture (Westall 1996), so elevating marketing as the prevailing culture of a company will mobilise the entire organisation towards satisfying customer needs (Avlontis & Gounaris 1999). This culture is a managerial variable which can be appropriately manipulated in order to achieve internal consistency in pursuit of strategic synergy, and in consequence, performance.

As well as current organisational reality, an organisation's culture also reflects the founding principles upon which a company was built, its shared history and experience, the assumptions about clients, employees, mission, products, and activities that have worked well in the past and which get translated into norms of behaviour i.e. expectations about what is legitimate, and desirable ways of thinking and acting. These are the locus of its capacity for evolution and change (Murley 1997) and because culture is in a constant process of adaptation, there is a requirement that emphasis be placed on its managed evolution (Peters and Waterman 1982).

Profit-oriented enterprises have to compete with others for continued existence. They must divide labour and co-ordinate activities in such a way that will enable them to meet customer demands in a timely manner and so fulfil their purpose for existence. As a result, some form of control is required. The more effective organisation will exercise control in such a way as to suit the opportunities and constraints faced, and that in particular matches the human competencies that exist inside the company.

As demand for the company's products grows, control becomes more complicated, because of the number and variety of activities that must be performed; more people are employed, the informal organisation is no longer capable of controlling the allocation of work and effort and so a formally structured organisation evolves. This formal organisation will feature the assignment of roles, tasks, responsibilities and decision-making authority to all members, along with the required co-ordination of relationships among those roles through a formal authority structure. The integrating, overarching element is culture and the more that culture is directed towards the marketplace, the less need there is for policy manuals, organisation charts, or detailed procedures and rules, as in such companies, and staff will know what they are supposed to do (Barclay 1997).

So serving as a foundation for an organisation's management system as well as the set of management practices and behaviours (Denison 1990) the focus has moved to the informal sociology of organisations in order to understand the values and patterns of behaviour that are created and shared by their members, and which affect their performance (Westall 1996). This management of culture involves identifying those values that are considered important and to evaluate them against a range of business measures (Plant & Ryan 1988). This is broadly achieved by asking what the culture of the organisation is and what values are considered important?

It is because top management determines the mission, strategy, and structure of the organisation that they will also determine the cultural norms, values, beliefs and assumptions of the organisation (Kilmann et al 1985). Although an organisation with a single product in a homogeneous market may be best served by a uniform, single culture, so in a similar fashion, a firm with multiple products in different markets may require different cultures for each of its various business units and departments. The best culture being that which is best adapted for success in an organisation's particular business environment. There is a difficulty however in that how things are done may not be recognised as having strategic value and so result in organisational routines not being seen as strategic. The reason is that the very planning or controlling of routines destroys their informality or that part of what makes them successful, in that although generic strategies have the potential to become the equivalent of tangible resources but also may become available to any organisation so inclined to follow suit.

The degree to which a culture is consciously and overtly manifest has much to do with how easily it can be identified and ultimately managed and it is the unique and essential function of leadership to build an organisation's culture and shape its evolution (Senge 1990). The process of becoming what Carrillat et al (2004) describe as a market-driving organisation, starts with leaders' ability to instil the shared values and norms needed for creating and implementing a culture which allows the firm to better match customer value opportunities with its own capabilities. Culture affects the way managers behave. But it also affects the decisions they make through the shared beliefs top managers have as to how they should manage themselves and other employees and how they should conduct their business. These beliefs are often invisible to the top managers themselves, but have a major impact on their thoughts and actions (Reidenbach and Robin 1989). The reason is that corporate culture may be both explicit and implicit, in that management may believe that an explicit culture has been developed when a more implicit culture is actually operating. When management is inattentive to what is the actual culture, competing cultures have the opportunity to emerge – usually in response to some reward system. Therefore there is a need for the culture of the organisation to be monitored and managed, and that any sub-cultural systems must be subservient to the dominance of the formal culture, as in consequence of different employee populations, tasks, rewards, amongst others, multiple cultures can emerge whose beliefs and values may not reflect those of the organisation, or as envisaged by management (Osborne et al 1980).

2.10 Managerial Implications

Although some differences may be accommodated by standardisation (Dawar and Parker 1994; Ellis & Williams 1995), most firms can and do have elements of several types of cultures where unique market conditions will require certain adaptations to any marketing programme. The specific dimensions of organisational culture, which are relevant to marketing, are difficult to ascertain. One approach commonly used is the idea of a functionally- based dimension where culture is the degree of market or customer orientation; accounting or cost orientation; and so on (Pearson 1993). Another approach is to consider the degree of fit between an organisation's values and its intended marketing strategies (Muhlbacher et al 1987; Murley 1997). But where the emphasis is on customer orientation, the focus is on customer needs and making profits by creating customer satisfaction (Narver and Slater 1990; Lafferty & Hult 2001). Whichever approach is taken, a market culture is characterised by its emphasis on competitive advantage and market superiority (Deshpande, Farley & Webster 1993).

The firm-specific drivers which comprise a market-orientation feature knowledge-related resources including; market-sensing capability, imitation capability and organisational innovativeness, as well as reputational assets. But unless the desired customer-value commitments and behaviours emanate from the organisation's culture, the customer commitments and behaviours will not endure, nor command the attention and allegiance of all functions in the organisation. The central principle of a market orientation then is that every person in the organisation understands that each and every individual and function can, and must, continuously contribute skills and knowledge to creating superior value for customers. As such, market orientation may be viewed as the implementation of the marketing philosophy and can be considered as a cultural orientation (Slater and Narver 1995).

Although the cultural perspective as a foundation for market orientation is strongly supported (Deshpande et al 1993; Deshpande &Webster 1989), it is contended that this conceptualisation extends beyond the specific structures and processes that are practised in a market-oriented company and goes more to the heart of the concept, focusing on values that exist within the corporation as a whole (McNaughton et al 2001; Clark, Rajaratnam & Smith 1996; Bodewyn, Halbrich and Perry 1986; Terpstra and Sarathy 1997).

As an organisation-wide concept that promotes market –oriented behaviour, a market orientation would affect all activities within an organisation (Matear et al 2002). This market orientation can be conceptualised as an internal organisational variable that has a potentially moderating effect on the contribution of other sources of advantage on performance (Slater & Narver 1995). But neither does it deny the possibility that cultures differ in the degree to which they encourage risk taking; exploit innovation; and reward performance, and that a market-oriented culture may not necessarily lead to high levels of employee satisfaction and commitment (Murley 1997; Harris and Ogbonna 2000).

A feature of the orientation concept is that as the boundaries between the organisation and its customer and the organisation and its suppliers have become less distinct, there is a unity of marketing and strategy i.e. market orientation begins to supplant market organisation (Webster 1992). This unity gives rise to the consideration as to what are the determinants of market orientation, and by association the market-level and business-level factors that most affect an increase in market orientation.

An emphasis on customer value is not achieved in isolation; rather it is through the co-ordination of all the entities more or less under the control of the organisation. A market-oriented culture provides a solid foundation for value-creating capabilities, and is necessary to build and maintain these core capabilities (Slater and Narver 1994), and is inextricably linked to the organisational structures, systems and process created to sustain them (Ruekert 1992). But a market orientation is not a pre-ordained set of specific structures or behaviours where the core components are manifested in the organisation's culture and climate (Slater and Narver 1994). Rather these must be continuously adapted, as required. The move toward a market orientation must be supported by a set of shared values, systems, management style, organisational structure, sets of skills and staffing combinations. The programme to increased market orientation can be developed through an understanding of the mix of potentially conflicting orientations in the organisation; identifying the present levels of marketing effectiveness; and implementing a plan to improve marketing orientation (Payne 1988). The approach is comprehensive, in that although it identifies more specifically with the tasks of marketing, it also comprises inter-functional disciplines, which include non-marketing activities. This is particularly relevant in the services marketing context, encompassing as it does those elements deemed necessary in the management of a performance transaction and the greater co-operation of inter, and cross-boundary disciplines. The resulting challenge for executives is not to do more, but to concentrate efforts where they matter (Harris and Piercy 1997).

The general consensus is that the key distinction between a marketing culture and a market-oriented culture is that a market-oriented culture is organisational wide or dominant, whereas a marketing culture need not necessarily be market oriented. Since theory now indicates that market orientation is a culture, examining how and why subcultures interact should provide a means of greater understanding of market orientation development. A market-oriented culture will then include references to the components of culture, its dynamism and shared meaning within subcultures.

Accepting that the marketing concept is a managerial prescription relating to the attainment of an entity's goals, whether in more competitively intense or low growth markets, firms should pay more attention to market oriented activities to survive. The challenge for any organisation is to create the combination of culture and climate in order to develop a more integrated and better focused operational output and to create superior customer value (Slater and Narver 1995). But such a market oriented culture can achieve maximum effectiveness only if it is complemented by a spirit of entrepreneurship and an appropriate organisational climate, namely, structures, processes and incentives for operationalising cultural values (Adcock 2000).

Cultural presence may be achieved in a number of ways: top down, or programmatic versus bottom up or the adaptive approach. A strong cohesive culture gives an organisation the sense of identity, confidence, impetus and strength to compete successfully in the market place. Culture is formed by the dominant group to serve a purpose. With growth comes structural and professional differentiation. They may develop different ways of behaving and working. Their orientation to the market, their priorities, time horizons, degrees of formality and interpersonal and management styles may differ from those found elsewhere in the organisation. As the cultural climate will indicate how well the organisation is fulfilling its member's expectations and it will reflect not only a marketing culture, but also strategy, structure, leadership, and their capability in defining a market orientation.

The key to successful coexistence and organisational cohesion is integration of the various subcultures into a strong parent culture (Murley 1997). Organisations that are differentiated and which control that differentiation by integration are likely to be more successful. Without integration, differentiation will lead to fragmentation, unhealthy internal competition, communication breakdown and potential disintegration.

2.11 Empirical evidence

Many claims have been made in support for a marketing culture as one of the most important ingredients for successful marketing of services (Webster C. 1991; 1992). But without reliable measures, statements about its importance will continue to be based on speculation, personal observations and selected case studies (Webster 1990). As a set of cross-functional processes these scales should be capable of representing the characteristics of different activities, i.e. industry and service activity (Deshpande & Farley 1997) but start from a general measurement applicable to all of them so that a greater insight and better practical application of the concept of market orientation can be achieved (Homberg & Pflesser 2000).

The few attempts at measurement have highlighted the following culture features: Employee - courtesy, knowledge, helpful attitude, provision of prompt service, efficiency (Chase et al 1984); provision of prompt service; speed and verbal skills; knowledge of how to sell, overall knowledge of the business, and motivated management - employee recognition, goal setting, quality of training programme, open door policy (Chase 1981). A relationship between excellence, market orientation, and expectations in management practices, and corporate performance, (Peters and Waterman 1982; Parasuraman et al. 1985; Caruana, and Pitt, 1994) which in terms of customer and employee perceptions of customer service, would mean that consumers would be better served (Schneider 1980)*.

Organisational culture research is typically qualitative in nature, and even though some components of culture (language and symbols) are organisational specific and cannot be meaningfully uncovered and gauged using quantitative measures, the methodological tradition of marketing research is quantitative (Deshpande et al 1993; Gummesson 1991; Hunt & Morgan 1995). For example the focus by Kohli and Jaworski (1990) in presenting market orientation as quantitatively measurable organisational artefacts, potentially limited the depth of cultural interpretation, while Narver and Slater (1990) in turn argued that as the behaviours of organisational members are dependent on organisation culture, that organisational culture implies values and attitudes. In other words, that market orientation is a series of specific behaviours driven by cultural values and that just focusing on behaviours and systems of generating and disseminating information is insufficient to reveal the breadth of an organisation's culture.

One of the repeated objections to a market orientation is that it is too expensive or inappropriate because of resource shortages. According to Harris and Piercy (1997) very low reliability scores for long-term focus and profitability have been found, which results in a behaviourally based model of market orientation being seen as a mixture of customer and competitor orientations coupled with functional integration. For example, research by Selnes et al (1997) indicated that even in the case of economies with high regulation and government involvement, the effects of market orientation has a direct noticeable impact on performance, as well as affecting key behaviour outcomes such as esprit de corps.

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*Previous studies have thought it impractical to expect top managers to collect actual performance data, even if they were agreeable to divulging such information, while obtaining data from documentary sources such as trade and other publications has also not been seen to be a viable alternative. Accuracy of such has been considered of minimal use in explaining variation in performance between firms, and consequently researchers have been recommended to consider using subjective perceptual measures of organisational performance (Parasuraman et al. 1985).

So is it worth the expense of devising or revising corporate mission statements, developing strategies and practices, and training staff to acquire the right skills and attitudes to become more customer and competitor focused? Alternative evidence suggests that in certain conditions, as when market growth is high, demand exceeds supply and customer choice is limited, a market orientation may not pay, particularly if the outcome is short-term profitability while inconsistent market-orient-performance findings imply that a market-oriented culture alone may not be an important predictor of sustainable competitive advantage or long-term market success (Gray and Hooley 2002).

What would be useful is a longitudinal study of a market orientation – performance link, as it is possible that long-term focus and profitability, reflected in market share, are at variance with short-term gains (Webster 1992). There is the possibility of a time lag affecting the link between market-orientation and market share. Not addressed in this project, studies have yet to measure the rate and extent of change in the development of a market orientated culture (Gauzente 2001).

Superior customer value is the immediate construct that connects market orientation and performance, and may be achieved through a firm's core capabilities, such as customer service and innovation. It is these that are considered necessary to provide superior value to customers (Slater and Narver 1994). The question that seeks an answer is, what evidence is there of any connection between market performance and financial performance?

Market performance includes customer satisfaction and loyalty, while financial performance can be measured in ROA (Return on Assets) (Guo 2002; Kohli & Jaworski 1990). But it is as a result of superior value provided for buyers, that superior performance such as ROA for the firm should be expected (Homberg & Pflesser 2000).

Han et al (1998) empirically tested a market orientation- innovation- performance chain and found that market orientation was positively related to organisational innovation in terms of both technical and administrative innovation, which in turn was positively related to performance. The findings were similar using objective and self-reported measures of net income growth and ROA. In contrast, Deshpande & Farley (1998) suggested that market orientation may not always strongly positively correlate with performance measures in that the relationship between market orientation and performance is more context-specific (e.g. emanating from national differences, economic development differences, or industry lifecycle differences). They argued that if environmental and cultural factors were the main determinants of management practices, then management practices of comparable firms would tend to resemble each other.

Ronen (1986) said that this is not so- quoting the case of Montgomery Ward and Sears Roebuck – both in the same business (American retail), facing similar environmental conditions, but adopting different managerial practices (Ronen 1986).
Putting it as a question, if market orientation is but one of several potential predictors of performance would it be the strongest? Work comparing performance of firms in England, France, Germany, Japan and the U.S. has suggested that market orientation is less important than other factors like organisational innovation, climate and national or industry culture potentially reflecting the claims of Han et al (1998). For example, in certain conditions, when market growth is high, demands exceeded supply, and customer choice is limited, then market orientation may not pay, particularly if the desired outcome is short-term profitability (Gray & Hooley 2002).

Reviewing their original proposition of market orientation as a culture, Narver and Slater (1998) asserted that there is more evidence of a positive market-orientation-performance relationship than Deshpande and Farley (1998) acknowledged, and that both logic and scholarly research strongly support the idea that a market orientation is nothing less than an organisation's culture and that a culture necessarily manifests itself in activities. Narver and Slater (1998) questioned if a market orientation can truly be merely activities with no connection to an underlying system of values of the organisation? As customer – related activities do they not necessarily reflect the underlying values of the importance of a customer-satisfaction focus? They failed to see how it could be otherwise, continuing; as one measures market orientation by measuring certain specific activities, in so doing one is measuring the manifestations of an underlying belief system. Only a strong culture can produce consistent behaviour and performance (Schein 1992; Slater and Narver 1995). Otherwise, according to Homburg & Pflesser (2000), if a market orientation were simply a set of activities completely dissociated from the underlying belief system of an organisation, then whatever an organisation's culture, a market orientation could easily be implemented by the organisation at any time.

2.12 Summary

In essence, organisational culture has become important as a theme for management control and to understanding the kind of business and its management (Alvesson 2002). In services marketing, as broader sets of orientations become involved in the work, people become more significant, so the nurturing of the right mindset is an important managerial task and here the culture concept becomes particularly useful.

The value of culture to organisation is the potential it may have to influence behaviour. Organisational culture achieves this through its ability to represent shared company values, and so in turn, represent the organisation itself. As organisational culture arises as a result of the interaction of individuals in an organisational setting, it is represented as the collective orientations of the various sections and departments that make up that organisation. The resulting culture may present itself in a variety of ways and with varying degrees of influence. The approach presents the components considered to comprise culture in terms of values and beliefs, and which will give rise to a company's market orientation. The process of managing culture may then be considered in terms of how it may be initiated, and managed as a strategic variable.

An overall organisational culture acts as an umbrella culture, which subsumes, but does not ignore the existence of other sub-cultures within the organisation and it may be viewed as a strategic variable to be used by management as a control mechanism in the co-ordination and direction of the firm.

The value of culture is its potential for uniqueness. Given that services marketing is comprised of a process (i.e. intellectual property), the ability of an organisation to deliver

customer value will depend on its operating performance and that this orientation will be the route by which marketing success may be achieved.
From a research perspective the difficulty is to articulate what comprises culture, while the research challenge is to identify those essentially valued items at industrial and/or company level and to compare them in using recognised performance criteria.
A starting point is to explain the way in which the behavioural characteristics of a system affect the behaviour of individuals, while at the same time explain the way in which the behaviour of individuals over time create the characteristics of an organisational system. In a single study, the former may be approached by considering the deeply held values and behaviours within an organisation. The latter objective can only be undertaken by a linear study, which is beyond the terms of this project.

Of particular interest is whether a dominant notion, such as market orientation exists on a level that is crucial to everyday work - even if it is only a matter of behavioural compliance rather than genuinely held and shared ideas. Given that it does, at what level are values, beliefs and norms required to manifest and support such a culture - if only on the short term? Can one culture be dominant but only at the singular expense of another? Why should this be the case? If appropriate levels of subcultures (production, distribution etc) or support functions are held, then the collective 'culture' is synergistically 'managed' or optimised to maximise the best returns for the company. There is nothing 'new' in this thinking, as every organisation, individual and team therein must sub-optimise in order to achieve operational tasks.

To be accepted, an organisational culture establishes agreed-upon standards or norms for behaviour (Scarpello and Ledvinka 1988), and although the culture in an organisation is the dominant culture of society, it can be altered by management. In such a situation, the manager using a moral imperative (good for you!) encourages an identity whereby employees become self-monitoring and work in pursuit of a common goal, even to the extent that supervision costs are reduced. But achieving higher performance may result in a poorer profit as in the case of inappropriate or uncosted levels of service. A difficulty also arises in the objective measurement of such a process. In smaller units of organisation, the individual is identifiable. What about the situation where individuals are subsumed and invisible within a larger group?

Presenting market orientation as an organisational culture avoids the narrow delineation of market orientation as merely a tangible activity - which is arguably the case in the definitions of Kohli and Jaworski (1990), and Ruekert (1992). For Narver and Slater (1990), market orientation is a broader mix of organisational-shared values as well as creations of the organisation (such as Kohli and Jaworski (1990) information systems). It also implies that market orientation is a continuum rather than an either-or dichotomous concept.

In support of Narver and Slater (1990), Cadogan and Diamantopoulos' (1995) operationalisation of market orientation is purely behavioural, reflecting the degree to which a strategic business unit engages in practices associated with the three behavioural components of; customer orientation, competitor orientation, and interfunctional co-ordination. The third hypothesised behavioural component, 'interfunctional co-ordination', is based on the customer and competitor information and comprises the business's co-ordination efforts...to create superior value for the buyers' (Narver and Slater 1990).

The definition of market orientation as an organisational cognition involves shared cognition's, systems of values and beliefs, and ways in which organisational members perceive the world (Deshpande and Webster 1989). It is relevant when one considers the importance of managerial cognition and perceptions in determining the firm's success (Aaby and Slater 1989; Foxall 1990; Cadogan & Diamantopoulos 1995).

However a note of caution is suggested when viewing orientation from a behaviourist perspective because of its *a priori* elimination of unobservable phenomenon such as attitudes, ways of thinking, beliefs, values, culture etc. This gets to the very heart of the matter when studying the subject of marketing culture. It is only by identifying the elements that subscribe to such a culture and putting some form of measurement onto them that elevates the cultural concept to be a strategic variable in reality. The approach is facilitated by defining 'orientation' as 'organisational cognition' (Dreher 1994;

Cadogan and Diamantopoulos 1995), thus a marketing orientation or culture would be viewed as a marketing organisational cognition. As people in a work setting tend to have similar perceptions of the practices and procedures that characterise that setting, so member perceptions of practices and procedures and hence the values they place on them, may be considered primary data (Schneider 1980). The values held may be the result of tradition, by way of time, or as a consequence of a founder's beliefs. They may also arise as the result of different factions or representative sections of organisation vying for dominance, and so reflect specific attitudes and skills in an organisational hierarchy, and in response to market forces.

There is the question as to the link between marketing oriented culture and performance, where a particular subculture and sub-function (marketing) self-promoted and supported by management, is imposed on and dominates other groups and functions in the organisation (Harris and Ogbonna 1999). It is possible that the best culture for an organisation is that which is contingent upon the general nature of the business and the work, where the standard formula for satisfying customers is the case, but what is the formula?

Developments in theoretical explanations for superior firm performance (e.g. resource-based and evolutionary theory) emphasise firm-specific resources as the key drivers of success (Olavarrieta and Friedmann. 1999). The emphasis on competitive dynamics and the constant search for new competitive advantage suggests, as indicated by evolutionary theory that knowledge-related resources are key to firm survival and success. Among the different intangible resources, according to the marketing literature, three types of resources appear to be more likely to influence superior performance. These are: a market-oriented organisational culture; knowledge-related resources, in particular, market-sensing capability, imitation capability and organisational innovativeness, and; reputational assets. Knowledge-related resources are particularly important sources of competitive advantage and superior performance, because they are socially complex, difficult to observe and monitor, and are very important to the renewal of organisational knowledge and firm's resources.

The resulting market-oriented culture can be an important determinant of business performance, because by tracking and responding to customer needs and preferences, market-oriented firms can satisfy customers better and perform at higher levels of business performance (Kohli et al. 1993; Greenley 1996).

The management of the service organisation culture is an essential issue for a market-oriented service organisation (Kasper et al 2002). It has been indicated that organisational culture will impact on behaviour of individual members (Amsa 1986), and that cultural features will affect the degree of market orientation in the way that 'marketing' tasks will be performed. A marketing culture is posited as fostering a strong market orientation which will lead to 'behaviours for the creation of superior value for buyers and thus continuous superior performance' (Narver and Slater 1990). Such notions of culture are therefore consistent with the approach adopted in this thesis and argue for the inclusion of culture as an antecedent to market orientation (Meldrum 1996; Webster 1991).

A number of specific points have been outlined:
The importance of marketing refers to the importance the firm as whole places on marketing - the way marketing 'things' are done in the firm. The appropriate culture for a particular firm depends on the objectives and strategies being pursued by that firm (Webster 1990). A firm has market orientation if it implements the marketing concept in such cases where there is a significant relationship between the type of marketing culture a service firm has and its profitability and marketing effectiveness. A greater opportunity for more comprehensive research presents itself where the marketing concept encompasses profitability, or other more appropriate measures of performance (Webster 1992).

In a competitive environment, profit is a reward for customer orientation, which in turn creates a satisfied customer, so that to understand the impact and functioning of a customer orientation, one should relate it to organisational innovation and where the analysis is embedded within a framework of organisational culture (Deshpande, Farley & Webster 1993).

Although not addressed, it could be reasonably expected that findings would indicate that a performance link would be the consequence of a strong, appropriate, and consistent [dominant] marketing culture.

The coincidental development of the market orientation concept was drawn into the cultural arena predominantly by Narver and Slater (1990), who argued for its case as a cultural (ideology?) metaphor, with two additional strategic elements – a long term focus and a profit objective. MARKOR was the resulting survey instrument where a number of studies were undertaken to assess the 'strength' of market orientation, but with limited success. Featuring a series of 22 questions it sought to establish the strength of behaviour or action series. It did not seek to measure the basic values underlying these behaviours. This gave rise to the quest of identifying those underlying cultural values, which are considered likely to impact on performance, while requiring consideration of a number of points:
An organisation-wide market orientation enables the firm to obtain better results, (Vazquez et al 2001; Slater and Narver 1994) as it acts as an element of cohesion in organisational performance (Kohli and Jaworski 1990). It is also the most effective cultural form when creating the necessary organisational behaviour to provide greater value to customers (Narver and Slater 1990; Pelham and Wilson 1996). By tracking and responding to customer needs and preferences, market-oriented firms can satisfy customers better and perform at higher levels of business (Kohli et al. 1993).

In exploring the mechanisms through which a market orientation or culture and performance may be related, some mediating constructs are introduced. Especially relevant will be the firm's core capabilities that are crucial in providing superior value, otherwise referred to as service quality. This superior value may be defined as the difference between expectation and perception, already alluded to, and which may be monitored by the service personnel as part of the customer-client dyad (Kasper et al. 2002).
However emphasis on quality alone may not be sufficient to improve organisational performance (Raju & Lonial 2001). Improvements in service often require increasing

customisation and personal service, which raise operating costs. As a result, although the direct effect between quality and performance, as presented in a value-added concept, is usually positive for products, it might be non-existent or even negative for services. For example, not all resources are likely to be of equal importance in creating competitive advantage, as a result of which there is the difficulty in identifying how an advantage was created, exacerbated as a result of the interplay of multiple resources, which from a services perspective, comprises those intangible skills and knowledge with a critical path dependency which creates that advantage (Hooley et al 2005). This issue is addressed in the next section.

2.13 Services

As an organisation's marketing culture is evident to those who are served, marketing culture is particularly important for the service firm because of the simultaneous delivery and receipt of service that brings employees and customers physically and psychologically close (Webster 1992). In service delivery each member involved in the process is in a special position to understand their individual and collective contribution to the interactive service process. This process, spanning as it does the whole organisation, forms the basis of a cohesive unity or culture to which all those in the organisation can subscribe.

As a result of the variability that arises from the nature of service delivery, the advantage of a common culture to services marketing lies in its potential to contribute to a service consistency. It does this as a form of 'directive culture' which embraces the values of services marketing, as a result of knowledge of the service process and objectivity, but which applies to the organisation as a whole.

2.14 Services marketing

The requirements for the marketing of services are different and generally more difficult to manage than product marketing due to the unique features of services in addition to the great variety of services that exists (Uhl & Upah 1983). Furthermore, service firms are more likely to lack a marketing department; to perform analysis; consult specialist marketing agencies; plan; train; research or even finance marketing (Payne & Clarke 1995), possibly as a function of the size and type of organisation (Cowell 1986; Westing & Albaum 1975). There is also the complication of the operating traditions that are laid down by certain services - particularly professional services (Uhl & Upah 1983; Glynn & Barnes 1995).

Marketing is not simply a structural matter that can be isolated from the firm's culture and its shared value system. The appropriate culture required for marketing effectiveness is one which is built on a customer orientation, and which permeates the entire organisation – the shared values which give rise to and reflect the firm's customer orientation. Comprised of the human element involved in developing and implementing marketing strategies, the firm and its marketing oriented infrastructure will have better chances of success if they operate in a corporate culture where the employees see their basic task as satisfying customers and their expectations – the essence of a marketing oriented culture, where everyone within the organisation has an opportunity to contribute to the end service product, whether they deal directly or indirectly with the client.. "The shared values are the centrepiece of the paradigm - a company has shared values when the employees share the same guiding values and missions, based on the firm's corporate philosophy and attitudes" (Hollensen. 1998. 11)

2.15 Service characteristics

Service companies are systems of men, materials, capital, equipment, information, and money, (Vollman 1973), which operate both in non-profit and for-profit marketing organisations (Pride & Ferrell 1989) and are likely to have multiple objectives (Davis and McKeown 1984). The service will be sold as the core of the company's market offering (Shostack 1977; Gronroos 1978), and comprise those separately indefinable essentially intangible activities which provide want satisfaction and that are not necessarily tied to the sale of a product or another service (Cowell 1954).

A challenge for researchers is that as a consequence of the distinctive characteristics of services, measurement of output and performance is difficult. The product is intangible, the industry is labour intensive, the consumer is part of the service process, production and consumption are simultaneous, the product is time perishable, and where site selection is governed by customers and demand (Target 1997).

2.16 The Services mix

From an organisational perspective, there is the difficulty of identifying and prioritising those service elements referred to earlier, which are valued by customers and inculcating them into the service mix. The service package consists of physical resources, the materials used, as well as standards of performance and benefits derived there from. All of these are experienced by the consumer and give rise to varying degrees of satisfaction or dissatisfaction (Uhl & Upah 1983). The assessment of outcome, and hence satisfaction becomes more difficult the further one moves towards pure service delivery, as there is a decreasing number of cues upon which to base decisions or evaluate performance (Bateson 1979). Take for example positioning. This may take place on a number of platforms, such as service evidence, emphasising the people who comprise the service contact employees, on physical evidence, which will involve tangible communication, and/or physical environment which is accounted for in the servicescape (Zeithaml & Bitner 1996). Whichever be the case, the marketing function in service organisations may prove important as a result of its boundary-spanning nature (Varadarajan & Jayachandran 1999), as it can influence both the nature of the service work and the service consumption experience (Zeithaml & Bitner 1996).

Whatever emphasis the service mix takes, satisfaction will be influenced by the flow of activities or steps in the process including its flexibility or ability to deal with the unexpected or variable (Zeithaml & Bitner 1996). Variability can arise from two main aspects 'heterogeneity and inseparability'. Heterogeneity, results largely from the 'people' element involved in the service process, and means that each service experience is different from the last (Suprenant & Solomon 1987). The result is that operating efficiency and costs have to be traded against the competitive benefits. Inseparability, on the other hand, has implications for the logistics of services marketing (Uhl & Upah 1983), in terms of quantity or extent on offer, and the number of customers that can be served. This may result in the creation of exclusivity and raised prices or alternatively, an unsatisfied market potential with the consequences for competition (Van Doran Smith & Biglin 1985).

2.17 Service relationships

Of concern is the implementation of marketing strategy and the development of a lasting customer orientation (Weitz et al (1986; Deshpande and Parasuraman 1986; Webster 1988).

As an aspect of performance, productivity in services tends to measure the ability of the operation to produce, and sell the service, as a total process (Mill 1997). Traditional measures have focussed on the effectiveness of the labour force, where because of the limited possibility of substituting other means for people, great pressure is put on management to increase the productive use of employees. Since service marketers have to incorporate the customers needs into the design and delivery of services, there is greater focus on the relationships within the service encounter, such as on quality and profitability i.e. customer satisfaction and quality on the one hand and measures of efficiency and employee compensation on the other (Glynn & Barnes 1995). The two are not mutually exclusive. Although it is to be assumed that a satisfied customer is essential for employee compensation, an appropriate compensation system may or may not result in (relative) quality and a satisfied customer. What is required is an organisational environment (including recruitment, training and supervision) which will give rise to an appropriate service culture.

2.18 Services culture

According to Berry and Parasuraman (1991), service firm employees use basically the same criteria in describing culture as executive employees. Spanning virtually all aspects of service, a premium is placed on company reliability in that effective communications takes place with customers; that employees excel during service performance thus exceeding customers expectations and where each recovery situation is exploited to the full.

With agreement between the two levels of organisation, and with virtually all departments participating in the process (Cadogan and Diamantopoulos 1995), the manner of performance may be seen to be reflected in the co-ordination, and dynamic interactions between members within individual functions. A result is that individuals perceive that it is to their own advantage to co-operate closely with others (Hemphill and Westie 1950) and there is a blurring of internal functional boundaries (Slater and Narver 1992). Managers are counselled not seek to excel on any one goal, but rather to look for a balanced performance, over time, on a set of goals.

Given the kinds of cultural differences associated with the delivery and marketing of services it is not difficult to understand why culture is particularly important for service firms (Schneider 1980) rather it's a wonder that some firms are so successful, as efficient delivery and customer satisfaction almost always depend on the firm's ability to manage behaviour (Zeithaml & Bitner 1996). Given that the simultaneous delivery and receipt of services brings employees and customers face-to-face; physically, organisationally, and psychologically, there is no room for 'quality control' between the employee's behaviour and the customer's purchase (Zeithaml & Bitner 1996; Parasuraman 1986).

Because of its importance in terms of variability, complexity, and interdependence, the cultural context becomes an environment that can have great impact on the organisation's performance (Gladwin and Terpstra 1978; Ronen 1986; Punnett & Ricks 1997). Organisations develop values and value systems and these comprise the analytical focus of cultural assessment. Any differences in values rests on the assumption that cultural problems can be expected to differ only in intensity and timing (Ronen 1986). Differences in culture will also affect a subsidiaries reaction to policies and styles (Gladwin & Terpstra 1978). For example, successful standards will be determined not only by the culture of the parent company's country, but also by the specific culture of the parent company itself, which may range from attitude to customers, to also include procedures and systems for managing customers as well as motivating staff and measuring success (Murley 1997). As a result service firms should consider developing policies that help guide decision making in the light of these differences (Hoffman & Bateson 1997).

2.19 Services marketing orientation

By studying the strategic activities of market oriented businesses one is in a better position to understand how market oriented businesses may use culture as a competitive weapon (Slater and Narver 1996). The responsibility for a market orientation is that of top management, who also formulate competitive strategy. The process of marketing strategy formulation can be viewed as comprising a series of decisions pertaining to resource allocation across strategic variables, and where strategy content is accorded with respect to individual marketing mix elements. As such this strategy will reflect the extent of market orientation exhibited by the firm, with an emphasis on competitiveness, goal achievement and a strategic focus on market superiority (Morgan and Strong 1998). It is contingent on managers' understanding of the variables that impact on performance (Szymanski, Bharadwaj, & Varadarajan 1993), as it is these variables and the values placed thereon that comprise the essence of the 'service package' that are so valued by the customer and which provides such a unique competitive advantage.

In order to implement a strategy of 'customer in focus', marketing management should be broadened into marketing-oriented company management (Gummesson 1999).

As a philosophy of business management, the concept is based upon a company-wide acceptance of the need for customer orientation, profit orientation, and a recognition of the important role of marketing in communicating the needs of the market to all major corporate departments (Kohli & Jaworski 1990), and includes involving marketing executives in strategic decisions (Felton 1959; McNamara 1972), placing greater emphasis on customers as compared to production/cost concerns (Kanopa and Calabro 1971), integrating activities within the marketing function (Felton 1959;McNamara 1972), and according leadership rolls to marketing (Viebranz 1967).

Primarily, a market-orientation has been proposed as the organisation-wide generation of market intelligence pertaining to current and future needs of customers, dissemination of intelligence horizontally and vertically within the organisation, and organisation-wide action or responsiveness to market intelligence (Kohli and Jaworski 1990); and the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus continuous superior performance for the business (Narver and Slater 1990; Harris & Piercy 1997); and the where focus is aimed more along the lines of organisational learning, business performance or total quality management (Day, 1994; Desphande, Farley & Webster 1993; Shapiro 1988).

As a market information process, (Kohli & Jaworski, 1990), or as the co-ordinated

application of interfunctional resources to the creation of superior customer value (Desphande et al 1993; Narver & Slater 1990; Shapiro 1988), three core themes underline the market orientation approach: A customer focus; Co-ordinated marketing; and Profitability (Kohli, Jaworski & Kumar 1993). Five elements are involved and include:
The measurement of the level of firm's market orientation, that is - tasks, functions, technology, and people;
The optimal level of market orientation given the strategic complex offer and its industry - the structure and systems of the organisation and their strategic fit
Thinking of market orientation as a basis of, rather than a substitute for, innovation in a company, that is - managing better in the face of change
What causes market orientation in a company, its responsiveness, and impact on profit?
To understanding market orientation at multiple levels, which includes that of corporate culture and a strategic orientation, or - a common theme or set of values (Deshpande and Webster 1989).
Just how market-driven firms achieve and sustain their market orientation is by exhibiting appropriate values, beliefs and behaviours; by having superior market-sensing and customer-linking capabilities; backed by strategic thinking processes that build a commitment to a superior customer value proposition; and organisation structures, systems and incentives and that facilitate alignment of all aspects and activities with the market (Deshpande and Webster 1989). This requires a fundamental acceptance that:
The generation of market intelligence is not the exclusive responsibility of the marketing department; Intelligence dissemination: means that responding to a market need requires the participation of virtually all departments; that Responsiveness: involves organisation co-ordination and co-operation in a way which elicits favourable end-customer response (Kohli, Jaworski & Kumar 1993), and The items may need to be modified to reflect differing hierarchical and departmental arrangements (Narver and Slater 1990).

2.20 Services orientation and management

Senior management factors, interdepartmental dynamics, and organisational systems respectively, enhance or impede the implementation of the marketing concept (Kohli and Jaworski 1990). Organisational dimensions such as departmentalisation, formalisation, and centralisation may be related inversely to intelligence generation, dissemination, and response design, but positively to response implementation. As market orientation originates with top management any customer-oriented values and beliefs are uniquely their responsibility, and must be clearly communicated to all concerned. For example, senior management can help foster a market orientation by introducing appropriate reward systems that are backed by a concerted response by departments to market developments (Kohli & Jaworski 1990). Despite the belief by some managers that focusing recruitment and induction procedures on service and customer needs rather than internal systems and qualifications will drain resources (Harris and Piercy 1997), whichever way a market orientation is to be developed, it only becomes alive when all members of an organisation know how they contribute to excellence in customer relations and to revenue (Deshpande and Webster 1989; Gummesson 1991). In a similar fashion since firms in international markets are exposed to environmental forces which may differ from those in domestic markets (Czinkota and Ronkainen 1995; Albaum et al 1989; Terpstra and Sarathy 1994; Cadogan & Diamantopoulos 1995), an international market orientation will not negate the need for managed measures of intelligence generation, intelligence dissemination, responsiveness and their co-ordination (Dalgic 1994).

2.21 Empirical evidence

A market orientation is positively associated with superior performance (Deshpande, Farley and Webster 1993; Narver and Slater 1990; Ruekert 1992) in that the market orientation of a firm reflects the extent to which its actions are consistent with the marketing concept (Varadarajan and Jayachandran. 1999). This may be evidenced as: the consistency or the extent to which a strategy reflects mutually consistent goals, objectives and policies; by providing a unifying focus for the efforts and projects of individuals and departments within the organisation, thereby leading to superior performance, (i.e. ROI, profits, sales volume, market share, and sales growth); by providing psychological and social benefits to employees, where in a services marketing context, the construction of an 'esprit de corps' is instrumental in reducing the gap between service quality

specifications and actual delivery, thereby improving consumer's perceptions of service quality. This esprit de corps may itself be improved by a market orientation.
A further consequence is that satisfied customers spread the word along with repeat business (Zeithaml & Bitner 1996).

The question remains as to the characteristics of a successful market orientation. For example, is market-orientation supplementary to the marketing concept, (Hunt & Morgan 1995), or is the market-orientated firm one that successfully applies the marketing concept? (Tuomin & Moller 1996; Caruna et al 1995). Should management emphasise fundamental cultural change, revised work processes, organisational restructuring, new systems, redirected incentives or some other set of plausible initiatives, in their endeavour to achieve a successful market orientation? (Day 1994).

While the focus of much of the work on market orientation has been on western markets, equally there has been little empirical research specifically examining market orientation in the services sector and early studies often did not specify the sector in which the research was conducted (Hooley et al 2003). It has long been known that particular industries may have a particular culture but that an organisation's market orientation could be industry-specific as well. Because services are fundamentally different from products due to their nature (intangibility etc), and the potential for interaction between service provider and customer, these differences may lead to a unique industry culture, along with unique organisational cultures in which personal interaction, relationships and service quality are valued highly (Kasper et al. 2002). The evidence between market-oriented behaviours and firm performance, particularly in the services sector remains equivocal.

2.22 Summary

The developed market orientation scales are composed of customer-related activities, which as such do not necessarily reflect the underlying values that might more properly indicate the importance of a customer-satisfaction focus. Only a deeply held underlying belief system (culture) can produce consistent behaviour and performance (Narver and Slater 1998; Schein 1992; Deshpande and Webster 1989; Slater and Narver 1995).

Culture is the key to understanding service. Service companies have distinct cultural differences that influence behaviours, practices and processes. An organisation's cultural orientation will have implications for every aspect of its operations including its internal and external relationships (Harrison 1990). Culture may now be expressed in terms of the expectations of service set by the values of the wider culture in which it operates (Zeithaml & Bitner 1996). Customer service is particularly subject to cultural differences. It is conducted by people, for people, and is therefore shaped by the social standards prevalent in the predominant culture. It is possible to make each service unique because each company is unique. Each company has its core competence and its own culture, which can be expressed in ways that are relevant to customers, thus creating a unique service proposition and a unique brand proposition, although a practice which works well in one culture may not be successful in another (Murley 1997).
In addition, time, as the result of the age of the firm and the historic or dated context of the firm, including early or late entry to the market, may impact on the successful implementation of a market orientation, and on the firm's strategy and ability to change in terms of the relationship between its orientation and performance (Gauzente 2001).

From a marketing perspective organisational culture is the orientation that puts the customer in the centre of the firm's thinking about strategy and operations (Deshpande and Webster 1989; Heiens 2000) in that a customer emphasis should have greater impact on performance (Slater and Narver 1994a). In dynamic markets with shifting mobility barriers where there are many competitors, and highly segmented end-user markets, a customer-focus is mandatory (Day and Wensley 1988). The factors that can be expected to foster or discourage such an orientation are largely controllable by managers and therefore can be altered by them to improve the market orientation of their organisations (Kohli, Jaworski & Kumar 1993). The organisation is better able to gain a sustainable competitive advantage by changing the structure or composition of a market and the behaviour of its 'players,' through its ability to create offerings more valued by consumers (Kumar, Scheer and Kotler 2000). Opportunities for influencing customer values are enhanced when there is greater customer interaction involved in the business transaction. Therefore, the positive impact of being market-driving on business performance is greater for activities that are high on customer interaction (Carrillat et al. 2004)

In the management of services marketing the theme of organisational culture has a particular significance in that services have certain unique characteristics that distinguish them from physical products (Zeithaml et al 1985). For example, in addition to production and consumption taking place at the same time, it has been noted that a common feature of services is that they are intangible. This is because most services consist of interplay between company personnel and clients, placing special emphasis and demands on management and organisational features.

In service management, the stress is on knowledge and information. Commensurate with this is a change from control of behaviour and measurement of outputs to control of employee attitudes and commitment, the latter being crucial for the employee service-mindedness which in turn has an impact on the level of customer satisfaction.
A marketing culture is a tacit if not explicit expression of management's beliefs in a customer oriented philosophy, which serves as a strategic tool for competitive advantage, which if not properly communicated and managed, will be filled by the most able, but not necessarily the most appropriate subculture existing.

Because there is a broad area of contact and interaction between the company and its customers, a considerable proportion of activities conducted involve contacts and interaction between personnel and customers. Thus the marketing function will not be restricted to a special marketing and sales department, but also to permeate the entire entity of the company. As a result, the management of human resources becomes particularly important (Schneider and Bowen 1993), and organisational culture becomes of high relevance as a form of management control and for understanding and management of the business (Alvesson 2002).

The nature of service and its delivery has a major impact on the structure of services organisation, (value-chain, means-ends, value-added) and dictates to a large extent the interpersonal role between server and client, and the dependence of this interaction on the co-ordination of activities through customer oriented systems and customer focused colleagues. This approach is determined and enabled by the company-wide acceptance of a marketing oriented culture, which is not just the special remit of the marketing department (Alvesson 2002). This approach comprises the next section of the thesis and looks at the concept of the services value chain and its measurement.

Chapter 3. Literature review 2: The Services Value Chain and Performance Measurement

3.0 Models of Services

The theme of marketing culture as developed so far, has been presented as an organisational philosophy, where the responsibility for customer satisfaction permeates the whole organisation. So even though the marketing organisation comprises many components, each subscribes to a common set of values. This requires that the various departments and functions that comprise a marketing organisation identify with and subscribe to their shared existence in terms of a customer orientation.
This chapter looks at models of organisation in broad terms, with the aim of identifying those components that make up the entity and how they may interrelate. The aim is not to portray any specific company or structure, but rather to represent a services marketing organisation in general.

In keeping with the customer orientation theme, a value added approach has been adopted. This illustrates a basic blueprint in terms of the mechanisms by which customer oriented service organisations goals might be pursued.
The empirical model is developed by reference to those items derived from an initial survey, representing valued attributes in services marketing. Each component is considered briefly from the point of view of its potential contribution to services marketing culture and hence customer satisfaction.
Following the methodology of a value chain adopted in this study, this chapter considers the wider implications for researchers in attempting to place a value such as a numerical figure onto an organisational construct such as market orientation and hence some of the difficulties and alternatives that might be used in order to assess the level or even existence of a market culture.

The contents comprise a revision of organisational goals, and some of the possible indicators of performance. It looks at how marketing effectiveness might be measured, the consistency of those measurements in terms of standards, and how objective they may be, in a comparative sense, given the variety of businesses comprising the services marketing sector.

3.1 Organisational interdependency

Given that market orientation is the synergistic outcome of a number of activities conducted in unison, each contributing separately and in combination with others, Kumar et al (1998) considered that it would be best to theorise about it as a single construct, rather than theorise about each of its dimensions as examined individually, as individual activities are likely to be of far less significance, to have little independent relevance for creating superior value, and as a result could lead to misguided efforts and resources. But the problem still exists as to how one might identify collective synergies that significantly or otherwise make up the organisation, in terms of departments, tasks and values (Strong & Harris 2004). Comprising many marketing and customer-related variables, a means-ends or value-added chain, offers a linear representation of those organisational activities which contribute to the service product and which typically culminate in a set of useful numerical performance standards (Osborn et al 1980).

A basis for evaluating a subsystem is whether it is accomplishing its mission and contributing to the organisation. There are difficulties however. As a consequence of differences in background, expertise, and experience, the creation of any inter-functional dependency will necessitate a mutual co-operation and identity (de Ruyter, Crask & Hsu 1995) i.e. marketing's interdependencies with other business functions will be systematically incorporated into the business's marketing strategy and hence its service system. Although various factors that may be deemed to have caused the performance will be taken into account, there is the possibility that the outcome may not be within the control of those responsible for its performance, a problem exacerbated by the diverse nature of services production and the management and control mechanisms employed by the various participants.

Furthermore part of the problem is that assumptions that guide work in different departments may differ in some ways from others. But just as the different people involved can understand and deal with the service system objectively (Schein 1992; Zeithaml & Bitner 1996), so any individual in any function may potentially contribute to the creation of value for buyers, regardless of their roles or their individual points of view (Porter 1985). Such co-operation will involve the entire human and other capital resources of the organisation - not just a single department (Webster 1988). This is always politically, legally, and logistically problematic (Clark et al 1996).

There has to be a degree of integration of values that apply to the whole organisation, and it is this integration that results in an overarching organisational culture which is developed and transformed over time – not through superficial changes in architecture, symbols, or behaviour, but through articulation of new values and beliefs, and with careful planning and socialisation of new members (Murley 1997).

Created from across the functional areas of a business (Porter 1985), the challenge is to develop an organisation in which cross-functional customer-value-creation processes and activities are the norm and not the exception (Deshpande and Farley 1997). Any resulting relationship between culture, marketing and market orientation is thus straightforward. A market orientation induces superior marketing-that incorporates the skills and knowledge of all functional areas in the organisation. Simply put, marketing is the entire business seen from the customer's point of view (Drucker 1954).

The established logic is that market orientation provides the basis for devising a strategy that creates value for customers, and that such a strategy provides the foundation for a sustainable competitive advantage that contributes to financial performance.
The process would ideally seek a direct causal link in the market orientation performance relationship but the exploration of potential moderators, and intermediate variables such

as service quality are considered more likely to significantly impact firm performance (McNaughton et al 2002).

3.2 Service Model Theory

A model begins with the orientation of the firm, which is linked to the creation of market-based assets, and other asset types. Market based assets are largely intangible, and consist of intellectual assets (knowledge about the market), relational assets (outcomes of relations with stakeholders including channel members, customers and other players), and the interaction between these asset forms.

At the heart of the organisation is a set of shared values that unites and gives direction to all the people working there (Ch. 2.0 Services). This in turn is a reflection of the firm's understanding of its customers and its desire and ability to better solve their needs.
The values which fall outside the customer value box paradigm, (loyalty, word-of-mouth, etc) may be associated with the behaviours of individuals, but also have potential conceptual equivalents at the level of the organisation, i.e. retention and referrals.
In a similar manner, although 'quality' appears as a value emphasis (Fig. 4), the construct service quality is not explicitly manifest, except perhaps as an outcome of the total process, as it is the outcome of managerial action, which in turn is motivated by a market orientation. That is, when a firm's personnel (at all levels) are marketing-oriented, activity focuses on the creation of quality service through deployment of both intellectual and relational market-based assets throughout the organisation, resulting in the customer's perceptual measure of service quality.

As it is the totality of the offering that comprises the whole 'experience' there will be a number of critical interfaces (or moments of truth) that drive this perception and whether or not to buy again (Green 2002) or the gap between perception and expectation (Parasuraman et al 1985). The process will involve excelling in specific dimensions of value, while maintaining threshold standards on others through an operating model dedicated to delivering those values. As in services marketing the process is interactive, it

allows immediate feedback to server/management, and so there is also a role for marketing management to have commensurately varying degrees of responsibility and authority for service personnel, especially those dealing directly with the public (Hoffman and Bateson 1997).
The consequence for organisation is that the means for creating value are shifted from managing tangible assets to managing knowledge-based strategies that deploy an organisations intangible assets i.e. customer relationships, innovative products and services, high-quality and responsive operating processes, information technology and databases, along with employee capabilities, skills, and motivation.
Although this cultural strategy may cost less than 'tangible' resources (Osborne et al 1980), in the case of services marketing there is little or no alternative.

The resulting competitive advantage comes from the more intangible knowledge, capabilities and relationships created by employees than from investments in physical assets and access to capital. Two routes are suggested by Deshpande (1999). These may be pursued separately or in combination: Differentiation - which focuses on customer/buyer benefits, and: Lower delivered cost. Either may be achieved through increased efficiency, which is the result of a better matching of skills with demand. They both necessitate an understanding of the buyer's value chain, which involves a continuous focus on activities that will increase benefits or decrease costs to the buyer (Hofstede 1991).

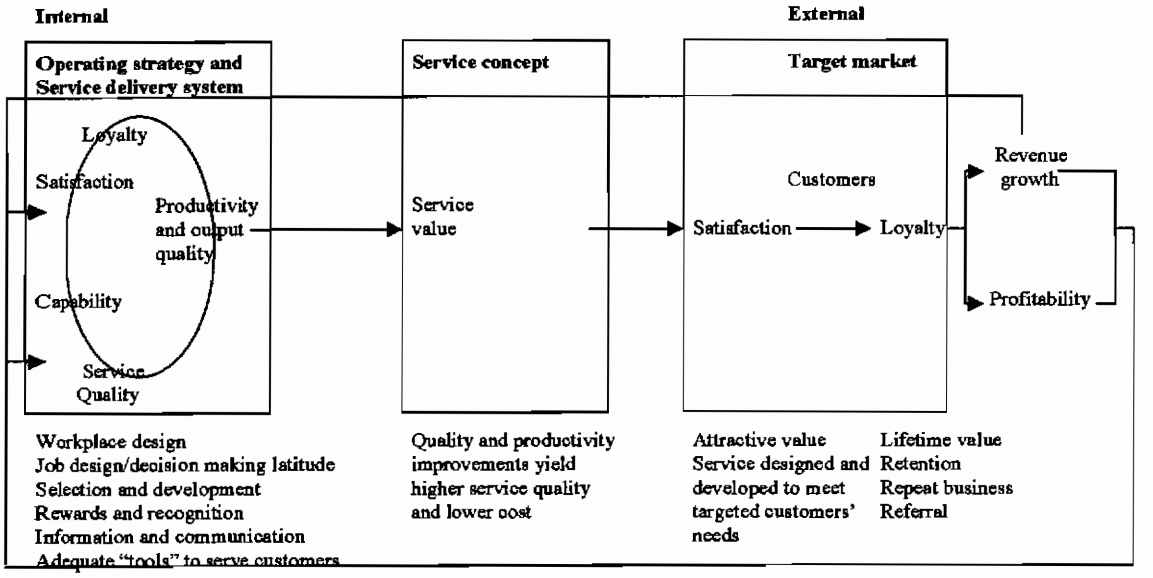
The concept of the value chain allows management to explore how people can be organised internally to create greater value (Green 2002). To create involvement and motivation, top management needs to give the organisation a human purpose with which the employees can identify. It is by shaping the culture of the organisation and giving it meaning that encourages people to willingly contribute their energies and skills. So rather than a collection of non-customer related behaviours in collecting intelligence on competitors, an organisation may be viewed as a set of cross-functional customer-value-creation processes and activities that incorporate the skills and knowledge of all the functional areas (Deshpande and Farley 1998; Webster 1994; Narver and Slater 1990;

Drucker 1954). The resulting culture would be one with an appropriate widely shared and acted on belief and value system, which is an essential prerequisite for successful strategy implementation (Ronen 1986).
Such a culture would be the organisational acceptance that the way a marketing philosophy is pursued is the responsibility of each organisational member in identifying with a dominant set of market oriented values, and that these values would in turn be a measure of the level to which aspects of a customer orientation are held.
In consequence of the above, an underlying or associative cultural layer is depicted (a value chain) and which represents the business's ability to create value for its buyers (Deshpande:1999:45)
Seen as the organisational extent of customer orientation, it features the understanding of those aspects of organisational activity which are instrumental to the satisfactory delivery of a complex and interactive product – service.

3.3 The value/profit chain

Delivering strategy depends on the core competencies of the business (Doyle 2000), but organisations consist of numerous sectors, business units, and specialisation departments, each with its own strategy. These individual strategies must be linked and integrated in order to maximise on the various inputs and to deliver satisfied customers (Kaplan & Norton 2001).
To apply a strategy of customer orientation requires the sufficient understanding of one's target buyer's entire value chain (Day and Wensley 1988), both currently and as regards future costs and benefits (Narver & Slater 1990). As noted earlier, the complexities involved in the marketing of services (Kasper et al 2002) adds to the difficulty in identifying a market oriented culture which drives the design and implementation of an appropriate operating strategy and delivery system. A starting point is to consider empirically 'proven' features from successful service organisations (See Fig. 4)

Fig 4. The Service Value/Profit Chain



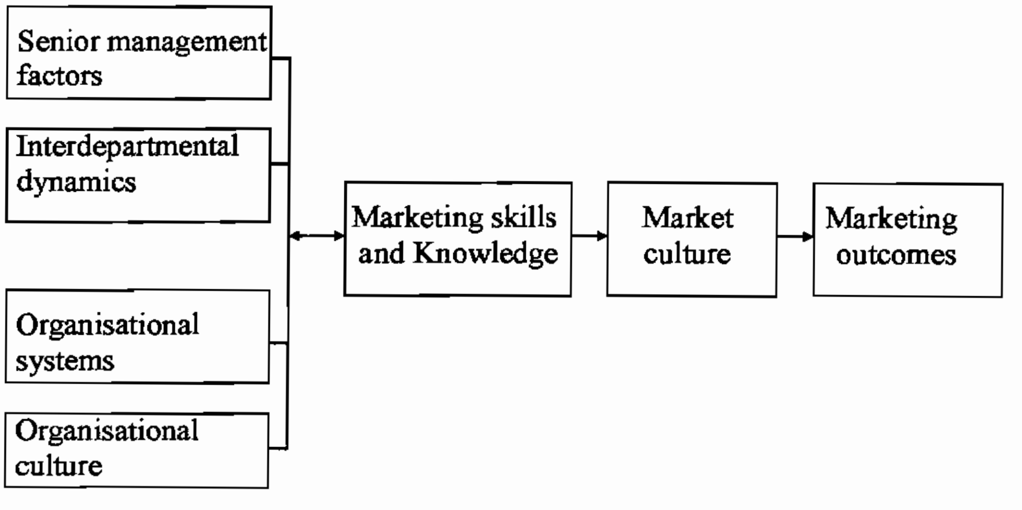
Source: Adapted from Heskett James L., Thomas O. Jones, Gary W. Loveman, W.Earl Sasser Jr, and Leonard A. Schlesinger, 1994 'Putting the Service-Profit Chain to Work'. Harvard Business Review March-April.

This service-profit chain concept was developed from analyses of successful service organisations, and attempts to put "hard' values on "soft" measures, and linking those individual measures together into a comprehensive service picture.
Designed in order to help managers target new investments, it also aimed to develop service and satisfaction levels for maximum competitive impact, thus widening the gap between service leaders and their merely good competitors.

It is the items that are contained within the operating strategy and service delivery system that comprise the service concept, and give rise to customer satisfaction. A fundamental element to the proposition is that value drives customer satisfaction, in that customers are strongly value oriented (results they receive in relation to the total costs), and that given that value drives customer satisfaction. In order to deliver customer satisfaction the organisation's (and hence employee values) must match or exceed those of their customers, so leaders who understand the service-profit chain develop and maintain a corporate culture centred on service to customers and fellow employees. The result for the organisation is the development of an internal quality of the working environment which is the major contributor to employee satisfaction, and the employees' perception of their ability to meet a customers needs.

In the past most formal models of organisations incorporated systems, structure and people, but not culture (Schwartz and Davis 1981), and because they do not include culture as a specific organisational variable. Such models of organisations are considered to be incomplete (Ouchi & Wilkins 1985). What is missing is the way in which marketing skills and knowledge (values) can intervene in the processes, and which lead to the behaviours comprising the action element to becoming market oriented (Meldrum 1996). In pursuance of this theme the amended model, (Fig. 2.) presents culture as a necessary organisational antecedent, and highlights marketing skills and knowledge as an interpretative element in the development of a consequent market oriented culture. That is, in the construction of a customer oriented, value-based marketing organisation.

Fig. 5 Culture and Market Orientation

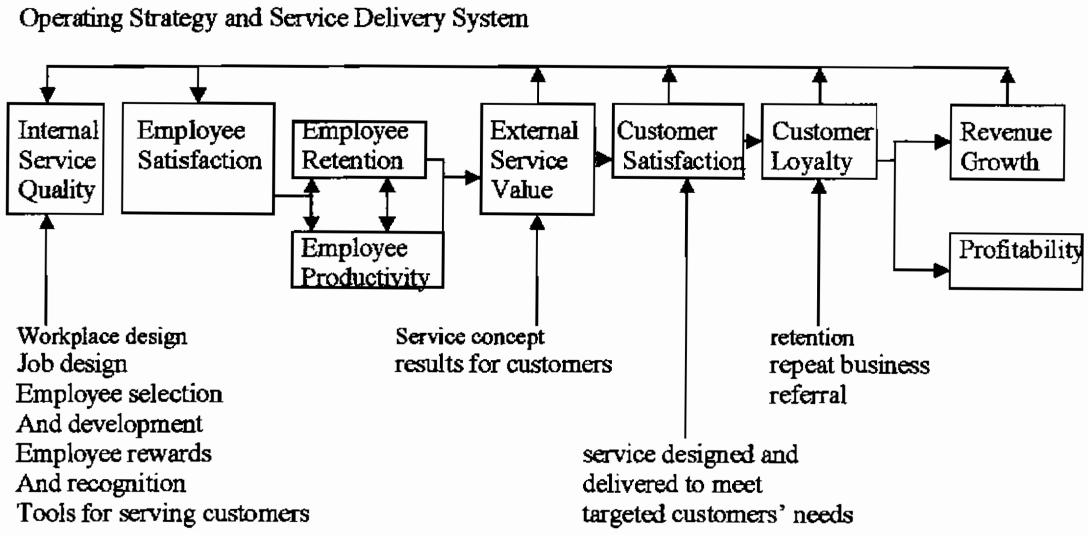


Source: Adapted from Kohli and Jaworski (1990).

The process involves identifying specific skills and knowledge that are associated with competitive advantage. These competitive advantages work in combination with the organisation's ability to harmonise streams of technology, organise work and hence deliver value (Day 1994). As such those core competencies and/or managerial capabilities that provide competitive advantage can be presented as valuable complex bundles of knowledge and skills which are exercised through organisational processes or units but that are tempered by an overall cultural orientation.

The factors that drive profitability are investment in people, support technology, recruitment and training practices, and compensation linked to performance. In turn performance measurement techniques will take into account the impact of employee satisfaction, loyalty, and productivity on the value placed by both employees and customers on products and services delivered, as a result of these investments. The resultant is presented as links in a service-profit chain (Fig.3.)

Fig.6 The links in the Service-Profit Chain



Source: Putting the Service-Profit Chain to Work
James L. Heskett, Thomas O. Jones, Gary W. Loveman, W.Earl Sasser, Jr, Leonard A. Schlesinger. Harvard Business Review, (March-April 1994): pp's 165-174.

The value-added approach is developed by reference to the major task inputs into the process and by tracing the sequence of production/service delivery within the company in that each subsequent stage is viewed as a customer to its prior stage (Zeithaml and Berry 1988).

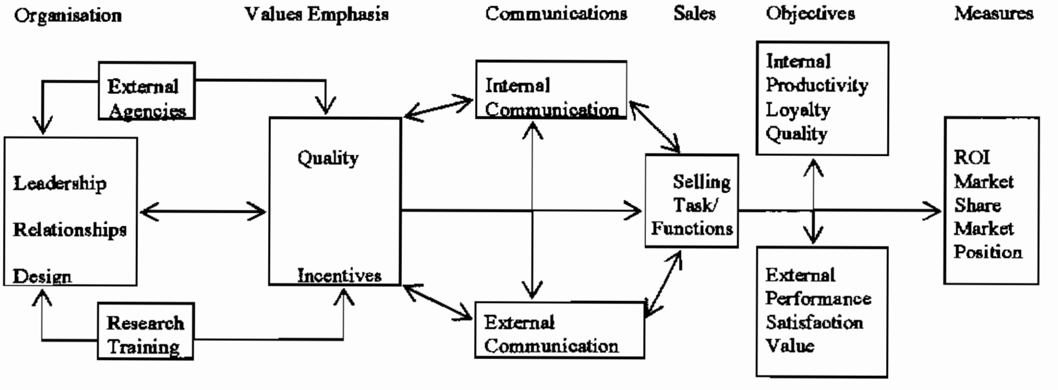
Taken in isolation, each of the separate components or stages, which comprise the service package, provides the opportunity for satisfactory or unsatisfactory performance, the brunt of which will have to be borne by the visible service operator of the company (Bateson 1989; Parasuraman et al 1985). The emphasis is on co-ordination in order to ensure synchronisation of tasks over the time period of buyer/seller interchange (Booms and Bitner 1981; Lovelock 1981). A major feature overarching this co-ordination and internal-external interchange will be the prevailing market-oriented service culture, whereby each and every individual and unit is performing to the same set of standards and guidelines.

3.4 Services marketing culture model

The consequent model - Fig. 7, highlights the market-oriented culture concept where the model features those items considered in the development of a valued service chain. As such, the items represent a collective dimension of organisational activities, which input value into different aspects in the service delivery process. The approach adopted has made reference to organisational culture, and is consistent with the cultural construct of market orientation forwarded by such works of Narver and Slater (1990) and Slater and Narver (1994; 1995; Harris 1996). The extended model represents a services marketing strategy, which aims for a continued growth and profitability. This is led and maintained by management and where a comprehensive portrayal of value oriented service marketing objectives are set. The motivating forces in organisational terms are achieved through human resources management, providing remuneration incentives and supported by organisational image. The necessary systems and support structures are dependent on the nature of the business and its available resources. The ultimate aim is appropriate sales implementation achieved through proper customer management backed up by research.

The items themselves were arrived at in consultation with a number of management consultants, and academics in business studies, and comprised the material for the survey instrument (See Research Steps – Step 1).

Fig 7 Elements of a Services Marketing Culture



The model as illustrated features collectively:

*Organisation: design, relationships & leadership; those fundamental aspects of organisation that are essential for its structure and operation.

*Intervening variables: external agencies & research and training; comprising imported information, skills and supporting facilitators which make up for such shortfalls in the existing company.

*A value emphasis encapsulated in quality and incentives; these criteria serve to competitively position the company's offerings for both clients and service operatives.

*Communication which comprises both internal and external aspects; involves all aspects of marketing communications to existing and potential clients, as well as informing other stakeholders in terms of expectations and performance.

*An emphasis on selling tasks and functions; is required to detail the essential nature of service delivery and its positive outcome.

*The objectives derived from satisfactory performance; include a loyal and committed workforce which delivers a retained customer base in turn.

*The measures presenting as ROI, and market share and position; are used to illustrate the synergistic effect of all of the forgoing elements, collectively. No single aspect is highlighted.

This theoretical model forms the basis of the next section in order to illustrate the wide range of elements that could be considered to impact on the typical service organisation, and that organisations ability to deliver value for its customer base.

3.5 Theoretical Components Comprising a Services Culture

The elements in this section are derived from the conceptual model which is collectively comprised of those variables considered to subscribe to a marketing orientation. Each is considered as a potential contributor to the development of a marketing oriented culture.

Traditional research into aspects of service marketing (featuring an emphasis on sales) include: Employee - courtesy, knowledge, helpful attitude, provision of prompt service, efficiency (Chase et al 1984); provision of prompt service; speed and verbal skills (Chase 1981); knowledge of how to sell, overall knowledge of the business, and motivated management - employee recognition, goal setting, quality of training programme, open door policy (Chase 1981), but it was Weitz et al (1986) who recognised the importance of organisational culture in the management of the marketing function and included organisational cultural concepts in their development of a model of selling effectiveness. This included concern for issues of implementation and the development of a customer orientation within organisations - specifically to organisational culture (Deshpande and Parasuraman 1986; Webster 1988). Day and Wensley (1988) noted that firm orientations (other than marketing) might be of paramount importance in certain industries and suggested the moderating influence of the industry environment on the market orientation-performance relationship.
The potential for differing influences of market orientation across industry environments is also suggested by Narver and Slater's (1990) study, where a positive relationship between market orientation and profitability (relative return on investment) for speciality strategic business units with differentiated products was found, however there was a negative relationship for commodity SBU's with undifferentiated products. The suggestion was that a negative market orientation might have been influenced by the

presence of large established SBU's which compete primarily on low cost and price. What is of significance is their belief that, with its external focus and commitment to innovation, a market-oriented business should be prepared to achieve and sustain competitive advantage in any environmental situation, and that a market-oriented culture should provide a firm with a level of advantage across all environments because of the pervasive importance in terms of customer satisfaction (Narver and Slater 1990).
For example, Lado et al.'s, (1992) conditions for a sustainable competitive advantage are considered to be uniqueness, and difficulty in copying, but only go part of the way to explain why a market-oriented culture may be more important in some industry situations i.e. the ability to manage in a service industry is as a consequence of the unique features resulting from the characteristics of services (Narver and Slater 1999). Others include tangible cues (Booms and Bitner 1981); using personal sources for communicating with customers, creating customised services (Levitt 1977), and managing customers (Lovelock 1981).
The conclusion to be drawn is that consumers would be better served if service firms were structured to meet and satisfy the needs of their employers. The overriding premise being that employees in service organisations desire to give good service, and when those desires are made easier by management's support, both employees and consumers are likely to react positively.
The empirical research was very much people oriented in that it was assumed that:
Member perceptions of practices and procedures of any firm are the primary data necessary in understanding organisational behaviour, and that to conceptualise on organisation requires a consideration of human behaviour, but that human behaviour does not exist without perception.
People in a work setting tend to have similar perceptions of the practices and procedures that characterise that setting, that
Business firms may have many cultures or subcultures, including those for creativity, leadership, for service etc.
The resultant being the extent to which the firm, through its practices and procedures, demonstrates a marketing culture for services (Schneider 1980).

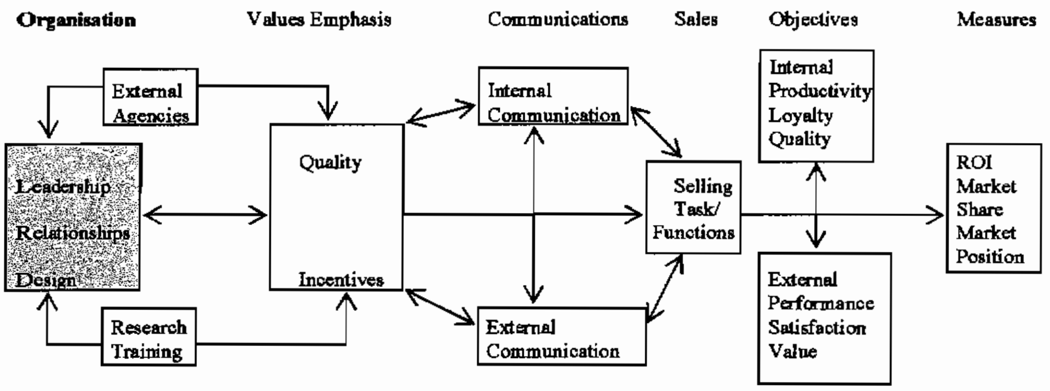
The active approach is supported by Baker and Hart (1989) who proposed that the test of a philosophy is the result of its implementation, rather than mechanisms and structures. Part of the difficulty is that several aspects of marketing, such as identifying and measuring marketing opportunities will overlap general management activities to a considerable degree (Baker 1985). This difficulty is further exacerbated in that in order to function effectively the necessary authority is required over those functional departments that will contribute to the execution of any plans (Thomas 1982). It will also require an organisational structure that will permit the translation of strategic plans into action, bearing in mind that when a company changes its goals, strategy, or scope of operations, a change in organisational structure is called for as well.* (Deresky 2000).

But there is the possibility that different departments in organisation may develop different cultures and to move away from each other (Lawrence and Lorsch 1967), in that there is a natural tendency for professionally based organisations, or parts of organisations, to fragment into ever more departments, which once created, become self-contained bodies (Ripley 1970), reflecting diverse structures and systems (Graves 1986), thus one can at best approximate to the reality of any specific organisation categorise culture in terms of organisational structure and infer the cultural patterns likely to be associated with it by (Murley 1997).

This research offers an explanation of that reality as well as to indicate a measure of that approximation.

Other, less obvious indications of organisational inefficiency may also signal a need for structural change, such as conflicts among divisions and subsidiaries, and between overseas units and headquarters, or service and responsibilities, amongst others (Deresky 2000).

3.6 Organisation



The overall concept of organisation is considered as a multidimensional performance construct, tapping financial, operational, and customer related performance domains. For example, growth reflects performance trends in terms of sales and market share gains, whilst profitability reflects an efficiency view of current performance, and is commonly used in strategic marketing studies. Customer satisfaction, on the other hand represents a measure of the effectiveness of the organisation in totality to delivering value to its customers, while adaptability represents that ability of the firm to respond to changes in its environment. The measured outcome will reflect the market success (Vorhies, Harker and Rao 1999).

As highlighted, because of the interactive nature of the organisational system, any influential department or function will find itself interrelating with all other functions, likewise many of the decisions made by marketing will affect the expectations and/or behaviour of the consumer and impact on the delivery system.

So of marketing orientation means that a firm or organisation plans its operations according to market needs, then the objectives of the firm should relate to the means to satisfy customer needs (Gronroos 1980). As this orientation puts the customer's needs first and does not require a formally designated marketing function, decisions need not necessarily be made by people with a marketing title or by individuals in a marketing department.

In a typical goods producing company, for example, these distinctions are not necessary. But they are necessary in service firms where a formal marketing department may not even exist. Since the service product is an interactive process, it may be more appropriate to leave the different functional 'decisions' to different departments and focus on the overall process of delivery (Payne 1988).

In dealing with the topic of services marketing, it is of interest to consider in what kinds of [industry] situations is a market orientation culture a more important determinant of business success (Pelham 1997).
A major obstacle within service firms is that it is nearly impossible to be totally marketing oriented, because of the very real constraints imposed by the operating system, customers cannot be given everything they want.

As a company grows and becomes successful it usually develops a culture that distinguishes it from other companies and that is one of the reasons for its success. This is a process of linking its strategic values with its cultural values much as the structure of the organisation is linked to its strategy. It is these values that employees need to act on for the organisation to carry out its activities. The values are grounded in the organisation's beliefs about how and why the organisation can succeed i.e. the creative vision which synthesises both the strategic and cultural values as it communicates a performance target to employees – the organisation's direction.
Implementation of activities reflecting these values will cover many factors from development of the organisation design to recruiting and training employees who share the values and will be influenced by them in their activities (Moorhead and Griffin 1998).

To understand organisations as cultures requires an understanding of the structures in operation and the rules that guide them. Of particular interest is the ability of a market-oriented culture to control the wider organisational culture. This will include the extent of non-marketing-oriented cultures and cultural components, the relative strengths of culture, cultural receptivity, adaptability, and its transferability.

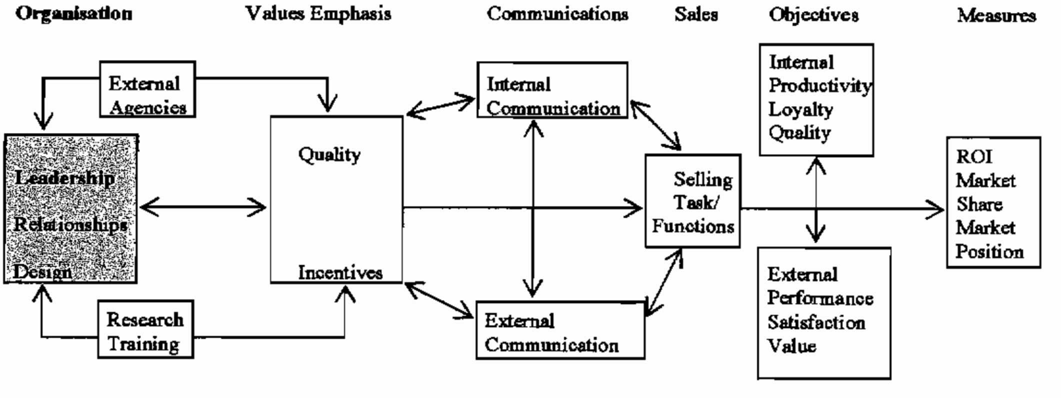
Although most differences attributable to culture show up in organisational processes, such as authority, style, conduct, participation, and attitudes (Ronen 1986), according to Ruerkert (1992) the main impediments to the development of a market orientation derive from the internal characteristics of the organisation i.e. employee attitudes and actions, and feature the wider organisational lack of belief and understanding of the role of marketing, including financial constraints, departmentalisation, unclear marketing aims and objectives, and the lack of appropriate marketing skills (Gummesson 1991).
In a similar strategic vein, Kohli and Jaworski (1990), considered the key to a market-driven, customer-oriented business to lie in how managers are evaluated and rewarded, in that if managers focus on short –term profitability and sales and neglect market factors they will do so at the cost of customer satisfaction that ensures long-term health of the organisation.
In a market oriented organisation the marketing function will not be seen in terms of a departmental approach, but rather as spread over the organisation as a whole, where to achieve consumer satisfaction requires an organisational marketing system that has as its objective a comprehensive approach to consumer satisfaction ratings that better measure and reward market-based performance (Gronroos 1989).

Some staff and support functions will include an element of marketing as well, and that some employees may be in direct contact with customers, while in other cases they may influence customers only indirectly (Schneider 1980; Willman 1989). Also potential conflict may arise as a result of interdepartmental dynamics and the degree of direct contact among employees across departments. So a key to internal integration is to consider the extent and quality of that interaction (Kohli and Jaworski 1990). It is necessary for all functional areas of corporate activity to identify with each other (George and Gronroos 1989), and go beyond the separate divisional approach that would emphasise departmental goals and standards (Cowell 1986), and to co-operate as a system of delivery as outlined by the service value chain.

Only a close co-operation between marketing and other departments can avoid basic conflicts between sectors, which may inhibit the diffusion of market innovation (Kohli and Jaworski 1990). For example, responsiveness to customers and the success of product innovations is the close co-operation between marketing and production as well as R & D (Brockhoff 1989).

The challenge is to provide evidence that transition to a marketing orientation is an important competitive edge even in industries not traditionally seen as marketing-oriented. Companies need to recognise the difference between marketing activity, which refers to tasks principally undertaken by the marketing department, and marketing processes, which involve the whole company. Responsibility thus crosses functional lines, where achievement of a marketing orientation is a question of establishing processes rather than activities (McKinsey 1981). This however goes beyond the objectives of this study as one would necessarily require information as to the competitive position of organisations prior to adopting a market orientation.

3.7 Leadership



To the extent that culture and shared values are important in unifying the social dimension of an organisation, managed evolution is important in keeping a company adaptive (Peters and Waterman 1982). Organisations move through phases of development where different management styles, priorities, organisation structures and control mechanisms are required (Murley 1997), so firms that have internal cultures supportive of their strategies are more likely to be successful (Smircich 1983). For example, the findings of Harris and Ogbonna (2001) positively linked 'participative' and

'supportive' leadership styles to market orientation, whilst an 'instrumental' leadership style was negatively linked to market orientation.
Managers must understand and adapt to cultural changes taking place, as in turn cultural variables will affect managerial styles, decision making, and strategy formulation (Ronen 1986). Individual managers may perceive and interpret environments differently, and these differences reflect their own willingness to explore, and to change, as well as their mode of interpretation and analysis. A strong organisational culture will exert more influence on managers than a weak one. In a weak organisational culture, managers are more likely to rely on subculture norms as a behavioural guide, where rather than relying on prescribed administrative controls, employees may be guided and controlled by the clan's culture (Murley 1997).

Managers and executives often espouse the notion of improving market orientation levels but behave in a different manner as a result of entrenched cultural beliefs. The difficulty often is not so much in getting management to accept a vision, but in overcoming the inertia bred of individual corporate cultures (Messikomer 1987; Harris and Ogbonna 2001).
Organisational culture is treated in most literature, as a top-down phenomenon with a critical role being played by the CEO – founder, in both establishing cultural norms and overseeing their diffusion in the firm (Schein 1984). They influence the development of a market orientation through background, commitment and ability, and emphasis (Harris 1996).
The chief executive plays a key role in developing market-oriented plans and in seeing that those plans are effectively carried out. Studies have found that the background, commitment and ability of top managers' impacts greatly on the orientation of the organisation and those recalcitrant executives principally inhibit its development (Van Egeren and O'Connor. 1998; Chaganti and Sambhara 1987), so that key issues for executives to address if they are to develop a market orientation, include:
The extent and breadth of top management support: The degree of departmental conflict and connectedness; the scope of company bureaucracy and the style of reward systems; along with the ability of the company's information system to generate and to

disseminate the required information and to respond to environmental influences (Harris 1996a).

The organisational culture needs the support of leadership in the management of workforce diversity (Robbins and Coultard 1996), while maintaining orientation i.e. new employees.* Effective leadership involves the ability to inspire and influence the thinking, attitudes, and behaviour of people, and hence can strongly influence the motivation and behaviour of employees, and ultimately, the entire climate of the organisation (Deresky 2000).

If a market orientation is to prove a strategic advantage, senior managers must themselves be convinced of its value (Kohli and Jaworski 1990). If management has confidence and trust in subordinates, the culture will support a greater degree of delegation, and less filtering of information will also result. Cultures differ in the degree to which they encourage risk taking, exploit innovation, and reward performance. Innovative organisations tend to have similar cultures, encouraging experimentation; reward both successes and failures; and celebrate mistakes. An innovative culture is likely to accept ambiguity, to be tolerant of risk and conflict, and have an open system that focuses on ends rather than means. By contrast, in a risk-aversive culture, management will favour strategies that are defensive, that minimise financial exposure, and that react to changes in the environment rather than anticipate those changes (Murley 1997).
Management and leadership then involves motivating subordinates, managing information, building teams, promoting change innovation, and risk-taking (Zeithaml and

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*Managerial decisions affected by culture also include Planning, or the degree of risk that plans should contain; whether plans should be developed by individuals or teams, and the degree of environment scanning in which management will engage. Organising; how much autonomy should be designed into employees jobs, whether tasks should be done by individuals or teams, and the degree to which department managers interact with each other. Controlling; whether to allow employees to control their own actions or to impose external controls, and what criteria should be emphasised in employee performance evaluations?

Bitner 1996), and managers can be more successful in managing cultural differences if they view cultural assumptions and ways of doing things not as irreconcilable differences, but rather as different starting points that can be integrated to develop uniquely competitive solutions (Hoecklin 1995).
Success will be dependent on a leadership that operationalises the concept of a market orientation in terms of offering superior solutions and experience. This is achieved by focusing on superior customer value; converting satisfaction to loyalty; energising and retraining employees; anticipating competitor moves; viewing marketing as an investment not a cost; and nurturing and leveraging brands as assets (Terpstra & Sarathy 1997).

If employees from top management to ground-level positions, have different attitudes regarding marketing culture, then closing the gap between an actual and ideal marketing culture will involve working with operations and systems personnel as well as other non-marketing people (Webster 1988). Service firm employees, from top-level executives to operational level workers, should have basically the same or consistent attitudes toward the role of marketing in the firm. The result will comprise the assumptions and values regarding marketing, the importance placed on marketing and the overall feeling regarding the marketing orientation of the firm – in effect its marketing culture (Varadarajan and Jayachandran. 1999).

The ultimate responsibility must rest with the most senior management of the company (Desatnick 1987), and marketing needs to be represented at the top of the corporate hierarchy (Kotler 1994).
Because of the abstract nature of market orientation and the difficulty of influencing employee behaviour, only a minority number of top managers appear to devote sufficient time and effort to building a market-oriented corporate culture (Pelham and Wilson 1996). This is an opportunity not lost on managers of small firms who, rather than attempt to combat the cost advantages that large firms enjoy, can achieve a sustainable competitive advantage through market-oriented behaviours in employees focusing on strength-innovation, flexibility, and greater value added for carefully targeted customer

groups.

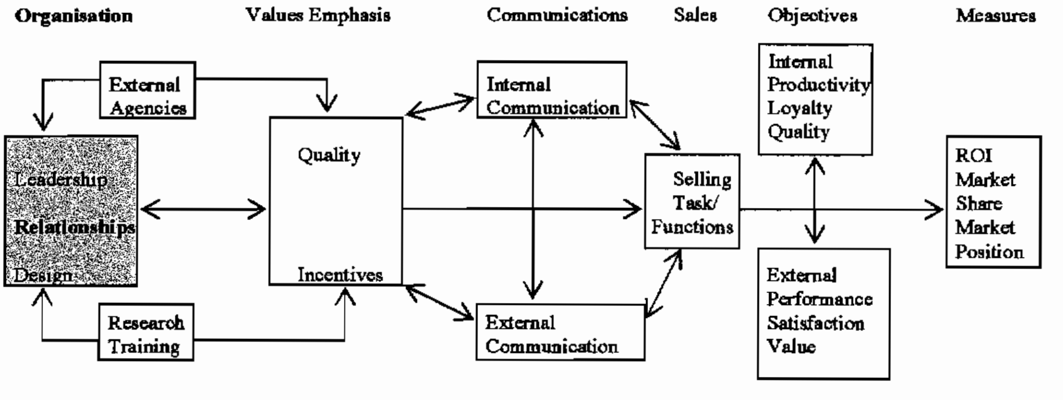
This direction of strategy is certainly a function, in part, of the kind of organisation which produces it and the balance of power within the structure (Corey and Star 1971; Piercy 1998). Effective strategy implementation rests on the underlying beliefs and attitudes of organisational participants, and over and above this on the dominating management interests and culture in the organisation (Webster 1997).

Schein (1984) tells us that culture is a top-down phenomenon, with a vertical role being played by the CEO, in both establishing cultural norms and overseeing their diffusion. Leadership is important because a particular leadership style can affect the motivation and behaviour of an organisation's members – not to mention the organisation's whole climate. For example, in cultures in which safety and security needs dominate, a cautious behaviour will predominate, as an organisation's direction may be different as a result of its individual markets, circumstances and cultures.
The characteristics of top managers have been shown to affect strategic orientation of the organisation. Their background, commitment and ability impact greatly on the organisation and the development of market orientation is principally inhibited by recalcitrant executives (Kelley 1992). Although society as a whole establishes the social rank or status of management, and the cultural background partially dictates the pattern of aspiration and objectives among business people, their cultural environment (including their training and background) significantly affects their personal and business outlook. What is required is a thorough understanding of the organisations existing culture and a carefully constructed programme of management development, support activities, and follow-up (Payne 1988).

Shared values, common beliefs, and behaviour of a company can take a considerable amount of time and effort to change. A focus on total customer satisfaction and on continuous innovation is only achieved by a concerted effort by all people within the organisation. In order to assist the process, management must be prepared to supplant bureaucratic principles by market relations (Muhlemann et al.1992), where marketing managers fill the roles of interpreters' - analysing and evaluating market behaviour and integrating the market plans with other organisational activities. They will also make representations to and from representatives of customers, marketing, sales, product design, process design, purchasing, suppliers and operations, in order for them to work as a cohesive, flexible, supportive service team (Porter 1985).

By focusing the organisational culture perspective on the mind of the manager, organisations may be viewed as knowledge systems where culture is seen as a lever or tool which can be used by managers to implement strategy and to direct the course of organisations more effectively (Smircich 1983).

3.8 Relationships



Making effective decisions relating to strategic orientation, resource allocation across strategic variables, and strategy content with respect to individual marketing mix elements, is contingent on manager's understanding of relationships among strategic levers. These will include the marketing mix, as well as industry drivers, firm drivers, and business performance, which in turn are affected by industry structure, the business in which the firm is competing, as well as the characteristics, skills and resources of the firm and perhaps even business unit (Szymanski et al 1993).

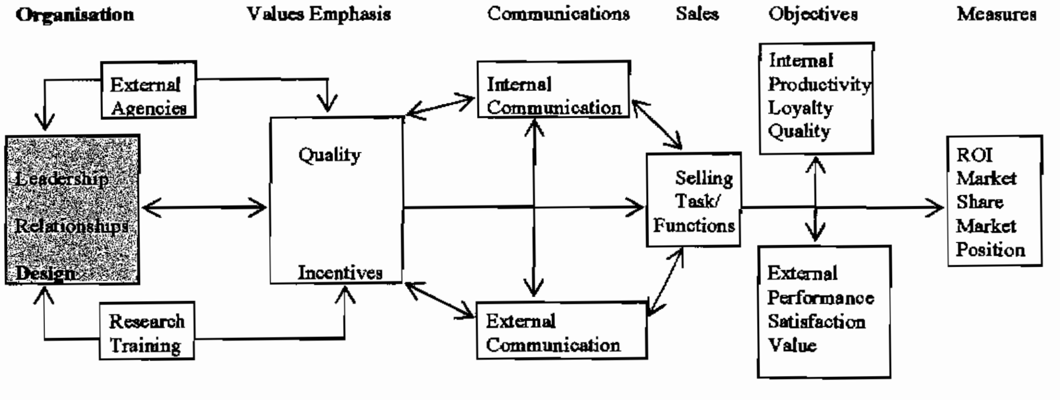
Opportunities for success will be maximised when all organisational members recognise that they can contribute to creating buyer value and are motivated and empowered to do so. Market orientation is a culture that focuses efforts and enables this to happen, where senior management provides general guidelines for business unit managers on culture change, empowerment, and the initiation of customer value strategies (Slater and Narver 1994). But employees at every level are inclined to resist orientation development (Kelley 1992), and the results may not always be positive as cultures may also create problems as a result of mismatching of roles in interpersonal and cross cultural situations. In order to achieve intra-functional co-ordination, the organisation must create interpersonal dependencies, with a blurring of internal functional boundaries, and hence co-operative performances so those individuals may see that it is to their own advantage to co-operate closely with others (Cadogan and Diamantopolous 1995). Such a strategy may go a long way to developing a better balance between variety and value and offer a cost reduction and control technique as a result of the improvements in the way in which the service is offered (Muhlemann et al 1992).

Being value driven, culture has an imperative of its own. Value comes from successfully exploiting core capabilities that can be developed in any functional area (Slater and Narver 1994).This involves the appropriate empowerment of managers and service employees to deal with customers in their own ways. However the approach may give rise to a possible source of conflict and differentiation (Zeithaml and Bitner 1996) Because the essence of an organisation is its culture, effective organisational change implies cultural change. The stronger the culture, the more resistant it will be to change. Management can challenge the underpinnings and suggest alternatives, and can influence the evolution of culture by being aware of the symbolic consequences of their actions and by attempting to foster desired values. Success or failure depends on people's willingness to change their views and to identify and co-operate with a changed programme, where those formers of opinion and shapers of culture can be persuaded and influenced to identify with and enact a more compelling set of values.

To the extent that change is necessary, how it can be put into effect, and what techniques and processes should be used, lies within each unique culture (Murley 1997). Problems encountered can range from contact situations involving values related to codes of surface behaviour to underlying assumptions about power, rank and often religion (Terpstra and David 1991). Management must learn to distinguish between values which are effective and deeply held, as well as the different cultural styles that may mask their presence i.e. values toward time, work, wealth, achievement, and toward change itself.

Success or failure will depend on the extent to which each person in the organisation understands and appreciates the subjective culture of the others and recognises the interdependent nature of service management. The approach will also be dependent on the willingness of management at all levels and divisions to actively support the process, and where the extent of formalisation and departmentalisation cannot now be used as a shield behind which managers can hide (Harris 1996).

3.9 Design



Because work provides insights into workers values and the resultant motivational structures, managers can understand why their subordinates work and why they exert a particular level of effort to their tasks, it becomes very important in making decisions about the design of work organisations (Prasad 1990).
The design of the organisation with its hierarchies and reporting structures has an impact on the norms and values of individuals at different points within it (Wilson 2001). Along

with increasingly global markets and global competition new organisational forms and competitive requirements feature a marketing function with a wide range of responsibility; low levels of formalisation and centralisation; high levels of connectedness; a high level of marketing input into strategic planning; and a developed ability to respond in terms of implementation and design (Hoecklin 1995).

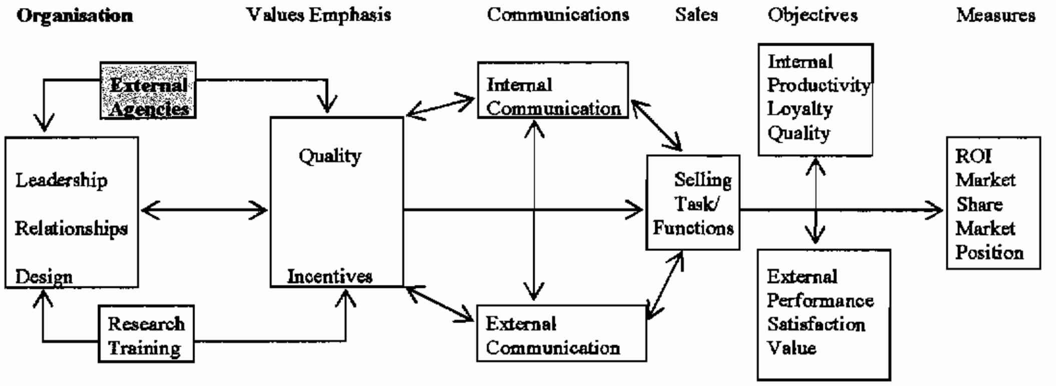
Every organisation has a personality - its culture, which will reflect to a varying extent the vision or mission of the organisation's founders' biases and assumptions and what the first employees learned subsequently from their own experiences. The more employees accept the organisations key values and the greater their commitment to those values, the stronger the culture will be (Robbins and Coultard 1996).

From an organisational design perspective these elements of cultural characteristics can be rated in terms of: Member identity; Group emphasis, People focus; Unit integration; Control; Risk tolerance; Reward criteria, Conflict tolerance; Means-end orientation; and Open-systems-focus; (Robbins and Coultard 1996), and will have particular significance for the design of service operations, in light of the substantive nature and process of the service itself. For example, the amount of labour or people required; degree of client interaction; the extent of customisation. Systematic and structured teamwork is required in order to improve capability and reliability. Reliability is important as it is the ability to continue to be fit for the purpose or function and the design team must invest in any insurance that is practicable to achieve this (Glynn and Barnes 1995).
Such a variety of options should not be considered outside of value. The advantages of a managed control programme will go a long way to developing a better balance between variety and value as a result of the improvements in the way in which the service is offered.

Marketing plays a central strategic role when compared to other functions. It has traditionally wielded the most power when it came to cross-functional areas (Homburg et al. 1999). But a marketing orientation is more than just a function of marketing. It results in placing the marketing function at the top of an organisational hierarchy and accepting that superior customer value is created and maintained only when all functions have the opportunity to contribute (Harris 1996).

Harris (1996) considered the extent of formalisation and departmentalisation not to affect market orientation – the content of rules being more important than their presence, and the interaction of departments being more important than their number. Kohli and Jaworski (1990) found that although market-based reward systems and decentralised decision-making are also considered to engender market orientation, it was the nature of interdepartmental dynamics which affects the extent of intelligence dissemination and responsiveness and where a conflict-reducing market orientation and connectedness played a facilitating role. But employees remain the key to success (Carlzon 1987) especially when the service provider and the customer meet and interact (Norman 1984; Sasser 1976; Tarver 1987). To this end marketers should develop the dynamic equivalent of blueprints for service design (Shostack 1984), in order to design an appropriate organisational structure in response to the need for superior service (Janson 1989). A main feature of which will be teamwork and co-operation among individuals within departments and across different departments in service design and delivery (Bowen and Schneider 1988). A main feature of such a system will be a balance between marketing and other management functions - especially operations (Webster 1978), and personnel (Booms and Bitner 1981).

3.10 Agencies



Is there a role for external support agencies? (Cadogan and Diamantopolous 1995).

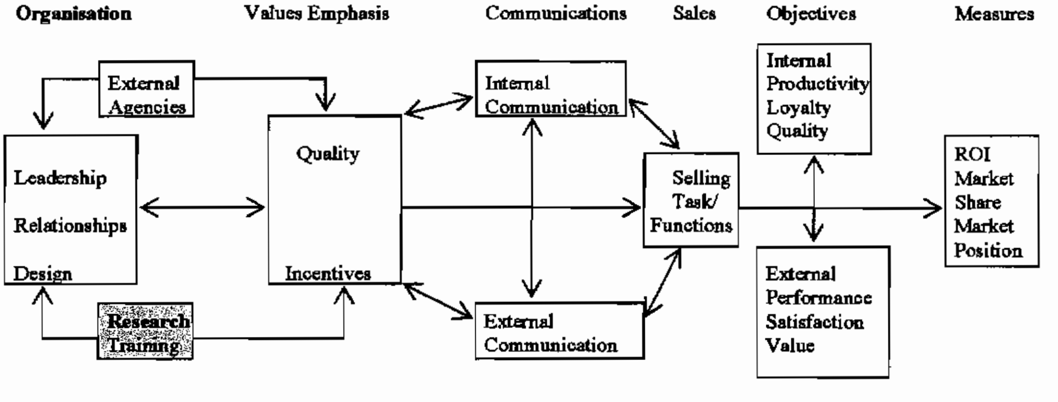
Manufacturers with market-driven cultures tend to work well with intermediaries, in part, because of the value they attach to market intelligence and functionally co-ordinated actions (Frazier 1999). Using a third party is of great value in certain circumstances (perhaps by dedicating a group of staff entirely to their products and services). However an external agency may have difficulty in representing a specific culture and underpinning its beliefs and philosophy to a mixed and varied clientele. They may hold to different goals, with competing roles and rights. Unless the intermediary can replicate their clients' culture in some way, there is an ever-present possibility for conflict over objectives and performance as a result (Murley 1997).

Conflict may arise over costs and rewards. It may arise as a result of difficulty in controlling quality and consistency across outlets. Intermediaries in any service, as agencies of the principle, must be selected, motivated, rewarded, and trained carefully to align their performance level with that of the principal.
Control can have negative ramifications even within intermediaries. But if consistent standards are to obtain, independent ideas must be integrated into and subsumed by the practices and policies of the service principal. Service principals will have tested approaches that involve empowerment rather than control strategies, with the aim of

achieving greater satisfaction and freedom of movement. The benefits however must be weighed against lower consistency and potentially lower revenues (Zeithaml and Bitner 1996).

Neither of the two main protagonists for a market orientation (Narver and Slater 1990) nor (Jaworski and Kohli 1993) directly covers the topic of agency participation in service delivery. In presenting a supportive, representative culture, there is the potential for conflict between the company and its intermediaries. The benefits commensurate from a united and complementary approach will extend to all aspects of service provision and its implications for personnel and their motivation and support needs. For instance, who determines the standards for service delivery – i.e. the franchiser or the franchisee? Who should train a dealer's customer-service representatives? If the question is one of market information, then who will undertake the organisation, management, collection and analysis of market research? And who owns the results? (Zeithaml and Bitner 1996).

3.11 Research



Being market led means the refocusing of management time and effort away from internal systems, procedures and processes towards the most critical aspect of any company's operations - the customer and the market. Emphasis on customers is not an additional task for management; it is the only purpose of management (Harris and Piercy 1997).

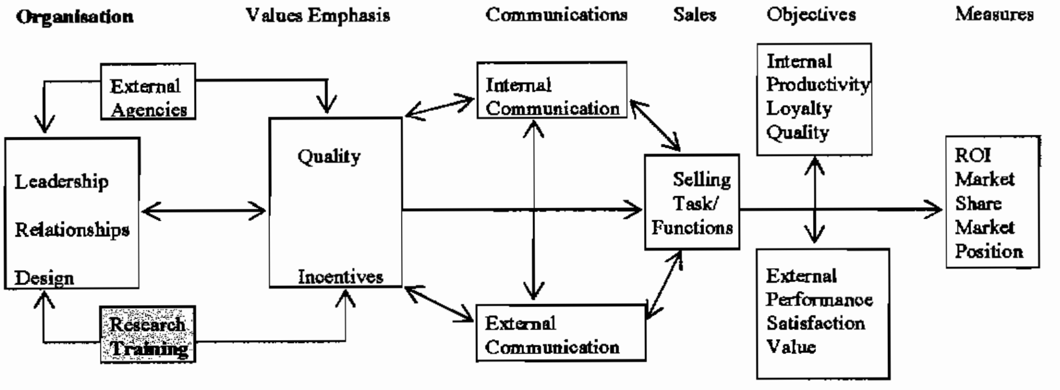
As success or failure of a service firm can be attributed to its management ability to manipulate the customer/server experience (Parasuraman et al 1985), for both the customer and employee to benefit, the company needs to look to every opportunity to differentiate from its competitors, i.e. by developing a customer-oriented, interactive marketing function (Gummesson 1979).

Openness to new ideas and acceptance that change is a critical component to organisational success are likely to facilitate a market orientation (Kohli and Jaworski 1990), just as willingness to adapt and change marketing programmes on the basis of analyses of consumer and market trends is a hallmark of a market-oriented firm. The willingness and ability of top managers to encourage policies and activities will influence how responsive the organisation is to its markets, i.e. how market oriented it is (Meldrum 1996). If top management demonstrates a willingness to take risks and accept occasional failures as being natural, junior managers are more likely to follow suite.

There are differing ways of intelligence generation, formal and informal, internal and external, the dissemination of which will involve horizontal and interdepartmental flows, which also may be formal and informal. Responsiveness or the action taken in response may be considered to be particularly indicative of market orientation as it reflects the activities undertaken as a result of the generation and dissemination of this intelligence.

Based on the view that market orientation (intelligence generation, dissemination and market responsiveness) can best be examined in information terms, Jaworski and Kohli (1993) considered that interdepartmental dynamics and top management, along with organisational systems could act as obstacles to market orientation, but that market orientation appears to be facilitated by the amount of emphasis (including risk taking) placed by top management on market orientation (Harris 1996).

3.12 Training



Culture evolves as a result of the turnover of group members, as well as changes in the company's market environment and general changes in society (Wilson 2001). The ability to survive, grow and adapt to the environment, and internal integration that permits daily functioning (Schein 1992) may be the result of successfully hiring, training, and motivating able employees to serve the customer well (Kotler 1991). So in order to achieve efficiency and satisfaction with the service outcome, some companies have looked to the training of their service providers to a set standard and attempt to guide the customer as to the content of their expectations (Bateson 1989; Engel et al. 1990).

The majority of organisations are involved in some form of training and development activities, often incurring considerable expenditure on courses and programmes with a view to developing executive, managerial and employee skills and knowledge. As higher levels of customer orientation result from favourable perceptions of the organisational climate for service, and higher levels of motivational direction and organisational commitment (Bromfield et al. 1994), why not revise existing courses to achieve the customer focus many companies require? Market orientation infers the concentration of training and development initiatives on those very skills and capabilities that enhance company responsiveness and engender a market focus.
But some managers believe that focusing recruitment and induction procedures on service and customer needs rather than internal systems and qualifications are a drain on

resources. The reason why, is unclear. Why should there be an extra cost? (Harris and Piercy 1997) The process of cultural socialisation arises informally from existing employees and formally through induction training programmes (Wilson 2001). The benefit to services management are self evident when one considers the lesser extent to which management can exercise control over the interpersonal component of customer service which results from the inseparability of the service from the staff member providing it.

Much will depend on the degree of customer/ seller contact, and the policy of the company. To achieve efficiency and satisfaction with the service outcome companies have looked to the training of their service providers to a set standard, and to guide customers as to their expectations in order to bring their demands more in line with what the company can offer (Bateson 1989). If all staff are covered by the same human resource system and supporting culture, it may bring about a reduction in labour turnover and enhance the quality of the service. Such policies may be costly in relation to the overall pay of the staff involved, but have commensurate returns regarding customer/employee satisfaction ratings and ultimate return on investment. Alternatively, a low-cost set of policies will result in the presence of relatively low paid, poorly committed personnel, and with a corresponding high-turnover of staff (Zeithaml and Bitner 1996; Willman 1989).

Managers have control over a range of factors that apparently affect cultural transmission and solving cultural problems by external adaptation and internal integration has worked well enough to be taught to new members as the correct way to perceive, think and feel in relation to those problems (Harris and Piercy 1997). The most important of these are recruitment, formal socialisation procedures and the turnover of employees (Wilson 2001).

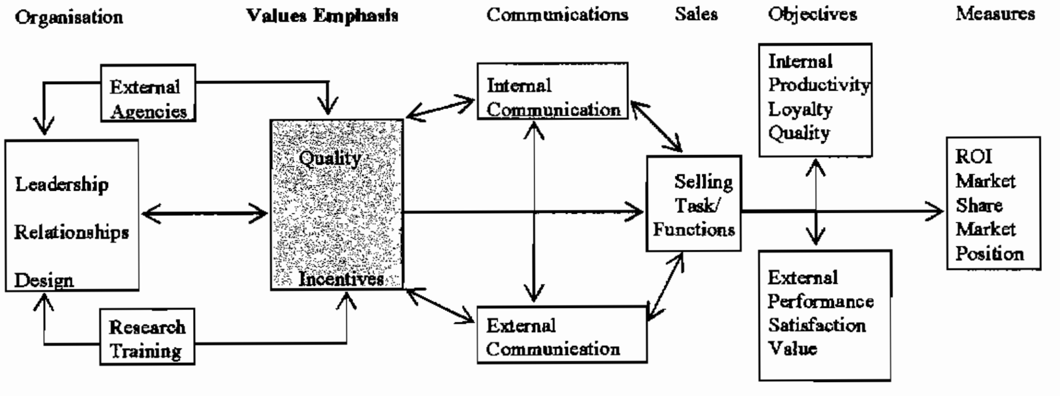
Every organisation will aim to recruit staff with basic skills that will enable them to perform the tasks expected of them, defined by their job specification (Hoecklin 1995).

The approach may involve going beyond intelligence and technical ability measures to include other criteria such as manual dexterity, height or physical attributes etc, (bearing in mind discrimination) as required by police, airline cabin staff and such. As a result of positive policy by management or by default, in time, staff will conform to a company culture, which may or may not be task-related. However if left unsupervised, groups have the potential to aggravate the problem of maintaining consistent standards of service (Coyne 1989), a problem exacerbated when the service is delivered at multiple sites or is performed at a distance (Lowton 1989).

A shared corporate culture comes from the non-randomness of corporate recruitment, with the screening of candidates. By attraction and training or by attrition, members of the corporation are likely to share the corporate culture, within which many subcultures may satisfactorily co-exist and interact i.e. along occupational, functional, product or geographical lines (Terpstra and David 1991).

It is up to service personnel to provide the elements that make up satisfaction for the client and which give rise to impressions of quality of service (Berry 1988; Parasuraman et al 1988). Service personnel are dependent, amongst other things on the structure of the organisation, the nature of the task and the varied abilities of their colleagues [and their own], to satisfactorily meet the demands placed on them by their customers (Janson 1989). Such an approach requires the communication of appropriate objectives and roles of personnel. Appropriate recruitment, orientation and training of personnel are critical if the company is to provide the best possible level of service. Such an internal marketing programme may be delivered directly through formal training programmes or indirectly through approaches designed with improving employee morale in mind thus improving the quality of service delivered by staff (Cochen 1989).

3.13 Values



While the marketing structure of the company is likely to be influenced by the product/service, its stage of development, market sophistication or demand, in addition to management's desire to achieve a marketing orientation (Berry 1981), it will reflect the value placed on the service; the ability of management in measuring this; and provision of the requisite type and level of service in line with competition (Bateson 1989).

Value represents a heterogeneous set of normative factors, which are viewed as an integrating element and can be used in explaining the differences between cultures, as a consequence of the similarities and variations in the value systems.
The plethora of definitions for value is almost as extensive as for culture, most of which are structural concepts and empirical generalisations primarily intended to map the culture in cognitive terms for the outsider and to help depict the culture as a system. For example, anthropologists have described values in many ways, including culture 'themes' or 'cultural premises'; 'unconscious assumptions' 'configurations'; 'value orientations' and 'world-view' (Ronen 1986).
However agreement exists on some of the fundamental characteristics of values: they are abstract principles or information networks, implicit or explicit, which are judgements in their manifestation: they are conceptions of the 'desirable' and implicitly entail in varying degrees, commitment toward action which affects the selection from available means and ends of action.

Unless a company grasps what the customer expects, meeting requirements is random and unfocused. Company effort is wasted on service issues that are unimportant, and critical requirements may be overlooked (Zeithaml and Bitner 1996). A firm's resources or competency is a basis for sustained competitive advantage when it provides value to customers and is difficult to imitate (Barney 1991; Day & Wensley 1988).

The customer value creation strategy of a firm substantially influences the scale, scope, and types of activities in which it engages, including the establishment of appropriate market objectives, and the selection of the specific market segment(s) to be targeted. It also includes the creation of a value proposition that establishes a position of competitive advantage, and the development of capabilities that are necessary to understand customer needs and deliver the promised value. A customer value-based theory of the firm would indicate that superior performance accrues to firms that have a customer value-based organisational culture. One that is complemented by being skilled at learning about customers and their changing needs and at managing the innovation process, and that organise themselves around customer value delivery processes. However profitability is conspicuously absent as a component of a customer value-focused business culture.

Values form a central part of the human personality and therefore may significantly influence one's performance. Front-line service workers are asked to be both effective and efficient: they are expected to deliver satisfying service to customers and at the same time be cost effective and productive* (Zeithaml and Bitner 1996). To allow for organisational values to translate into a core theme of a customer-focus throughout the company requires an integration of effort through objective management.

This means that tasks and functions are performed in a complementary manner in order to identify with the needs of staff in delivering what the customer values. In particular the marketing structure will reflect the value placed on the service offering, by the customer, and the ability of management to measure this (Bateson 1989).

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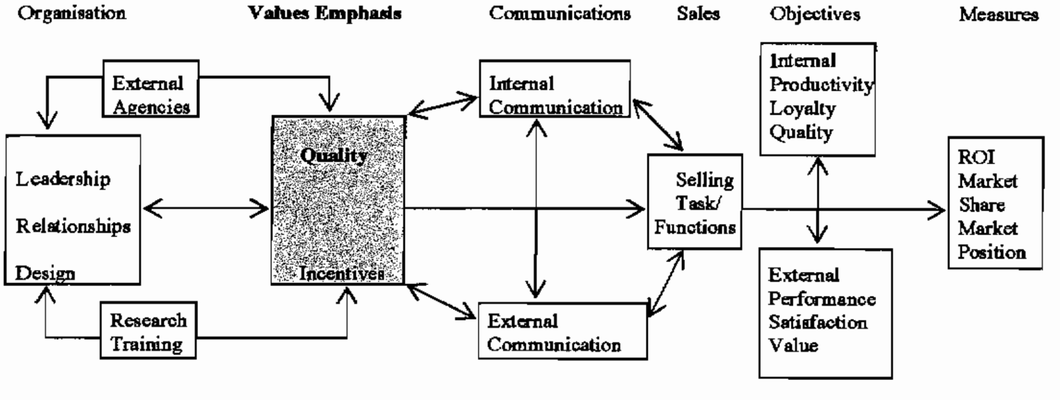
*Although technology can be used to balance the quality/quantity trade-off, given the demands, conflicts, and pressures of service jobs, an ongoing difficulty is how organisations can ensure efficiency and effectiveness and maintain a service-oriented work force (Zeithaml and Bitner 1996).

Perceived value - the customer's overall assessment of the utility of the product – is based on perceptions of what is received and what is given (Zeithaml and Bitner 1996). The organisation commitment is to the idea of total customer service. This involves encouraging the staff to internalise a set of values, incorporating greater concern and caring for the customer, and which generally entails an attitude and behavioural change on the part of employees. Each company will have its own emphasis on what various components of customer service are important, with some trying to formalise the process more than others (Harris 1998).

3.14 Quality



Quality thinking in the modern sense is not only a revolution in quality management but also a rejuvenation of marketing orientation (Gummesson 1999).
Service quality is a focused evaluation that reflects the customer's perception of the specific dimensions of service. Customers have perceptions of service for various objects, from the most specific (a single service encounter) to the very abstract (an entire industry).

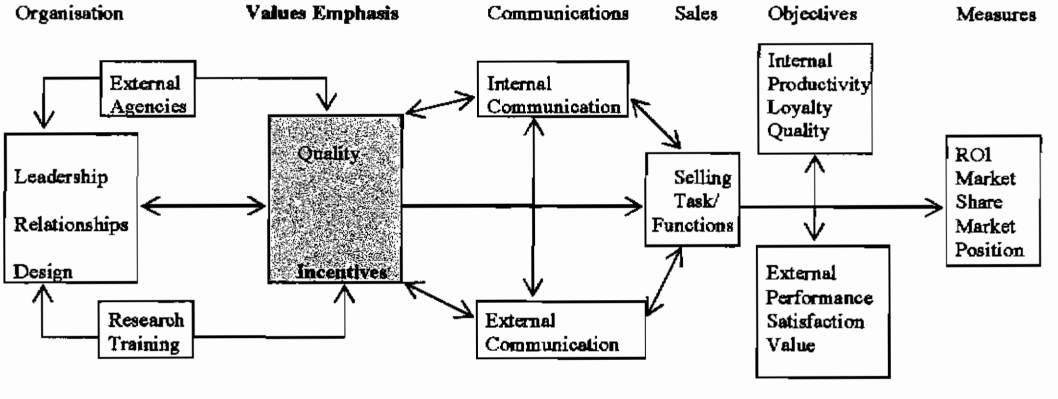
Because the actual service encounter is so rooted in a personal experience, assessment of quality is necessarily going to be largely intangible in nature. But every effort should be made to establish standards and performance measures, not only for management control, but also to improve the service encounter (Murley 1997).

Satisfaction is derived from the level to which customers expectations are fulfilled. It is influenced by perceptions of service quality, product quality, and price as well as situational and personal factors. In order to create a quality service experience for consumers, organisations must create a quality service experience for their employees, featuring membership, socialisation, identity, and structure, (Cowell 1986) and which may be expected to change over time and performance. It is likely to involve a compromise between partially conflicting parties -the customer, the server and the service firm, where each will have their own objective arising from the experience (Bateson 1989).

Sometimes there is simply no culture of service quality, and management genuinely fails to understand the issues involved. In other cases, management may wish to meet customer requirements but feel hampered by insufficient methods of measuring quality or by converting those measurements into standards. They may believe that because of the difficulties in attempting to write specifications for particular employee behaviours, that a quality measurement is not worth the effort (Hoffman and Bateson 1997).
But the creation of a customer centred culture means giving those responsible for satisfying clients, the responsibility, and authority to make the necessary decisions (Parasuraman et al. 1985), as it is by meeting or exceeding customers' expectations that gives rise to sales and profits. The culture will consider both internal and external customers, by addressing the issue of quality (incl. productivity, profitability and innovation) as a total performance management (Lowton 1989). Internal marketing will be directed at producing and maintaining a motivated and satisfied group of employees. These in turn will support the company's external marketing objectives and work toward ensuring quality, productivity and efficiency. Thus empowering employees and encouraging them to exercise discretion can have a positive impact on customer satisfaction and service quality (Kelley 1992). It may even be to the company's benefit to dramatise elements of the service in some tangible way; in order to get the customers to recognise the work done (Moutinho 1991).

Problems with customer service may be detected through a company's marketing research programme and reveal the company's position in the market and in particular consumer perceptions of its service. As one gets closer to the point of contact with the customer, greater attention must be paid to the issue of quality control - through training based knowledge, external search activities (other employees or manuals), and the application of an appropriate strategy prescribed by the organisation for specific circumstances (Schein 1992). This may be achieved by putting in place programmes to ensure that quality meets the standards of the organisation and its target customers (Albrecht 1988). In so doing the company must maximise the interpersonal interaction with its publics, and of front-line staff in particular (Harris 1998).

3.15 Incentives



There are two sides to the valued service quality equation – expectations and perceptions (Pitt & Money 1994), and these involve three dimensions of expectation management: keeping promises; marketing orientation and employee skills.

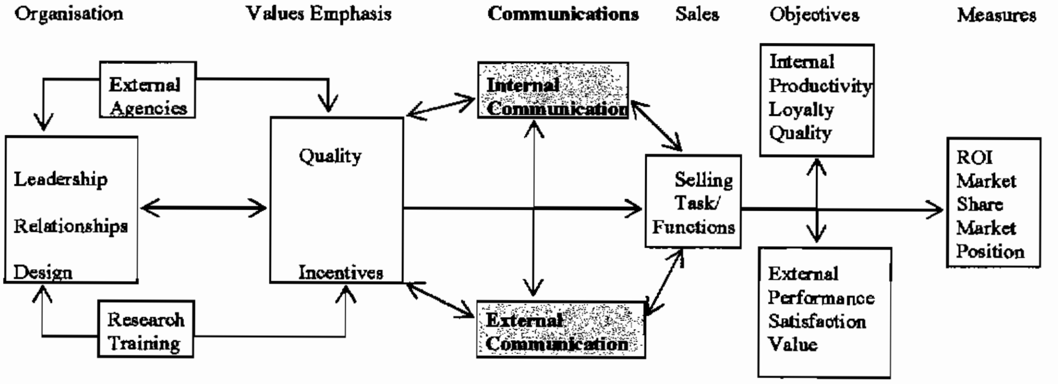
Employees learn from their own experience just what the organisation values for promotions and salary increases, as well as what the organisation punishes. Reward and control systems reinforce behaviour that is deemed pivotal to success in the organisation (Wilson 2001).

But as major influences on orientation, the most tangible aspects of an organisation's culture are the artefacts or creations of an organisation (Schein 1985). These include: formalised security conscious systems, structural barriers, and esp. reward systems, emphasising the positive link between payment systems and measures of customer satisfaction, and as a consequence, the greater the level of market orientation (Harris 1996).

Given that what matters is company performance in the delivery of service and service quality to satisfy customers, the costs of such a market orientation cannot be more than the cost of running systems which do not lead to the behaviour of employees that enhances business performance in the marketplace (Harris and Piercy 1997).

From a recruitment and training perspective, it has been seen that employee skills can be 'trained in', developed, and honed, and contribute to explaining the greater part of variation in performance. Many firms do not use employee reward systems as a way of managing expectations, and may not make it up to customers for mistakes made by the firm (Pitt and Money 1994), so limiting a potential overall reward to the company reflected in its collective survival and continuance relative to its competitors.

3.16 Communication



The explicit role of top management is in the formulation of organisational identity, and which is communicated to organisational members. The way organisational members are

perceived and perceive themselves is in response to their external contacts, but is interpreted and enacted by them based on cultural patterns of the organisation, work experiences and social influence and from external relations with the environment. The consequence is that the identity of the organisation will be compared with its image and any comparisons communicated throughout the firm (Hatch and Schultz 1997).
One of the primary challenges faced by an organisation stems from the breakdown between their internal and external communications. (Please see Communication theme 7.4). The firm must communicate with its employees, suppliers, customers, distributors and a host of external agencies, but as the organisation becomes more complex, management tends to become more distant from customers and the day-to-day activities (Hoffman and Bateson 1997).

As everybody is in service, the way in which a company treats its customers represents an important area for differentiating itself from its competitors (Albrecht 1988).
Conflict through miscommunication may arise as a result of differences in terms of personalities, orientations, or values. With values being the most important variable that influences the effectiveness of communication, they determine which ways of communication, whether verbal or non-verbal. As a consequence, differences in value systems are likely to distort communication effectiveness (Zeithaml and Bitner 1996). In areas where miscommunication can occur, consumer education programmes and campaigns may be very effective in creating a good image for the company, as it is in negotiations and mass communication that most mistakes take place (Hoecklin 1995).

The proper treatment of customers requires one to sell to the staff, their role in providing customer satisfaction (Gronroos 1989), even though it is frequently not performed by the whole firm, but by departments, groups or functions within it. For service firms in particular (Berry 1980), internal marketing may be used to develop and maintain a service culture, i.e. new products and new marketing activities (Pitt and Foreman 1995). Such communication of appropriate values and attitudes to staff may take on formal or informal dimensions; but whatever the form and content, the aim is to help employees understand and internalise the objectives of the customer service programme.

Most service organisations will have the rudiments of internal communication or internal marketing systems, (reflected in the value-added chain), where internal customers exist and the customer-supplier relationship are between employees inside the company and in the application of marketing know-how to personnel (Gummesson 1991). But the level and type of response is likely to be a function of the characteristics of the source as well as a function of such factors as political acceptability and the extent to which it challenges the status quo. As a result, the source and its very nature may affect its dissemination and utilisation (Kohli and Jaworski 1990).

From both an internal and/or external communication perspective in services marketing, personal sources are of special importance. In particular, word of mouth references, especially opinion leaders. An opinion leader (whether by word of mouth or not), can be viewed as a source of reduced social risk, conveying information to others in their mutual social group. In this way, uncertainties can be reduced by way of recommendations from someone whose judgement the consumer trusts (Hoffman and Bateson 1997).

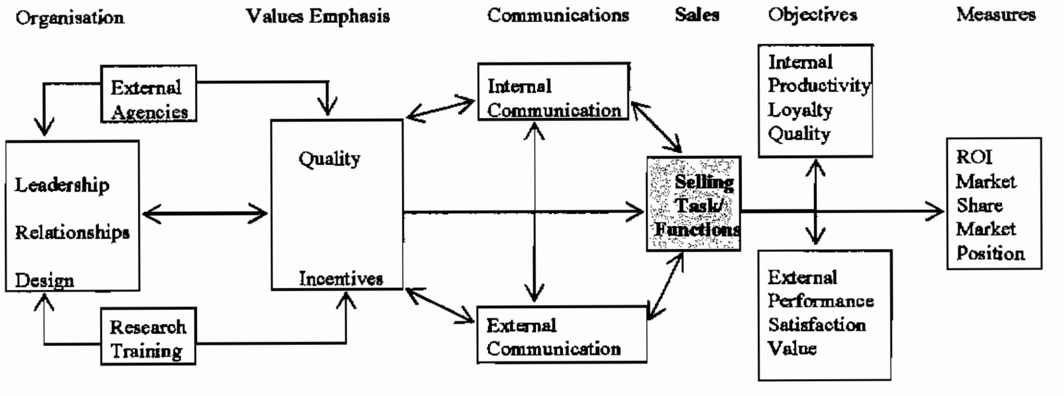
By regulating communications within and outside the organisation, companies can minimise the size of the gap between what a firm promises about a service and what it actually delivers. The traditional functional structure may obscure this end-to-end process that permits the company to project just when work will be accomplished or whether the service to be delivered will match what has been promised. Customers and employees are not always aware of everything done behind the scenes to serve them well or fulfil what they expect. Communications about customer needs or actions to address them can be lost in the complex network of interactions. Factors contributing to this particular gap include inadequate management of service promises, over-promising in advertising and personal selling, insufficient customer communication, inadequate horizontal communication, particularly among operations, marketing, and human resources, and differences in policies and procedures across distribution units (Zeithaml and Bitner 1996).

Because service advertising and personal selling promise what people do, multiple functions, such as marketing and operations, must be co-ordinated to achieve the goal of service provision. If company advertising and promises are developed without input from operations, contact personnel may not be able to deliver service that matches the image portrayed in marketing efforts.

Also needed are horizontal communication between the sales force and service providers, and between the human resource and marketing departments. As a result firms must inform and motivate employees to deliver what their customers expect, through training, motivation, and compensation (Zeithaml and Bitner 1996).

A market-oriented culture requires the communication of appropriate objectives (corporate, divisional or operational) and the strategy to be followed, as well as the roles of personnel and client (Zeithaml et al. 1988).
Appropriate and accurate communications about services is the responsibility of both marketing and operations. Marketing must accurately reflect what actually happens in service encounters: operations must deliver what is promised in communications. In promoting and differentiating the service, the company cannot afford to raise expectations above the level at which its consultants consistently perform. If advertising, personal selling or any other external communication sets up unrealistic expectations; actual encounters will disappoint both staff and customers alike (Zeithaml & Bitner 1996). From an organisational perspective internal marketing will yield teamwork and co-operation among individuals within departments and across different departments in service design and delivery (Bowen and Schneider 1988; Kotler 1991). A positive emphasis on teamwork encourages communication, reduces conflict and aids functional integration (Jaworski and Kohli 1993). In addition the greater the communicated belief in the value of broad cross-functional teamwork, the greater will be the degree of market orientation (Harris 1996).

3.17 Sales



The true concept of marketing can only be achieved when customer orientation is considered to be a working philosophy for all of a firm's employees (Castro wt al 2005), and that a market oriented culture only becomes alive when all members of an organisation become involved (Gummesson 1991) front-line employees play a major role (Harris and Ogbonna 2000), in that it is their ultimate responsibility to provide the elements that make up satisfaction for the client and which give rise to impressions of quality of service (Berry 1988; Parasuraman et al. 1988). Such service personnel are in turn dependent on the structure of the organisation, the nature of the task, and the varied abilities of their colleagues (and their own), to satisfactorily meet the demands placed on them by their customers (Janson 1989).

As noted, a good understanding of customers' needs and the ability to provide consistent and dependable service are achieved through internal marketing and continual investment in employee quality and performance; that because the reputation and credibility of the service provider and customers perceived risk are interrelated, when problems occur, good service recovery can win customer purchasing and loyalty. The strategy will involve satisfying employees as well as customers, through support and reward, through empowerment, customer obsession, commitment to quality, high service quality standards, watching service performance closely (Parasuraman et al 1985; Kotler et al 1997).

A critical feature of service rests on control of the offering at the transaction points across a possibly diffuse corporate environment. The internal strategic service vision, quality control of service product and delivery and commercial success are all interconnected, the strongest mechanism being corporate culture, i.e. put people first (Akehurst 1989). The service operation concerns creating and delivering the services to the customer whose inputs will include people, physical evidence and service process. The process will involve a) interactions between the service providers contact persons (the front-line employees) and the customer, b) an interaction between the customer and the provider's physical environment and tangible products; and c) interaction between the customer and the provider's systems and routines (Gummesson 1991). The management of which will include planning of capacity, including the customer role, provision of services and the creation of the appropriate environment (Johnston 1989).

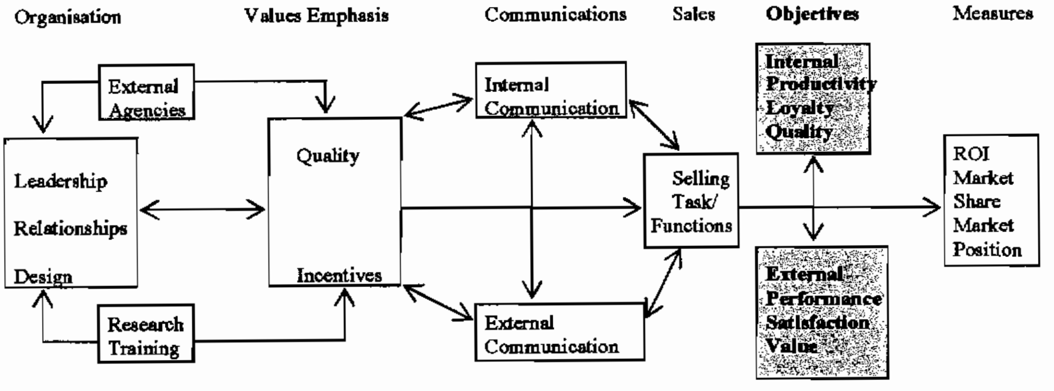
The customer will judge the quality of the service and form an attitude to the provider from the experience during the production/delivery process. As the service provider's are in direct contact with the customer, natural points-of- marketing will occur which may be used to the advantage of the servuction process (Eigler et al. 1977).
The simultaneous delivery and receipt of services brings employees and customers physically and psychologically close, so policies and procedures cannot be hidden from the customer. There is no room for quality control (Webster 1995). Also because the experience consists of a number of dynamic interactions, a defect in one may affect the customer's perceptions on a whole array of attributes (Kasper et al 2002). The reason is that the outcome results largely from attributes comprising the service experience, which being open to the customers and to environmental factors are unlikely to be completely under the control of the service organisation. As a result there is a potential conflict for control between the firm, the contact personnel and the customer (Bateson 1989).
Serving a critical function in understanding, filtering, and interpreting information and resources to, and from the organisation, front-line service employees (boundary spanners) provide a link between the external customer and environment and the internal operations of the organisation. The positions are often high-stress jobs, requiring in addition to

mental and physical skills, extraordinary levels of emotional labour which frequently demands an ability to handle interpersonal and extra-organisational conflict, and call on the employee to make real-time trade-offs between quality and productivity on the job (Zeithaml and Bitner 1996).

The importance of personnel in the marketing of services is captured in the people element of the services marketing mix. People encapsulate the service. As full or part-time marketers they are seen to personify the service in the customers' eyes, even in cases where the sales employee works in concert with supporting staff, and hence doesn't perform the service entirely as the organisation in the customer's eyes (Zeithaml and Bitner 1996).

Achievement of a customer orientation is impossible if the employees of an organisation do not perceive themselves as being there to serve customers, or recognise that the only reason for their being employed is to help the organisation create value for customers and hence achieve sales and is not seen as just a platitude (Judd 2003).
Service industries typically do not apply rigorous process design standards although service marketers have special opportunities to incorporate customer's needs into the design and delivery of services. Where there is a focus on quality and profitability, some form of measurement is required to establish a link between customer satisfaction on the one hand, and internal measures of efficiency and employee compensation on the other (Fisk et al 1995).
The dilemma is between developing a market oriented culture with resulting customer satisfaction, while at the same time, maintaining employee satisfaction, in that pursuing customer satisfaction might not always be compatible with employee wellbeing and satisfaction. Putting the customer first may involve a relegation of employee satisfaction to secondary importance (Harris and Ogbonna 2000). A second point is the reconciliation of the short-term need satisfaction of customers in a manner which does not conflict with the profit objective of organisation.

3.18 Objectives



A point well established is that the service culture of a firm is instrumental in reducing the gap between specifications and delivery, and improving consumer's perceptions of service quality (Zeithaml & Bitner 1996; Deal and Kennedy 1982; Pascale 1986; Peters and Waterman 1982; Sathe 1983; Schneider 1980; Webster 1992).

The culmination of all this effort is profit, which the organisation is attempting to achieve and which comprises the objective deriving from the satisfactory performance of each of the elements referred to as giving rise to organisational culture.

Viewing the firm as a total system, effectiveness arises from the interaction of structure, systems, style, staff, skills, strategy and shared values (Peters & Waterman, 1982; Hollensen 1998; Szymanski, Bharadwaj, & Varadarajan 1993). Any point in the chain affords an opportunity to create value and where any individual in any function can potentially contribute to value for buyers (Porter 1985), although this may be politically, legally, and logistically problematic (Clark et al 1996). There is an integration of activities with leadership roles accorded to marketing so underlining a customer focus through co-ordinated marketing, and resulting in profitability (Kohli, Jaworski & Kumar 1993). Thus a marketing oriented culture is a strategy that reflects a mutually consistent unification of goals, objectives and policies. As it leads to superior performance, it yields a commensurate return in sales.

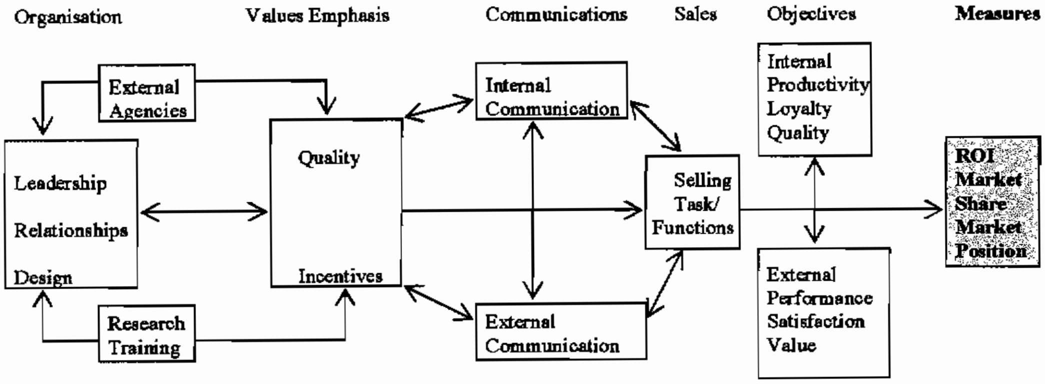
The costs in the drive for profitability are investment in people, support technology, recruitment and training practices, along with compensation that is linked to performance. In turn performance measurement techniques will consider and possibly reflect the impact of employee satisfaction, loyalty, and productivity on the value placed by both employees and customers on the services delivered (Heskett al 1995).

Operational success is achieved by focusing on superior customer value; converting satisfaction to loyalty; energising and retraining employees; anticipating competitor moves; and viewing marketing as an investment not a cost (Slater and Narver 1994). In pursuing such a strategy, appropriate objectives and roles of personnel and client needs to be communicated (Zeithaml et al. 1988), but negotiations and mass communication are where most mistakes can occur. So in order to achieve efficiency and satisfaction with the service outcome, training and guidance will communicate to service providers an objective set of standards by which they and the organisation will be measured and bring the company more into line with what the customer demands (Bateson 1989; Engel et al 1990).

The marketing structure of the company and the rules for service will reflect the value placed on the service offering, and the ability of management to support their executives in the provision of the requisite type and level of service (Bateson 1989).

Creating a culture with both 'internal and external' customers can be achieved by objectively addressing measures of quality, productivity, profitability and innovation (Lowton 1989). It also means giving those responsible for satisfying clients the responsibility and authority to make the necessary decisions (Parasuraman et al. 1985)

3.19 Measures



The many varied and even conflicting concepts of culture make it difficult to test some of the basic assertions about the relationship between organisational culture and business unit performance (Webster 1994). Information and its use are at the heart of market orientation (Dreher 1994). That is, a company can be market oriented only if information on all important performance measures permeates every corporate function (Shapiro 1988). Information will comprise the audit to be used to measure marketing effectiveness and/or differences in performance of executives, departments, or firms and to improve the firm's marketing orientation. It is not intended to replace the marketing audit that would usually be carried out as part of the marketing planning process. (Payne 1988).

If profitability is an underlying component of a strong marketing culture (Kotler 1988), then by implementing the marketing concept, profitability is a consequence of that marketing culture (Levitt 1969; Kohli & Jaworski 1990).
Where the organisation aims all its efforts at satisfying its customers at a profit (McCarthy and Perrault 1984), its effective implementation requires that specific activities translate the philosophy into practice, and the benefits these will be measured in terms of ROI, profits, sales volume, market share, and sales growth, amongst others (Kohli and Jaworski 1990).

The more complex and obscure the performances and interactions of employees and customers, the greater will be the necessity to clarify that relationship and the expected outcome (Bowen and Jones 1986; Jones 1987). For example, Pelham and Wilson (1996) considered that a firm with a strong culture can provide cohesiveness, focus and discipline thus influencing levels of profitability, possibly as a result of enhancing customer-satisfaction. Jaworski and Kohli (1993) concluded that there appeared to be a significant correlation between business performance and market orientation when overall performance is assessed using judgmental measures, but that market orientation was not found to be significantly related to performance using the more objective measures (i.e. market share). (The reason offered was that smaller organisations often out-performed larger companies and that a time lag affects the link between market orientation and market share). Further links have been claimed between organisational culture and business performance, where market orientation was one sub-component of culture (Webster 1994; Deshpande, Farley and Webster 1993); that the type of marketing culture a service firm has is strongly related to that firm's level of productivity (Webster 1988), and that culture influences most aspects of individual manager's decision-making including their ethical behaviour (Vitell, Nwachukwu and Barnes, 1993).

Part of the difficulty of conducting research into a customer-oriented, market- driven enterprise is in identifying operational measures of organisational culture, and that elements that can support or become barriers to market orientation, are all different components of organisational culture (Harris 1996).
The conditions that give rise to a sustainable competitive advantage in the first place may offer some explanations as to why a market-oriented culture may be more important in certain industry situations (Lado et al 1992). For example companies with cultures that stress competitiveness and entrepreneurship outperform those with cultures that stress internal cohesiveness or rules (Lebas and Weigenstein 1986; Berthon, Pitt & Money 1995), and where there is a difficulty in copying (Porter 1985). But Narver and Slater (1990) concluded that the extent of a company's market orientation is significantly related to company performance whatever the business environment conditions (Harris

and Piercy 1997), and that the environment does not appear to affect the link between orientation and performance in a direct fashion (Harris 1996).

According to Willman (1989), a marketing culture can focus on the marketing concept, on innovation, on technical advancement etc, but where the concept encompasses profitability, profitability is expected to be the consequence of a strong, appropriate, and consistent marketing culture (Webster 1992). The reason suggested is that culture makes a difference internally - to a company's staff- and externally - to a company's competitors, suppliers and customers (Murley 1997). Studies have suggested that organisations with strong cultures that are strategically appropriate and have norms that permit the organisation to change actually do perform well, although different functional units may require different types of culture (Moorhead and Griffin 1998). Examples include productivity (Webster 1988) and image (Thomas 1978).
According to research the effectiveness of organisational culture can be manifest in a number of ways, including: selling effectiveness, (Weitz, Sujan and Sujan 1986); managerial effectiveness (Parasuraman and Deshpande 1984); implementation of marketing strategy (Walker and Ruerkert 1987); and customer orientation (Bonoma 1984; Deshpande and Parasuraman 1986; Webster 1988).
Each department considered in the conceptual model, be it internal or externally oriented, may be looked on as a 'service activity centre' and requires an understanding of the context within which the organisation operates (Adams and Lokbourne 1989). The model outlined refers to the major task input into the service process in order to follow a sequence of service production (Zeithaml et al. 1988). The emphasis is on co-ordination in order to ensure synchronisation of tasks over the time period of buyer/seller interchange (Booms and Bitner 1981), and which will yield a measurable performance (Parasuraman et al. 1985)

3.20 Managerial Implications

Given that marketing orientation factors are largely controllable, they can be altered by managers to improve the market orientation of their organisations. The focus is on specific activities rather than philosophical notions, thereby facilitating the operationalisation of the marketing concept. Prior research has indicated specific areas, which may impacted upon as a consequence (Kohli & Jaworski 1990)

Communications: The findings suggest that senior managers must themselves be convinced of the value of a market orientation and communicate their commitment to junior employees. This is evidenced also by the comments made in the qualitative survey (Ch 8.4), backing up the role of leadership in the development and management of a market culture (Ch 2.9 & 3.7).

Relationships: Also identified are interdepartmental dynamics that can be managed through appropriate in-house efforts to foster an understanding of the personalities of managers on other departments, their culture, and their particular perspectives. Again this is evidenced by comments made in the qualitative survey (Ch 8. supporting the theories referred to in Ch 3.1 & 3.8).

Organisation: The impact of structural factors such as formalisation and centralisation is unclear because, although they appear to inhibit the generation and dissemination of market intelligence, these very factors are likely to help an organisation implement its response to market intelligence effectively. (See also Ch 3.6). How an organisation structures itself appears to depend on the activity involved. Senior managers can help foster a market orientation by changing reward systems from being completely finance based (e.g. sales, profits) to being at least partly market based (e.g. customer satisfaction, intelligence obtained). Simultaneously, informal norms such as the acceptability of political behaviour in the organisation should be changed to facilitate concerted response by the departments to market developments.

Dominant culture: Change takes place slowly. There are different values as a result of different departments and differing age profiles (Ch 2.3 & 2.4 and 8.5 & 8.8). The balance of power across departments must be managed carefully, the marketing department typically having a larger role, by virtue of its contacts with customers and the market. For any change to take place, an organisation must first identify and acknowledge a gap between its current and its preferred orientation.

Research: Simply engaging in market oriented activities does not ensure the quality of those activities, i.e. the market intelligence may be suspect; marketing programmes may

be poor (Ch 3.11).This generation of market intelligence is not the exclusive responsibility of the marketing department. Rather, individuals and departments throughout an organisation collect market intelligence. It may be through a variety of formal and informal means. This includes primary and secondary data collection; meetings and discussions internally and externally; analysis of sales reports; world-wide databases; customer attitude surveys, and sales response in test markets amongst others, the methods varying as evidenced in the qualitative survey (Ch 8).
Values: Selective integration of cultural elements may lead to attainment of competitive advantage through innovation, unique corporate cultures, management of customer perceptions, product image and brand equity. Such a process of integration across cultures will depend upon selection and transference of beneficial cultural symbols, practices and experiences from one culture to the next. (Ch 3.13 and 8.5).
Leadership: The culture of an organisation and the attitude of its leaders are key predictors of success or failure (Ch 3.7). If the culture and attitude are attuned to the acceptance of change, experiment, and learning, then the organisation has the potential to become a winner by becoming customer-driven.
Training: Personnel specialists need to gain a far better understanding of marketing and marketers need to become better human resource practitioners (Ch 3.12). The reason being that potential problems in achieving integrated marketing arise from executive inexperience through poor functional integration, lack of ability, and possibly irrational behaviour.
Marketing is not only part of operations. Many staff and support functions include an element of marketing as well. In most firms a large number of employees have something to do with marketing. These employees may be in direct contact with customers, while in other cases, they may influence customers only indirectly. Such persons must realise that in their inter-firm functions, the operations of which depend on their service orientation, are in fact comprise their own internal customers (Ch 2.17). They may even be considered as part-time marketers. Too often they do not realise that they have this role as well and management may fail to understand the dual responsibility of many groups of employees. (See also Ch 8).

3.21 Summary

Back in 1990, the Marketing Science Institute called for the needed integration of research streams designating the understanding of customer-oriented organisations, including the underlying cultural factors, as one of the highest priority research topics (Marketing Science Institute 1990). The study of the consequences of market orientation has almost exclusively focused on its final effect of the company's performance, but the way this relationship develops remains relatively unexplored and requires further development. This situation is more critical in the service industry (Castro et al 2005). Therefore it has been necessary to give consideration to the mediating variables in the market orientation-performance relationship in view of the heightened interest in measuring and understanding business performance (Webster 1993), especially as it relates to market share, product quality, sources of competitive advantage, and industry structure (Porter 1980, 1985). Kohli and Jaworski (1990) and Narver and Slater (1990; 1991) considered market orientation to be an important determinant of profitability for large and small but not medium sized firms: (Narver and Slater 1990), and to be related to sales growth but not return on investment (Narver et al 1993). Jaworski and Kohli (1993) indicated market orientation to be an important determinant of overall performance but not of market share. The latter's study identified a number of organisational characteristics (top management emphasis, low interdepartmental conflict and high connectedness, and control systems that reward employees for customer-oriented behaviours) that may act as antecedents to a market orientation. Subsequent studies have extended on this work by examining alternative characteristics that may differentiate firms with a high level of market orientation from the average firm (Pulendran et al 2003).

Many resources generated through and underpinning marketing activities are considered potentially significant in generating competitive advantage, including that of market orientation (Deshpande 1999). These may comprise many alternative variables which as an organisational attribute, tangible or intangible, physical or human, intellectual or relational, can be deployed to achieve competitive advantage. Typically they are considered to be idiosyncratic to the firm, having been built up over time with a reliance on tacit knowledge and skills, and involve complex relationships with other resources (Hooley et al 2005). So firm factors, not industry factors, are considered to be the most significant predictors of firm performance where firms need to be market oriented to perceive market developments and respond to change. This is challenging for firms in both quiescent and turbulent markets in that the theory, if not practise suggests that the individual organisation may set about designing and implementing a policy of market orientation which presents itself as a valuable competitive variable. Therefore customer orientation advocated by the marketing concept and which is implemented through market orientation is a strategic imperative in highly competitive markets where firms should not only try to perceive and meet customers' needs but should do so faster than their rivals. Market orientation can thus be seen as a prerequisite to the formulation of effective competitive response and innovation, where knowledge and consumer insights are likely to flow from a culture of market orientation within a firm (Malhotra 1999). As culture may affect how organisations are designed, culture may also affect the structure and systems that are identified as antecedents of market orientation.

Research suggests that interdepartmental conflict may also be an important determinant of market orientation. Comparisons of organisational behaviour in different countries or cultures have primarily been related to differences in motivational factors reflected in work attitudes and goals, where market-based reward systems play an important role in countries or cultures that value individual performance. For example, national culture may also affect management style, symbols, and processes (Clark 1990; Hofstede 1981). Research in the U.S. found that top management, interdepartmental relations, and organisational systems were related to market orientation, although in the research it was assumed that the same antecedents would explain market orientation with an equivalent strength across country context (Kohli and Jaworski 1990). In this study, a broadly similar approach is taken in that national (or regional) culture is viewed as a variable exogenous to the organisation, affecting and reinforcing the norms and behaviour within the firm equally (Deshpande and Webster 1989).

A further strategic aspect of organisational culture is that it may be possible that culture as a control measure could replace rules-based control (Webster C.1995). As organisations undergo productivity decline they search for new ways of managing employees i.e. is clan control superior to cost/performance-oriented marketing control, does it vary by country or region? (Lebas and Weigenstein 1986)

While customer satisfaction is not new to business, what is at issue is what should the survey measure. Because of the characteristics of services, any attempt to develop an objective measure is fraught with difficulty as quality evaluations are not made solely on the outcome of service; they also involve evaluations of the process of service delivery (Parasuraman and Deshpande 1984).

A market orientation should favourably affect a firm's cost curve as well as its demand curve, and has the potential to lower business costs in two principal ways. First, because market-oriented businesses understand the expressed and latent needs of their current and future customers and they continuously identify and capitalise on opportunities to add customer benefits. They streamline the non-value adding areas of the company through outsourcing (support agencies), which permits staff reductions and provides other efficiencies. Second, through superior customer value and resulting sales volumes, a market –oriented business can best capture available economies of scale, volume and scope.

The market-oriented business also achieves lower short-and long run costs principally because it learns how to; (1) segment its markets given its core competencies and growth strategies; (2) identify the latent needs of both potential and current customers; (3) attract new customers, and (4) retain and grow its current customers. These customer-attraction and customer retention efficiencies directly affect the firm's marketing costs and increased sales volumes directly affect the firm's other operating costs.

Consideration of how such mechanisms and their appropriateness and ability to contribute to the measurement of a market orientation is considered in the next section.

3.22 Performance measurement

A number of points arise in the analysis of organisations i.e. global goals may be split into tasks assigned to individuals and sub-units and where organisational effectiveness may depend on external factors beyond the control of sub-units in the system, the aggregation of individual measures may fail to represent specific organisational effectiveness. The measure of effectiveness based on aggregated data will also be influenced by how well the co-ordination or integration function is handled (Trayes 1997).

In considering how to evaluate the performance of departmental functioning within the organisation it is necessary to define the specific key performance indicator – what behavioural criteria are involved, or what aspect of culture does it measure?

What is the unit of measurement – how is the value derived?

Which aspects of the business objective(s) does this indicator relate to and how – what is the strategic intent of the business unit?

Who is the owner of the indicator – which department has responsibility?

What is the source of the indicator – its origin, or who is the respondent?

It is also necessary to give consideration to the timings and mechanisms of the reporting methods i.e. the frequency and format of results.

The relationship between market orientation and business performance and the effective establishment of marketing orientation as an organisational strategy is a complex one (Castro et al 2005). The empirical research has highlighted that competitive advantage depends on the nature of the culture and its underpinning values in delivering customer service (Osborne et al 1980). As the focus is on organisational competence and capability, which requires a clear view of strategic intent along with its communication and implementation, such capability can be classified into a mix of process and practice. These are important because processes affect the customer experience, comprising different activities performed in sequence, while practices are the result of applied skills and knowledge (Slater & Narver 2000). Organisations are effective if relevant polices or procedures can be satisfied and organisational results approximate or exceed a set of referents for multiple goals i.e. maintaining market share at a certain percentage or quality at a certain level (Pennings and Goodman 1977). Goals can involve return on stockholders equity, return on total capital, sales growth, earnings-per share, debt-to-equity ratio and net profit margin, depending on what the company wishes to say or make known. The most basic goal is that of survival, but even this apparently quantifiable goal will be confounded by such issues as time, rate and growth so although there may be general agreement on what the organisation is expected to do, standards of desirability may be ambiguous in that although some goals may be clear, such as output, others may be inconsistent such as maximising flexibility and efficiency.

Whatever they may be, the goals of an organisation can provide a rationale for decision making, but overemphasis on any one goal may hide deficiencies in other areas (Denison 1990). Shareholders may like dividends but managers regard dividends as costs, preferring profits, growth and potential (Doyle 2000). Profits are the best global example of the goals of an organisation, not just because they reflect potential returns to stockholders, but because they have been used as an indicator of systematic goal attainment and a systems resource approach to effectiveness (Ronen 1986).

Operational measures and key performance indicators can be both quantitative and qualitative, either way the focus will be on key business issues or a re-evaluation of company strategy. They may often be one and the same. But whichever is the case, the more complete the cause – effect relationship, the more likely specific measures will be used (Olavarrieta & Friedmann 1999).

In most organisations, measures, standards and key performance indicators are developed intuitively. There may not necessarily be a clear understanding of the links between them. Whatever measure is used, it should operate on a comparative basis, where activities are sufficiently similar to merit comparison. This will be especially so where they will be serving broadly the same customer base, as internally they will need to reflect and support both company strategy and the business operation, while externally they should take account of customer expectation and competitor performance (Trayes 1997).

The analytic approach has been followed in the construction of the theoretical model and broadly identifies the four phases of setting strategic direction, the development of critical success factors, the identification and development of key performance indicators and the development of standards and measures. So given that the strategic direction is planned and communicated, the critical success factors will be identified against a background of a service organisational blueprint that features critical incident points within the system. The key performance indicators will highlight specific behaviours that give rise to the successful outcome of the critical incident points and these will be extended to cover the initial and concluding interactions between client and server. Although the development of standards and measures of performance initially will be set by management, each department or unit of organisation will have its own contribution to make regarding the values placed on the various aspects of service.

The firm's opportunity to create cash is based first and foremost on its ability to create a competitive advantage that will attract and retain customers paying satisfactory prices, but although companies consider profit at each board meeting, only one in three regularly review customer attitudes. If senior management is not focussed on customers and markets, other issues will fill the agenda, such as a preoccupation with short-term budgets, operating rather than strategic issues and retrenchment rather than renewal (Doyle 2000).

Marketers have allowed themselves to be trapped by accounting-oriented management into seeking to justify their marketing strategies in terms of improving immediate earnings. Marketing is about creating and managing assets where investments in brands and customer relationships – like research and development – rarely pay off in the period in which they occur. The consensus is that no longer can marketers afford to rely on the untested assumption that increases in customer satisfaction and share will automatically translate into higher financial performance, by defining marketing as seeking to maximise returns to shareholders by developing relationships with valued customers and creating a competitive advantage' shifts it from being a specialist activity to an integral part of the general management process.

The means to measure whether value is being created requires identification of those organisational variables critically affecting competitive advantage and long-term cash flow, to set levels of performance on those variables, and to comparatively measure the achieved performance. The strategic drivers are those organisational capabilities that have the most significant impact on the company's ability to create value. In particular the concept of the value chain allows management to explore strategically how people can be organised to create greater value for customers – a customer orientation. But only the firm's tangible resources appear on the balance sheet while intangible assets such as technological assets, strategic assets, reputational assets, and human resources, organisation and culture do not appear (Doyle 2000). What drives information based assets (including staff, brands and customer relationships), is outside the financial model.

3.23 Performance Indicators

A variety of performance indicators were selected in their capacity to represent a function or aspect of business that in turn would be recognised, traditionally or by industry convention as standing for what it purports to represent. With varying degrees of success, these included: market share; market position; sales; profit; number of markets; size of organisation; ROI/ROA; asset turnover; ROCE; profitability and productivity. (See Overall Conclusions and PhD Insights Ch. 9)

As part of the performance analysis shareholder value was considered in that formal shareholder value added seeks to identify those strategies that create shareholder value and is reflected in current share price. This is relevant in that the price is viewed as an indication of the value placed by a prospector as to the ability of the firm to generate a revenue which is above the cost of investment and hence as a measure of its marketability or its ability to apply a market strategy. But a difficulty arises in that the current share price reflects both the values derived from past decisions as well as shareholders expectations about what the current management team will do. So if the market value of the shares exceeds the book value of the firm, value has been created, that is the incremental effect on shareholder value. Thus recourse was made to the filed returns of each respondent company, in order to assess the extent of share issue for the respondent

companies. The amounts were standardised at IR. Punt rates, as were the original company asset totals. A comparison was then to be made as to the difference between the asset figure and the market value of the shares issued and fully paid. However a number of difficulties arose, which precluded this approach. The closest valuation that could be placed on the market value of the shares was 1998*. Only publicly quoted companies are available through 'Datastream', and unfortunately only 16 of the respondent companies were publicly quoted. In fact on contacting the Irish Stock Exchange, it would appear that in total only 73 companies are quoted publicly (http://O-archive.businessworld.ie).
Earnings per share (EPS) was also considered**, (a more widely used variation of the return on equity indicator of profitability, normally comprising net profit after exceptional and extraordinary items, interest, tax and any preference dividends, i.e. the net profit (or loss) for the period attributable to ordinary shareholders.
But because it is possible for the profit to be materially influenced by the size of exceptional items, companies are allowed to compute an additional EPS based on the normal maintainable profits -generally known as headline profit, that is profits derived from the ongoing activities of the business prior to charging such exceptional or once-off expenses and so give rise to further difficulties in available methods of comparison.

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*The rates of exchange applicable at the time were: US$1.20; NLG 2.8; UK 0.69

**The U.K. based Institute of Investment Management and Research has made recommendations that provide this basis for the method used by the market analysts, but because this particular approach to company analysis is also fraught with potential problems resulting from inexact comparisons which would arise from different share issues and levels of gearing, amongst others, and so was also consequently not pursued (Pendlebury & Groves 2004).

3.24 Influence of organisational features

Scarpello and Ledvinka (1988) noted that increased organisational size and consequent bureaucratic control decreases employee commitment and may even result in conflict among departments. But culture may be used to reinforce organisational efficiency and effectiveness by the substitution of implicit self-management for explicit management control by internalising organisational objectives and methods, and by strengthening relational contracts or implicit, informal agreements between members of the organisation (Westfall 1996).

So just as differences in organisation size, or departmental affiliation may explain some of the variance in goals, (Haire et al 1986), it can be assumed that the type of industry (i.e. in this instance, services) may also affect goal orientation, for example, a study of all organisations representing services, without reference to aspect or size.

Similarly, although headquarters location has not been identified in this study, it is acknowledged that such an influence may impact on values in terms of conformity with the values of the country of origin. However the nationality of the parent organisation has been identified.

3.25 Measurement and Evaluation

As indicated, in financial terms, the strategy for growth, profitability, and risk are viewed from the perspective of the shareholder, whereas the strategy for creating value and differentiation should have the customer in mind. Unfortunately official narratives, such as annual returns (if available) may not reflect operative philosophies, neither do they communicate the drivers of future performance i.e. how to create new value through investments in customers, suppliers, employees, technology and innovation (Doyle 2000).

Sin and Tse (2000) in addressing the question as to how marketing effectiveness could affect a company's financial performance counselled the importance of looking at the effects of the organisation's cultural values. This viewpoint was supported by Kotler (1997) who considered this to be especially so where the effectiveness of a marketing organisation may be judged according to quite a number of criteria, (both qualitative and quantitative)*, some of which may be construed from annual returns, while others are only available to officers of the organisation.

The information and hence measurement required for management control is often part of an evaluation system, but what comprises evaluation? Analysing the relationship between actual and desired effects, Euske (1983) proposed three constituents to evaluation: measurement, congruence, and judgement in considering that evaluation is identical to measurement and builds directly on attempts to measure psychological attributes or characteristics. The approach emphasises the need to develop specific measurement instruments that can be used repeatedly in an objective fashion, and to a high degree of reliability. The data can be manipulated mathematically and thus used to develop norms and standards for the particular operation of interest.
The approach tends to make evaluation a narrow, instrumental activity in that if a particular attribute cannot be measured with some kind of instrument, it is then considered unsuitable for evaluation and therefore unimportant. It is also concerned with the measurement of a particular attribute after it has been utilised and not with the process that developed that attribute. A measurement approach will also tend to define the attribute in terms of the instrument used to measure it.

For example when measuring marketing activities which deliver performance, rather than identifying with the concept of client satisfaction and value for money, it is measured from the point of view of understanding the system of delivery and its components. The present study acknowledges these difficulties, in the search to address those organisational activities that impact on service values through the identification and construction of an appropriate instrument.
In a real-time sense, evaluation also requires the determination of congruence between performance and objectives. Immediate feedback allows managers to adjust the process

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*If diverse metrics such as cash flow, ROI, net income, market share etc are measured, there is no a priori theoretieal or practical reason why they should be combined into a single measure of performance as they reflect different aspects of organisational performance (Pelham and Wilson 1995).

as the process occurs – particularly relevant in the case of service performances. As a result the evaluation information is available on both the process itself and the outputs of that process, which reinforces a view that evaluation can be related to a particular process in general and not to some specific or individually measurable attribute.

Any method of evaluation will also involve a trade-off between precision and generality in that both the method of measurement to be applied and the availability of information will influence what is measured. Because performance itself cannot be measured, the attributes of performance measured become the objects of interest as surrogates. Judgmental evaluation is based on the very experience and expertise that are being evaluated. Because the basis of evaluation is an individual professional judgement, the evaluation is unique to that individual. The reliability and objectivity of such evaluations can be questioned.

Although Siguaw et al (1998) argued for the use of subjective measures of performance, such as self-reported satisfaction with ROA (See also Guo 2002).

When judgmental evaluation is used, both the data being considered and the criteria by which the data are evaluated are ambiguous: those people being evaluated may not know what is important and what is not. On a positive note however, there is an assumption that as systems become better understood, evaluations will tend to move from being judgmental to those based on more clearly stated measures and attributes. The qualitative, subjective nature of services would suggest that this approach is suitable for assessing performance in terms of the values placed by the participants in delivering customer satisfaction. One might argue that in the absence of anything else, recourse must be made to whatever criteria are available. There is also the point that managers are, or should be in a position to know what elements of their system are important and what are not.

3.26 Standards

A standard can be viewed as a data reduction device that decreases and simplifies the amount of data required in a given situation. If standards did not exist, complete descriptions of the situation surrounding the object and attribute of interest would have to be given so that comparisons of the attributes could be made. In reality there is no clear standard that can be used to summarise the performance of one system at a given time and place such that it can be compared with another system at another time and place. Although a number of different studies into marketing orientated culture have been undertaken, there remain a number of unquantifiable i.e. external moderators/variables which may have the potential to impact on performance, such as the impact of economic or regulatory environments.

So to what degree do repeated measurements of the same attribute vary? The reliability of the data should influence the kind of decisions that are to be made with the data. Of concern are the ways to identify, to measure and to control the error.

Where measurements taken only relate to one point in time, it is desirable to undertake replication studies in order to evaluate the reliability of the data. This is an ideal, given the resources of time and finance.

Validity refers to the degree to which the relations among the numbers are the same as the actual relations among the quantities measured. A major assumption in the research is that the variables truly represent the extent of importance placed on them and that the sampling instrument and scales applied enable the respondent to appropriately score their value perceptions - as a reflection of their customer driven objectives.

In order to manage the above it is firstly necessary to identify the context and purpose for the measurement. (Here the hypothesis is derived, i.e. the accepted concept of a marketing culture).

Then to identify the relevant attributes to be measured – those variables giving rise to service culture dimensions. (This involves the process of discussion and evaluation with expert opinion from both academe and industry practitioners as to the items for inclusion).

Evaluate the factual aspects of existing measures (reliability, meaningfulness and validity). As above if the existing measures meet these criteria, then the development process is complete, otherwise develop new scales – construct and analyse a new measurement system. (See below for the results of the Factor analysis)
Lastly to assess the usefulness of the derived set of service culture scales and their correlation with performance (See Overall conclusions and PhD Insights Ch. 9)

3.27 Objective Performance

The objectives of business are varied, but may include;
Maximisation of sales revenue: This is probably true of most companies, however any business could sell enormous quantities of goods and services if it were to lower its prices to gain market share (Atrill & McLaney 1997).
Maximisation of profit: This is an improvement on sales maximisation as it takes account both of sales revenues and of expenses.
Maximisation of return on capital employed. This approach takes account both of the level of profit and the investment made to achieve it. However, it still suffers from the risk and short-term weaknesses of profit maximisation.
Survival: This is an exceptionally short-term aim.
Growth: This strikes a balance between long-term and short-term benefits. It also encompasses survival and probably stability. However the question arises as to what level of growth is necessary, or acceptable? Is the growth in profits, assets or perhaps something else?
Satisficing: This refers to the other aspects of a business, taking into account the alliance of stakeholders. However it is not clear how the various objectives of the stakeholders can be identified or reconciled in a way that presents a practical method for making business decisions.
Enhancement or maximisation of the wealth of a business: When valuing a business there is a tendency to take into account future profitability, both long and short-term. Thus all of the foregoing acknowledge a wealth enhancement objective, but over what period of time and what rate would be used?

Financial ratios provide a quick and relatively simple means of examining the financial health of a business. By calculating a relatively small number of ratios, it is often possible to build up a reasonably good picture of the position and performance of a business (Atrill & McLaney 1997). Ratios are widely used, and although not difficult to calculate, they can be difficult to interpret. For example, efficiency in terms of ratios have been proposed as an indicator of effectiveness, but unfortunately although managers search for solutions to problems/opportunities that yield satisfactory outcomes, and they rarely take a global view of effectiveness (Ronen 1986).
As mentioned there may be a problem in that direct comparisons may be misleading i.e. the size of the organisation in terms of scale of operations. But by expressing profit in relation to some other measure (e.g. sales) the ratio derived can be used as a basis for comparison for similarly derived ratios for other similar businesses.
Specific financial ratios include: Profitability: Return on owner's equity (ROE): Return on Capital employed (ROCE): Net profit margin: Efficiency: Asset turnover ratio: Sales per employee.

Concurrently, it is not possible to deduce whether a ratio indicates a measure of performance in terms of good or bad. It is only when this ratio is compared with some 'benchmark' that the information can be interpreted and evaluated appropriately, such as past periods, planned performance or similar businesses.
The limitations of ratio analysis include the quality of financial statements, and the restricted vision of ratios.
Ratios measure relative performance and position. Some items in the financial statements can be vital in assessing position and importance, such as total sales; capital employed and profits figures so it may be more meaningful to consider absolute size as an additional measure in order to obtain a more meaningful statistic.

3.28 Making comparisons

In a competitive environment, a business must consider its performance in relation to others. Thus a very useful basis for comparing a particular ratio is that achieved by a similar business during the same period. But it may be difficult if not impossible to get hold of competitor's accounts. They may have different year's end, and they may have different accounting policies. Furthermore the balance sheet and the information contained therein is only a snapshot and may not be representative of performance over time.

But just 19 per cent of investors and 27 per cent of analysts are considered to find financial reports useful in communicating the true value of companies, although non-financial measures also matter to corporate executives and investors when valuing companies (Ernst & Young 2000). So what is used? To claim that tangible assets should be measured and valued while intangibles should not – or could not – is like stating that ' things ' are valuable while 'ideas' are not.

How does an organisation acquire these valuable intangible assets, and what are they? Amongst a number of measures is organisational capability which contributes to creating intangible shareholder value (Ulrich & Smallwood et al 2002). This is a shared mindset: one that establishes the culture of an organisation. When a company has a common culture, customers identify the organisation as a metaphor or brand, and employees know what is expected of them. As an intangible, a shared mindset increases customer value by confidence in the firm's brand and employee productivity and commitment by reinforcing behaviours according to customer expectations.*

However this approach appears to be not so much on particular attributes of performance but on general objective performance, where the evaluation process appears to be well

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*Others include: Talent: Referring to the ability of the organisation to attract, motivate and retain the employees.

Speed: When adaptability and flexibility is promoted, the organisation can move quickly in a dynamic environment.

Learning: The organisation has the ability to move ideas across vertical, horizontal and global boundaries.

Accountability: In delivering what has been promised, individuals take responsibility for their behaviour and their outcomes.

Collaboration: Synergy in the implementation of shared services.

Leaders: the demonstration of competencies (knowledge, behaviour and motives) and deliver results.

integrated with the actual transformation process of the organisation, and where the measurement definition considers evaluation to be an after-the-fact measurement of some attribute.

Although it is possible that other elements that have not been identified may also contribute to organisational performance, the overriding assumption is that the change in performance reflects or is a consequence of the factors that comprise a marketing culture. In other words a level of performance may be achieved, where although a marketing culture has not been fully formed, any attributes and their measures that relate to performance are included (Euske 1983).

The Narver and Slater (1990) research used business units from one corporation as their sampling frame giving rise to the possibility of a corporate specific study. By contrast, this study looks at a service industry-specific profile whereby increased confidence in the external validity may be achieved at the expense of an internal validity.

A second potential limitation of the Narver and Slater (1990) study concerns common respondent bias. Because all of their measures are averages of the responses from all of the informants in each SBU, their study uses the same source for its assessments of both market orientation and performance. In this study informants are assessed on their evaluation of market culture, however performance (ROCE; profit, sales) are assessed from published accounts (Although they may have been within the remit of the respondent).

3.29 Irrelevant Outputs

The outputs of an organisation may be difficult to measure, or non-apparent and so in consequence irrelevant or inappropriate characteristics may be used. For example, where one measure won't tap all the performance dimensions, a trade-off is forced between global measures, and mask important differences. Furthermore specific detailed measures which by themselves are irrelevant or not inclusive may be included.

Bias may also be compounded as a result of incorrectly assessing how detailed the measurement of organisational success should be. Should the evaluator always attempt to secure quantitative rather than qualitative estimates? When might specific measures be inappropriate? Are the linkages among different organisational elements consistent as regards effectiveness and performance? (Osborne et al 1980) Many bias problems are more evident when using rating scales. Ratings are subject to halo, (using only one aspect of performance) as well as constant error, (where those involved in rating use different standards when judging performance of similar tasks); recency error, (driving out a balanced evaluation over time); and central tendency error (rating similarly when in fact there is a difference).

Financial management has failed to bridge the gap between the marketing-finance-interface in that conventional accounting has treated marketing expenditures as costs with the consequent reduction in profits. Top management still focuses on company accounts that measure only the historical cost of tangible assets. What companies need is a framework for placing the development and management of marketing assets at the centre of their planning process. This will include brands, market knowledge and customer and partner relationships as key generators of long-term profits. The difficulty is that marketing has not been able to measure and communicate to other disciplines the financial value created by marketing activities. Accepted metrics include increasing sales or market share, but according to Doyle (2000), increasing market share rarely makes economic sense, while alternatives such as projected profits or return on investment lead to an under investment in marketing and a failure to capitalise on opportunities.

Allowing that larger organisations are likely to have better technological, human, and financial resources to pursue market oriented strategies; studies have primarily examined three performance criteria; ROA/ROI, new product success, and sales growth (Kumar et al 1998). The use of ROA/ROI and sales growth is justified on the ground that they measure important aspects of performance. ROA/ROI is the earnings stream that is at the disposal of the firm as a percentage of assets (or equity) employed to earn the return. Sales growth is a measure of the firm's size and its ability to support increases in operating and other expenditures. New product success on the other hand indicates how well the company has responded to what customers' want, while sales growth considers the take-up rate.

But taking the route of accounting-based performance measures gives rise to the problems with earnings - accounting earnings rather than cash flows still form the basis for evaluating performance and business and are arbitrary and easily manipulated by management.

Different, equally acceptable accounting methods lead to quite different earnings figures.

Different countries have different accounting regulations.

Accounting profits exclude investments. Earnings could well understate cash flows i.e. depreciation.

Earnings ignore the time value of money.

Profits produce short-term managerial focus i.e. cutting customer service levels.

Problems with return on investment:

Assets are valued in an equally arbitrary way to earnings i.e. different depreciation procedures.

Return on equity suffers from the same problems, as above, but ROE is calculated as ROA factored by gearing - the proportion of assets financed by debt rather than equity.

Return on capital adjustments divert attention from the fact that return on capital employed is not a useful measure for judging operating performance.

3.30 Assumptions

A number of assumptions have been made with regard to the responses generated as to their underlying representation and validity: (See Methodologies Ch. 4).

These are:

That it is organisational practice to plan, however it may be that not every organisation has developed in response to a formal plan.

That the plan is objective, although goals and aspirations of organisation may not always be commercial.

That the components of the plan are integrated and comprehensive, accepting that some aspects of organisation may be considered 'superior' or worthy of greater attention than others.

The overall performance measurements accurately represent the objectives of organisation, even though the constraints on organisation as to presentation format may interfere with interpretation or it may be that the organisation wishes to present a particular aspect of organisation that confuses or hides the truth (intentionally or unintentionally).
The means by which the units making up the organisation are capable of objective measurement but each unit or division of organisation may have its own method of operations and management style.
That the metrics used are appropriate and compatible yet as a consequence of the differences in working methods assessments may not be compatible.
The performance achieved by an organisational unit represents the activities undertaken by that unit, even though certain unit activities may be viewed as comprising components of a larger activity and hence remain undetected or hidden.
The unit activities formally represent the values and beliefs of that unit allowing that informal group development may impact on the culture within that unit.
These values and beliefs are universally held throughout the organisation whereas factions or competition between certain dominant groups may mean values and beliefs that are contrary to the main.
Each member of the organisation is willing and capable of objectively articulating those values, given that in real life the culture may be informal and undocumented allowing for a variation in interpretation.

3.31 Summary

Superior value is what connects market orientation and performance (Morgan & Strong 1998). It is the underlying set of values that give rise to the activities of organisation and which deliver customer satisfaction. These values and subsequent activities are integrated into a cross-functional customer-value-creation process (Deshpande & Webster 1989). The resultant culture expresses how the organisation copes with its environment and also acts as a cohesive element in its functioning (Punnett & Ricks 1997). Culture can effect the organisation in direction, pervasiveness and strength and as a consequence must be

managed. Managers themselves should be aware of the role they play in promoting and promulgating culture. These may arise from a number of sources, each with their own set of objectives depending on the standpoint and aspirations of the manager (Murley 1997). All staff is required to identify with and articulate the desired culture. This is particularly important in the case of services, which by their nature are more dependent on personal interaction (Kasper et al 2002).
Mapping the organisation in order to identify its distinctive competencies will contribute to its strategic integration i.e. a value added chain or blueprint, which identifies its specific competencies and abilities (Heskett et al 1994).
The measures used need to indicate the importance and scale of activity (Deshpande & Farey 1997). In the case of collective issues dependent on a number of inputs, they will tend towards measures or aggregates across different levels and departments (Cadogan & Diamantopoulos 1995). The measures used are likely to be historic and may not reflect appropriately the efficiency and effectiveness of key inputs. Furthermore official reports may be adjusted to portray a specific picture (Doyle 2000).
The aspirations of different stakeholders may also direct the organisation towards different goals, while the measurement itself may become the goal and not reflect the attribute it purports to represent (Guo 2002).
Evaluation as to what is or is not important is judgmental. As performances cannot be measured, the attributes of performance become the surrogates (Kumar et al 1998).
Lastly, annual accounts and financial ratios, as against personal judgements, formally reflect the health and performance of a business, but are limited in many ways as to the quality of financial statement (Doyle 2000).

An exclusive focus on charismatic leaders or symbolic managers does not take into consideration all other factors as influencing variables, such as recruitment, training, remuneration and organisational structure amongst others. Certainly the initiative and commitment may come from a leader, but the organisational culture is shaped by more than simply the style of leadership. As a result of culture acting as a set of assumptions which cannot change unless brought to the surface and confronted the role of management is to identify and manipulate those culture-influencing factors or orientations that will motivate employees to re-examine and potentially change their own internal assumptions and values (Wilson 2001).

This concept of orientation has been used to illustrate the potential relationship between marketing culture and profitability on the basis that if marketing culture is viewed as the actual implementation of the marketing concept, then it follows that the orientation is a type of marketing culture (Webster 1993).
From a value perspective investment in a market orientation – market culture (service quality; innovation etc), is viewed on its likelihood of contributing to customer satisfaction and hence to profitability (Han et al 1998).
The wider elements of organisation have been considered in the development of the theoretical model. They include aspects of design, leadership and relationships, with a possible dependence on external agencies for support, an emphasis on induction, training and research, and on quality and innovation, fuelled by information, where the task is one of selling, the goal being on measurable indicators of performance (Webster 1993).

Studying the connection between a business culture and the organisation of the firm prompted the question as to what are the distinctive features of the organisation of the more successful firms. If successful companies have similar strategic and organisational orientations, what is the relationship between those business orientations and performance of the firm? Research has centred on information, systems, and responsiveness, as well as orientation, as a form of organisational culture (Kohli & Jaworski 1990; Cadogan & Diamantopolous 1995). However customer focus is not an added extra but is about managing smarter, not harder. (Distinguish between high and low levels of orientation as not what we do, but how we do it). The approach does not suggest the collection of enormous quantities of information, only the collection of different types of information which must be shared with those people that matter and acted upon. The benefit to an organisation is that the development of market and marketing strategies and effective planning processes would actually reduce costs and address the company's real marketplace problems (Raju & Lonial 2001). In fact the costs cannot be more than the costs of running systems which do not lead to employee behaviour that enhances business performance (Harris and Piercy 1997).

A market orientation may be applied to all organisations to a greater or lesser extent. It identifies with a specific set of criteria designed to deliver a better satisfied customer. The traditional measures of marketing activity are well known, but they currently are not reflected in the overall company accounts. Furthermore, how a market orientation - culture influences performance still requires development.
The problem is compounded by the myriad of businesses and the methods employed in their management, in combination with those items considered to subscribe to a market orientation - culture which can be listed, but require to be valued, and are measurable and understood throughout the organisation (Alvesson 2002).

Empirical research has indicated that there are financial consequences of a market orientation, in that it enhances business performance (Deshpande et al 1993; Jaworski and Kohli 1993; Narver and Slater 1990; Narver, Jacobsen and Slater 1993; Ruerkert 1992.). A variety of sources have been used in the process, including: Management's judgements of the Return on Assets relative to competition (Narver and Slater 1990); Informants judgements of business performance (Jaworski and Kohli 1993); Informant's judgements of performance construed as a mix of market share, size of organisation, growth rate, and profitability relative to largest competitor (Deshpande, Farley and Webster 1993); and Effects on profitability as measured by managers' assessments of five financial indicators operating profits, profit-to-sales ratio, cash flow, ROI, and ROAssets. (Pelham and Wilson 1995)
Finally although Jaworski and Kohli (1993) did not find market orientation to be related to market share, Pelham and Wilson (1995) reported parallel results of a lack of relationship between market orientation and growth/share. If an overall measure could be found, what would be desirable would be an equation which indicates by how much say ROA would go up if market orientation were increased by x%.

Taking the foregoing into consideration the survey and subsequent analyses has limited success with regard to those marketing metrics which are reflected in the company accounts. Already referred to, traditional accounting practices are designed for specific purposes and such do not present any underlying culture or way of doing things, or that which would indicate a potential strategic emphasis. Although organisations may profess to subscribe to a culture their reports do not prove amenable to the analytic process. It may be that a sufficiently large sample of publicly quoted companies might yield a more fruitful result, but the question would still remain as to the value(s) of a market oriented culture to private organisations and to companies who may wish to go public.

In conclusion, it would appear that most if not all of these questions still remain to be answered. There also still remains the question posed by Doyle (2000), as to the appropriate if not rightful place of marketing people in the boardroom, given their apparently increasing responsibility in the context of a wider management philosophy. If company accounts do not have the means to reflect the organisational ethos or culture, then how is this culture to be recognised and valued as a competitive strategy?
The next section (Chapter 4) lays out the research methodologies in terms of the steps taken in order to arrive at the most accurate and appropriate response sample.

Chapter 4: Methodologies

4.0 Research Methodology

By reference to the components of service organisational culture, (Chs 2 & 3), the research highlights through a factor analysis, those characteristics purporting to represent a marketing culture in service firms in Ireland. The second task is to assess the association of those factors by reference to a number of specific performance criteria, in order to determine if more apparently successful and/or effective firms have an identified cultural consistency.

In the following manner marketing culture is audited using those specific dimensions, considered to express a market-oriented culture, referred to in the literature review.

4.1 Research design

According to Haire et al (1998), research designs in management should be sensible to the danger of ethnocentrism, such as an implicit international assumption that the Western, (usually American), model is inherently superior. Secondly, that there are potential differences in interpretation of the English language, and thirdly, the incomparability of samples of convenience. Such difficulties may be addressed through the use of a multinational design, and where English is the primary language. The problem of comparability is facilitated by attention to corporate size and composition of the sample mix.

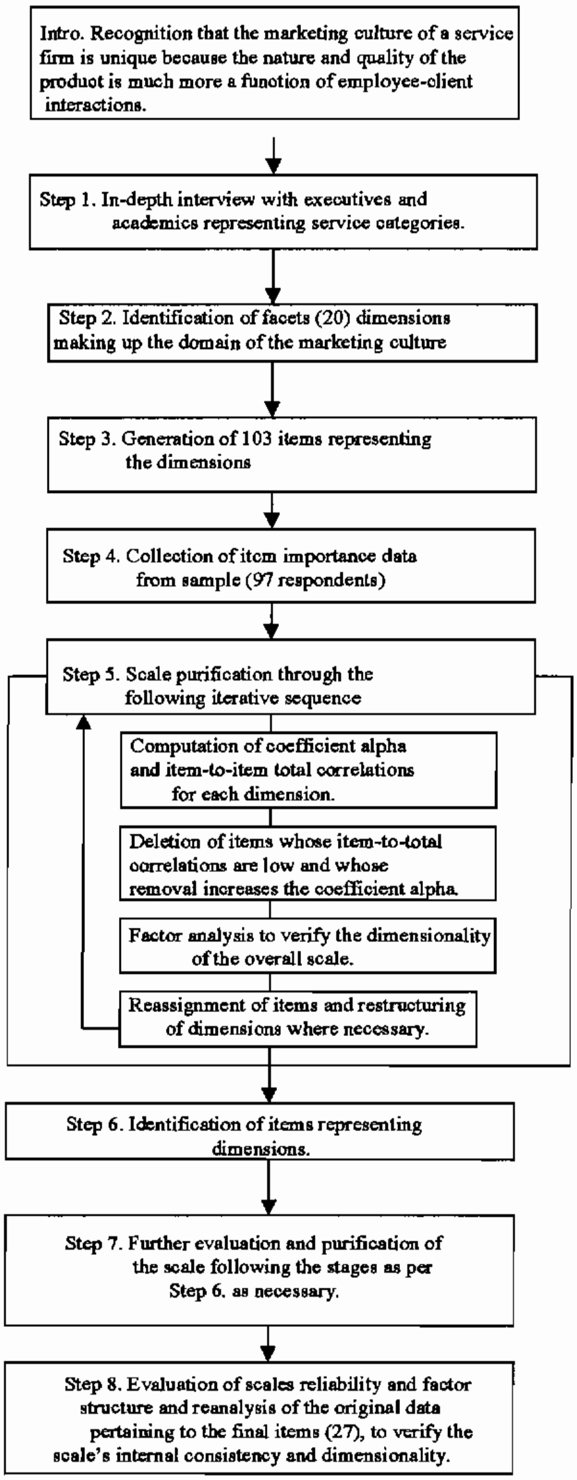
Specifically in this study, the model has been developed to encompass all service companies within the sample frame; using English; and a comprehensive survey in terms of content and scope, which allows for all companies to be represented, irrespective of size and structure.

4.2 The culture audit

The culture audit paradigm presented in Fig. 7, overleaf, has been enlarged so as to represent the organisation as a whole. This is undertaken in order to reflect an organisation-wide marketing culture, rather than one which features market-oriented activities as undertaken by marketing personnel.

The advantage of taking a wide ranging perspective is that it allows the research to give full consideration to the functions and activities of service organisations as a whole, and to their potential to translate into an organisational philosophy and subsequent behaviour. Through an internal audit of perceived scale levels, the audit highlights the organisation wide emphasis on customer-oriented services, and the extent of that emphasis (Harris 1996). The result is a subjective, but valid assessment of management perception, and a constructive measure of the importance of those activities that are considered to constitute the essence of a marketing culture, across a broad cross-section of service organisations.

4.3 Research steps. Fig 8: A Service Firm Marketing Culture Scale.



Adapted from Webster 1992.

Intro. This involves recognition that as a result of the unique nature and quality of the service product, value is a feature of the wider aspects of all customer-oriented strategies that contribute to the firms marketing effectiveness - beyond the marketing function alone.

Step 1. To conduct in-depth interviews with academics and practitioners at the Dublin Institute of Technology, in order to compile the main dimensions consider as having an operational contribution to an organisation wide market orientation, or marketing culture. The sources at DIT were used in conjunction with a compilation adapted from the format that had already been tried and tested a) by Webster (1995) and b) included items from Heskett et al (1995) along with c) items suggested by the pilot interviews (Research Steps P. 141, Step 1). The additional series of items designed to capture performance data were also included in order to evaluate any relationships between the items comprising the cultural concept and organisational marketing outcomes.

Step 2. As a result of the preceding interviews, 20 broad dimensions were arrived at. These include: organisation design, leadership and the nature of composite relationships; the level of dependence on external support agencies; reliance on correct and suitable induction, training and research; emphasis on quality and innovation; the role of information in both internal and external communications; the nature and activities involved in the selling task; and lastly emphasis on appropriate response outputs as measurable indicators of performance.

The resulting 20 dimensions were further examined to include items considered to specifically represent that dimension from a service perspective. A number of items were consequently excluded as a result of a mixture of minimal value assessment and poor response. For example, reference to the literature along with contributions by consultants and Staff at DIT gave rise to the inclusion of a number of questions which were subsequently dropped in consequence of the low value scores accorded them by respondents in the survey.

It is acknowledged that an alternative different pilot might have revealed this. By way of illustration, these included questions relating to support functions including 'The firm keeping up with technological advances'; 'Financial support from outside agencies', 'Technical support from outside agencies', 'Manufacturing support from outside agencies', 'Negotiating support from outside agencies', 'Research of new markets', 'Defining loyal customers', 'Measurements of customer profitability that includes profits from referrals', and 'Business development expenditures and incentives that are directed to the retention of existing customers'.

Step 3. In consequence a 103-item scale was arrived at, and which comprised the essential research instrument (see questionnaire –Appendix D). The number of items per dimension varies, reflecting the extent and complexity making up that dimension.
Step 4. Following the eliminating and/or reclassification of items, the remaining statements were subjected to a formal pilot test involving senior managers of firms in the local business community (Deng and Dart 1994). This 103-item instrument was administered in a pilot survey of which 19 responses were received. The total sample comprised 340 companies, which yielded 97 respondents.
Step 5. Examination of the dimensions of the reduced scale was arrived at by reference to computing coefficient alphas and item-to-total correlations. The procedure was followed by deletion of non-significant items, on an iterative basis.
Examining the dimensionality of the reduced scale was accomplished by factor analysing the different scores on the items. The principle factoring procedure was used. The resulting solution was rotated orthogonally. Following removal the original factors retained their meaningfulness as they had high correlations with the remaining items.

Step 6. The process of computations and deletions resulted in a final pool of 27 items representing five dimensions. (See Appendix T.)

Step 7. The high reliabilities and relatively consistent factor structures of the measure across the independent samples provide support for its 'trait' validity (Webster 1992). The scale also appears to broadly satisfy the basic conceptual criterion of content validity, in that it measures what it is supposed to measure, and that the scale items capture key dimensions of the unobservable construct being measured.

4.4 Research approach

Societal culture provides the organisational values and orientations held by employees and influential managers, who in turn help define the organisational culture (Sathe 1983). This configuration approach as a working hypothesis applies to the study of organisation whereby it can be characterised by its principle attributes, and is superior because it assumes that the relationships among organisational variables are not necessarily linear or continuous across organisational types. There are no purely dependent or independent variables in the system so that by taking into consideration many attributes simultaneously, it avoids the traditional problem of incorrectly specifying independent variables. Each configuration is considered as a system in which each attribute can influence many of the others by being an indispensable part of an integrated whole. In this way, the simultaneous study of a large number of qualities yields a detailed, holistic, integrated picture of the reality of the organisation by finding common natural clusters among organisational characteristics.

4.5 Data collection

There are four main issues regarding data collection techniques in culture research, which although more applicable to multinational research, have been taken into consideration (Prasad 1990). They comprise: response equivalence, timing of data collection in different cultures, status and other psychological issues, and cross-cultural versus longitudinal data collection.

Response equivalence has been ensured by adopting a uniform set of data collection procedures.

Timing may be important. If too much time elapses it may affect the comparability of the data, while in societies with sharp status and authority, western-interviewing techniques may not be appropriate.

In terms of detail, broad questions that do not deal with specifics may produce responses derived from the group's collective unconscious or more fundamentally from the group members' early upbringing and family-derived values. The researcher should also guard against the effects that may emerge from the researchers own cultural biases.

In order to correctly allow for these potential sources of error, the research employed only one form of collection procedure (mail questionnaire). This was administered to each named potential respondent. All mail was sent at the same time. The questions themselves were selected to reflect the values of the respondent as accurately as possible within the design limitations already referred to (Webster 1992).
It is acknowledged that a mailed, anonymous survey does not permit or enable any supporting judgemental evidence in the compilation of the presented construct, nor provide any alternative or supportive nuances in arising at an understanding of the issues raised with regard to an organisational culture. As a result to support the findings of the mailed survey, a qualitative study was undertaken. The rationale for so doing is detailed below.

A quantitative study, which allows for reliable and statistically significant generalisations, does not always allow a researcher to 'know what they know.' Statistical inference alone does not mean knowledge or understanding, nor does it necessarily imply a new-found ability to control the phenomenon. For example, because the outcome has been predicted, it does not mean that the process has been understood. On the other hand, qualitative research on culture inevitably results in telling stories and describing perceptions and reaction of organisational members. Possibly highly persuasive, it relies largely on the author's insight and intuition for judging which stories and perceptions are most representative. The quantitative part of the study is highly general and reasonably accurate, but quite complex. The qualitative research is accurate, reasonably simple, but not very general. Given these reservations the framework is derived from the literature and developed through the research. Ideally the result is that through the three sources a theory is advanced beyond the limitations of any one methodology (Denison 1990. P.193).

4.6 Qualitative research

The usefulness of a qualitative study is the support it may lend to the more abstract statistical analysis. The empirical studies have suggested that organisational culture arises as a consequence and in conjunction with the development of the organisation. Firstly it may arise in response to leadership and then subsequently become a function of the intermingling of the separate cultures comprising the company and of the industry in which it operates. The appropriateness of using a qualitative study in the research of a concept such as organisation culture derives from the traditional view of research as one comprising a deterministic understanding of people, whose behaviour reflects social and structural change, which reveals a model of social order, of a social structure which transcends individuals. Thus the concept of a market oriented culture is that of a culture which is in the ascendancy and it is causal, in that such individuals living within a particular social structure (such as an organisation) are more determined than determining in their actions.

Semi-structured interviews in which views about values, actions and so on are probed sensitively allows a different, alternative way of describing and analysing those dominant meanings which have been gathered in the former survey.

The qualitative survey thus offers an alternative additional method to appreciate the richness and diversity of meanings the respondents have attributed to the phenomenon of market culture, to appreciate how their interpretations and meanings are constructed, and negotiated within the contexts of organisational workings, and ultimately perhaps, taken for granted (Holdaway 2000). For example; qualitative data may be useful in supplementing and illustrating the quantitative data obtained from experimentation or survey. Small amounts of qualitative data used as an adjunct within a largely quantitative study did not justify detailed and complex analysis, rather the need was simply to help account for certain beliefs and values and communicate live responses to the reader through the quotation or apt example (Robson 1993). It is through a series of qualitative interviews that the main contributions and findings are presented in terms of nuance and understandings as a confirmation of the main issues in this research (Drever 2003).

With the foregoing in mind, a qualitative study of a small sample of original respondents was undertaken in 2006 and is reported on in Chapter 8.

4.7 Static group comparisons

Differences among people can be interpreted only against a background of similarity (Prasad 1990). Subjects tend to present themselves in a socially desirable way and want to please the experimenter. The results presented here must be accepted in their own right, given that although the respondent's backgrounds may include different companies, as well as different status, they represent the wider service industry, and its commercial emphasis.

It is acknowledged that an alternative research design and analysis format may better establish whether or not there exist 'in-house' similarities, rather than the industry-wide generalities, as looked for in this study.

4.8 Sample size

To ensure as far as possible the representation of service profiles, the top 1000 companies, as published in Business and Finance Magazine, 1998, was considered as the most appropriate, giving as it does a cross-section of Irish industry, evaluated by turnover. The sample comprised the following companies:

All companies as listed (the top 1000), which were considered to represent a service i.e. no identification with a tangible product. (n = 260).

Because they were listed separately, all financial service companies (n = 80) were included.

The result was a mailing of 340 companies, (Appendix E) - a figure which compares favourably with research designs in which cross-section samples are used and response rates ranging from 12 - 20% are generally considered acceptable (Kohli and Jaworski 1990).

The maxim number of responses was not achieved as in addition to outright refusals, inaccuracies in the original list of addresses (possible company moves or closures) further reduced the sample. Following an initial response of 43, a second mailing was undertaken, from which a further 54 questionnaires were returned completed. This procedure produced a sample total of 97 usable responses, or a sample response of 28%. Research indicates that the response levels to postal surveys are variable and depend on key influences such as level of interest and confidentiality. With worst cases showing well under 20 per cent, there is evidence from some organisations that the average rate (40 – 69 per cent) is falling (Birn 2000). Malhotra (1999) suggests that mail surveys of randomly selected respondents, without any pre or post-mailing contact, yield a response rate that is typically less than 15 per cent, while mail surveys with a response of as low as 10 percent are not unknown (Moser and Kalton 1977). Considering the percentage response successfully achieved, against the overall sample size it was considered that the further mailing of questionnaires to outstanding respondents would be prohibitive in financial terms.

4.9 Respondent profiles

It is the practices and procedures of the organisation, in terms of values perceived by management, which are used to demonstrate a marketing culture for services. The process of becoming a market-oriented organisation starts with transformational leadership whereby leaders instil the shared values and norms needed for creating and implementing such a culture. The approach calls for an adhocracy-type of culture which facilitates the firm's capacity to innovate through fostering risk taking, innovativeness, and interactive organisational learning. The ability of a firm to translate its capacity to innovate is contingent on how well organisational change is handled through the co-ordination of the firm's departments. Ultimately this will allow the firm to better match customer value opportunities with its' own capabilities, and where a more positive impact on business performance is greater for activities that are high on customer interaction (Carrillat et al. 2004).

Since the objective was to develop an instrument with which to measure a firm's valued operating practices as they relate to a marketing culture, the survey was directed to the CEO. (App. F). As mentioned, senior officers such as the CEO are considered to be leaders with respect to initiating and developing a market culture in their own organisations. They also most frequently serve as the architects of the company's business philosophy and marketing strategies (Nunnally 1978). Similar studies in the broader field of marketing have also employed the key respondent approach without any flaws to the reliability of the data (Narver and Slater 1998), and as marketing fulfils a variety of strategic roles, studies have clustered around the perceptions of senior marketing executives (Meehan 1996).

The choice to use a single named respondent was motivated by the potential respondent's assumed familiarity with the research topic, and access to the information sought.
This focus on leadership and the role of perception in the study of organisational cultural practice makes for a number of assumptions: that member perceptions of practices and procedures of any firm are the primary data necessary in understanding organisational behaviour; and that although business firms may have many cultures or subcultures for service, people in a work setting tend to have similar perceptions, (Webster 1990).

Acknowledging that the measurement of the firm's marketing culture and other key variables are subject to various cognitive biases, such as position, the study relies on the subjective judgements of one critical informant. As the best alternative, the objective is to seek out who is the best judge in terms of cognition of marketing culture/ orientation. Perhaps this is just part of the difficulty, that as far as management is concerned, market orientation is a state of mind. Can what lies nascent be identified, valued, and used, as a strategic component in delivering marketing and organisational success? Future marketing culture/ orientation studies might use differing and perhaps external objective sources for judgement of the firm's level of market orientation.
Unfortunately 85% of responses were from executives other than CEO. A number of conclusions might be draw: that the CEO did not receive the material or wish to participate; that they were unable or unwilling to divulge information or considered it more appropriate or accurate to nominate another person. Whichever is the case, in keeping with the presented theoretical approach, it must be assumed that a consistency of values exists in keeping with the organisational culture approach, and that in effect further study at different levels of organisation or departmental level, would not unearth any different set of values.

Briefly, just fewer than 60% of respondents were at company Board level. While 70% are operating in more than one market, nearly 31% claimed to operate in over 10 markets. Two thirds, claimed below a 25% market share, whereas just over 50% of respondents stated that they were at the number one position as regards their market.
53% of companies have Irish parentage; 18% American and 14% British. 13% claimed European parentage with 1 Japanese.
The size of the businesses in terms of turnover ranged from 8 to 3300 (IRM), with profits ranging from 1 to 421 (IRM).
The size of organisation was equally broad i.e. number of employees ranging from 6 to just under 16,000.
(For a more detailed view of the profiles of the respondents and the values placed by them on the items making up the factors, the reader is referred to Appendix G).

4.10 Variables Measurement - questionnaire

The testing of the hypotheses put forward in this study involved the measurement of twenty blocks of variables, or dimensions, as featured in the sampling instrument already outlined. (See questionnaire – Appendix D.). Specifically;
Organisation design, Facilities & structures; Interpersonal relationships; Internal communications; Service quality; Innovation; Selling task; External communications; Research; Training; Culture; External agencies; Performance; Customer satisfaction; Perceived service value; Productivity; Employee loyalty; Employee satisfaction; Internal service quality; Leadership; and lastly, Measures.
The wording of the questionnaire followed a format that has already been tried and tested (Bateson 1989). This was considered a prerequisite in order to allow for any potential comparison and follow-up study. Those items designed to capture performance data were included so as to provide comparative measures against which to relate factors comprising marketing culture. These additional items included; Number of markets served; domestic or international markets; ROI; Market share; market position; and nationality, as detailed previously and which were also to allow for further comparison with regard to comparative ratios, such as profitability, productivity, and asset turnover.

From these items were derived the initial nine factors and which were used in compiling the theoretical model (Appendix A.) and these are compared with the results achieved by Webster in her study of marketing departments (Appendix B.)
The second analysis was more parsimonious and which gave rise to the final 5 Factors (Appendix T.). It is possible that the heterogeneity characterising the various sectors included in a sample may induce significant bias in the analysis of company performance e.g. in terms of profits, profitability etc. The reason is that what indicates good performance in one section could be unacceptably low for another. The practice is to weight performance measures according to the significance attached by the management to the measure in question. This is done on the basis that no performance measure is really important unless the management of the company perceives it to be important.

Using a Likert scale (1 = "Not important" to 6 = "Necessary") each respondent was presented with a set of statements considered to adequately describe different attitudinal approaches to marketing practice. Respondents were asked to indicate their level of agreement or disagreement with each statement. Given that some respondents might be inclined to systematically tick at extremes of the scale, and hence introduce bias, attention was given to phrase the questions so that higher levels of agreement would not always represent a more positive attitude toward marketing orientation.
The items relating to performance were included specifically because of the arguments that performance [i.e. profits] result from the adoption of a market concept (Levitt 1969; Narver and Slater 1990).

Although there is no way to check the accuracy of recorded responses regarding performance - as measured by Profit, ROI, or market share (in spite of the anonymity offered to respondents), an objective measure was preferred, allowing also for the difficulty of attributing performance to a particular time period or strategy.

4.11 Factor construction

The factors used to measure the marketing culture construct were derived from interviews with business executives, as already outlined (Hair et al. 1998). Consideration has been given to the activities of the firm in terms of client needs, that is, the extent to which the marketer engages in behaviours aimed at increasing long-term customer satisfaction.

A 6-point interval rating scale was used to enable managers to indicate the degree or extent to which their company had adopted the practice described in each of the 103 items (Webster 1990). A typical questionnaire item is shown below:

That each employee be well organised is-

6	5	4	3	2	1
Necessary	Very important	Important	Some import	Little import	No Import

The aggregated factor scores then represent the actual level of practice across the sample. That is the average of the item ratings for that factor. Provided these scores can be shown to possess sufficient reliability and validity, a vector of the averages for the factors can be used to audit the company's level of marketing culture.

4.12 Instrument testing

When a measuring instrument is developed, the subjects used should be those for whom the instrument is intended.

When testing such an instrument, a number of alternatives are available. These include the test-retest method, the alternative form method, and the internal consistency method. In practice, the internal consistency method predominates, partly because the first two have major limitations (particularly for field studies). The test-retest approach is plagued with problems involving respondent memory, not to mention the problems of scheduling two independent administrations of the instrument on the same group of people. Generating altemate forms of the measuring instrument is equally impractical, especially at the early stage of development. In contrast, the internal consistency methods work quite well in field studies because they require only one instrument and one administration of the test (Nunally 1978).

The internal consistency of a set of measurement items refers to the degree to which items in the set are homogeneous. Two methods are suggested to test for internal consistency: the split-half test and Cronbach's (1970) alpha test.

The split-half method has one fundamental problem in assessing internal consistency. Depending on how the scale items are split in half, different results will be obtained; thus raising the question of which is the 'real' reliability coefficient. On the other hand, Cronbach's Alpha test has become adopted both because of the practical problems mentioned above and because the alpha coefficient provides a direct estimate of the mean of all possible split-half tests (Cronbach 1970; Norusis and SPSS 1990).

Cronbach's alpha estimate of reliability is calculated for the scores on any subset of items. It is therefore possible to purify a scale by examining alternative subsets on the basis of their reliability coefficients. The scale constructed from that subset of items with the highest alpha value is then likely to be the best with regards to internal consistency. Here the SPSS reliability program was used (Norusis and SPSS Inc. 1990). The reliability coefficients were fairly uniform, ranging from 0.7242 to 0.9548, exceeding the 0.70 threshold recommended by Cronbach (1970) and Nunnally (1978) for exploratory studies.

4.13 Item Analysis

Nunnally (1978) developed a widely adopted method to evaluate the assignment of items to scales. The approach considers the correlation of each item with each scale. Specifically, the item-score to scale-score correlations are used to determine if an item belongs to the scale as assigned, belongs to some other scale, or if it should be eliminated. An item is eliminated if it does not correlate highly with any of the scales. The items included in this analysis included: organisation; interpersonal relationships; internal communications; service quality; innovativeness and selling task. Additional items include external communications; research; training; culture; external agencies; performance; customer satisfaction; perceived service value; productivity; employee loyalty; employee satisfaction; internal service quality; leadership; and profit. From the final overall alpha test (0.9424), it was concluded that all items had been appropriately assigned to scales. The analysis of the items initially yielded five factors. (Appendix T.)

features: Market Strategy; Customer relationship management; Motivation; Service management; and Selling.

4.14 Validity

The validity of a measure refers to the extent to which it measures what it is intended to be measured. Three different types of validity are generally considered: content validity, criterion-related validity, and construct validity. (Construct validity is dealt with under the culture audit)

Content validity

A measure can be said to possess content validity if there is general agreement among the subjects, and that constituent items cover all aspects of the variable being measured. This way content validity depends on how well the researchers create items that cover the content domain of the variable being measured (Nunnally 1978).

The measures here developed were derived from a review of the literature and detailed evaluations by both academicians and practising managers, within the Dublin Institute of Technology. Pre-testing subjects indicated that the content of each factor was well represented by the measurement items employed. Although the judgement of content validity is subjective, the procedures used are consistent with ensuring high content validity.

Criterion Validity

Criterion-related validity, or predictive, or external validity is concerned with the extent to which the score on the instruments is related to an independent measure of the relative criterion. Criterion -related validity of the measures for a marketing culture would be demonstrated if the scores on the measures are highly and positively correlated with actual performance. In other words, these collective measures, when taken together, should be able to serve as a predictor of actual marketing success.

In this case criterion-related validity has been evaluated by examining the multiple correlation co-efficient between the scores on the measures of marketing culture and a measure of company performance. These latter measures featured ROI; Market Share;

Market position; Company turnover; and Profit. Market position and company turnover yielded low figures for Cronbach's Alpha. Only Market share as a measure of performance items revealed a single factor solution with an explained variance of 64.5499 and a Cronbach's alpha of 0.7875, - values sufficient to accept this aspect of performance scale as being reliable.

(In the first analysis, briefly alluded to; the results for Profit and ROI (27%) were inconclusive as a result of low response for these measures, whereas going to the published accounts, yielded an increase to 67 % for Profit and 60% for ROCE.

This is on reflection is perhaps not too surprising due to the confidential or sensitive nature of the information sought. However the questions needed to be included, and it is here believed that research should continue to try to seek appropriate and relevant data (even to the extent of risking a non-response), for what other evidence is there to which one can make recourse? In answer to this last point, and under circumstances such as this other/all potential indicators should be and were considered and this was the case as already made.

As a reflection of marketing culture, market share is perhaps the most appropriate as a measure of performance. Other measures, although potentially indicative in their own right, may in fact be more subjective due to their potential for misrepresentation, irrespective of the method of analysis and the measurement used.

The resulting correlation matrix of the 103 statements comprising the questionnaire was examined in order to derive distinct factors indicating marketing culture. A principal components (PC) factor analysis was performed. This form of analysis is particularly useful when the researcher seeks to identify underlying factors that potentially characterise a specific group of variables. This PC factor analysis initially produced 9 and subsequently 5 specific dimensions toward a marketing culture, each representing a different perception of the concept.

4.15 Summary (Appendix F)

As noted, in total, responses from 97 companies' were recorded, from a sample mailing of 340. Responses came mostly from Managing Directors (29%). Although the survey request had been sent to a named individual, in a number of instances, questionnaires were re-directed by the CEO to another official (other than CEO – 85%). Companies serving only one market (29.2%), the majority operating within the domestic market (93.6%). 62.2% also operating within an international market. Two thirds claim a market share of up to 25%, with just over half (51.6%) claiming the number 1 market position, which may be a reflection of the sample frame (Top 1,000 companies). Just over half of respondent companies were Irish (52.9%0), the rest being roughly equal in proportion, as American, British, and mainland European. There was one Japanese respondent.
Company statistics, such as size of organisation in terms of turnover, profit, and staffing numbers varied greatly, the top performance coming from the banking sector, the smallest –agriculture. The distribution of respondent companies tended to cluster towards the 'smaller' size. Only 12 companies exceeded the 1,000 IrM mark.
Distributions were grouped together into three classes for analysis: small, medium, and large, for the purposes of simplicity, clarity and presentation, and as a result of the exceptional range published for the selected companies. (The data source for these figures i.e. T/O, number employed, comprised the values published in Business and Finance and did not form part of the questionnaire).

Irish-based companies tend to be smaller, rather than larger, indicative perhaps that in services marketing, production does not necessarily depend on machine capacity, so that performance output can vary significantly.
Profit and other performance figures possibly reflecting different accounting approaches, here, also indicate a skew towards smaller, rather than larger companies.
Chapter 5 (next) comprises the analysis section of the thesis and gives consideration to the factor analysis and a validating analysis using both discriminant analysis and logistic regression. It also highlights the major correlations derived using the 5 factor model.

Chapter 5: Analysis and Findings 1: Factor analysis

5.0 Factor Analysis

A factor analysis is performed on the sample of companies, as to their emphasis on marketing culture. Items were selected to allow for a comprehensive coverage of services marketing activities (Heskett et al. 1995).

Factor analysis can be used in two ways in the development and/or evaluation of scales to measure concepts. These are: exploratory and confirmatory factor analysis. Exploratory factor analysis is appropriate for determining the structure (i.e. dimensions) of the concept and the items that are to be used in their measurement. Confirmatory factor analysis is used to validate hypotheses on previously developed scales.
Factor analysis is a statistical technique used to identify a relatively small number of factors that can be used to represent relationships among sets of many interrelated variables. It helps identify underlying, not-directly-observable constructs, the basic assumption being that underlying dimensions, or factors, can be used to explain complex phenomena. Usually the factors useful for characterising a set of variables are not known in advance but are determined by the factor analysis.

In this study both exploratory and confirmatory factor analysis have been considered, a) in a confirmatory fashion to validate the marketing culture construct, which was described in reliability and validity terms, and b) in an exploratory manner for the extended study.
Factor analyses using SPSS Base 11.0 is performed, the objective being to identify those specific aspects of marketing organisation and culture constructs, and signalled in the research. All constructs are statistically described and normality, reliability and validity checks are made.

5.1 Factor Extraction

The goal of factor extraction is to determine factors comprising linear combinations of the observed variables i.e. in principal component analysis. The first principle component is the combination that accounts for the largest amount of variation in the sample. The second principal component accounts for the next largest amount of variance and is uncorrelated with the first. Principal component analysis can be used whenever uncorrelated linear combinations of the observed variables are desired. It transforms a set of correlated variables to a set of uncorrelated variables (principal components). To decide how many factors are needed to represent the data, it is helpful to examine the percentage of total variance explained by each. The total variance explained by each factor is given by its eigenvalue (Hair et al. 1998; Malhotra 1999).

Several procedures have been proposed for determining the number of factors to use in a model. One criterion suggests that only factors that account for variances greater than 1 (eigenvalue greater than 1), should be included, as factors with a variance less than 1 are no better than a single variable. (All variables and factors are expressed in standardised form, with a mean of 0 and a standard deviation of 1). This is also the default criterion in the SPSS Factor Analysis procedure.
Another or additional alternative is to plot the total variance associated with each factor – or scree plot.

5.2 The rotation phase

Because most factors are correlated with many variables, it is usually difficult to identify meaningful factors based on the factor matrix. The purpose is to achieve a simple structure, where each factor has non-zero loadings for only some of the variables – preferably one. Rotation does not affect the goodness of fit of a factor solution. Although the factor matrix changes, the communalities and the percentage of total variance explained do not change. However the percentage of variance accounted for by each of the factors does change. Rotation redistributes the explained variance for the individual factors, and different rotation methods may actually result in the identification of somewhat different factors.

The most commonly used algorithm for orthogonal rotation is the Varimax method, which attempts to minimise the number of variables that have high loadings on a factor.

5.3 Factor Scores

To identify the factors, it is necessary to group the variables that have large loadings for the same factors. One method is to plot the variables using the factor loadings as co-ordinates. Another method is to sort the factor pattern matrix so those variables with high loadings on the same factor appear together. Small factor loadings can be omitted from the table. (For example in this instance factor loading of less than 0.5).

Since one of the goals of factor analysis is to reduce a large number of variables to a smaller number of factors, it is often desirable to estimate factor scores for each case. These factor scores may then be used in subsequent analysis to represent the values of the factors, such as Discriminant Analysis. There are several methods for estimating factor score coefficients (Anderson-Rubin, regression, and Bartlett). The one used in this case – regression factor scores (the default) yields a variance equal to the squared multiple correlation between the estimated factor scores and the true factor scores. Regression method factor scores can be correlated even when factors are assumed to be orthogonal. If principal component extraction is used, all three methods result in the same factor scores, which are no longer estimated but are exact (Hair et al 1998).

5.4 Steps in Performing a Factor Analysis

There are seven steps in performing a factor analysis (Norusis 1997):

Step 1: Decide on which variables to include and how many, how the variables are measured and ensure a credible sample size. A description of all the variables is given in the questionnaire in Appendix D. Regarding the sample size, Hair, et al. 1998) comment that generally one would not factor-analyse a sample of fewer than 50 observations and preferably the sample size should be 100 or larger. As a rule, there should be four or five times as many observations as there are variables to be analysed. In many instances the researcher is forced to factor-analyse a set of variables when only a 2:1 ratio of observations is available. In cases where one is dealing with smaller sample sizes and a lower ratio, the analyst should interpret any findings cautiously.

In this particular case, in order to maximise sample response, a second mailing was undertaken, which resulted in a total sample of 97 usable questionnaires. Regarding the number of variables to be analysed, this recommended ratio was exceeded as a result of the recommended number of items in each section. The number of items, which specifically concentrated on marketing culture, was 13, whereas 81 further questions may be considered as referring to the management of organisation culture generally, irrespective of whether or not the organisation identified itself specifically as a marketing organisation.

Step 2: Computation and analysis of the correlation matrix of the variables.

From this matrix and other statistics computed from the correlations, variables for deletion can be identified. Norusis (1997) observes that if correlations between variables are small, it is unlikely that they share common factors, and those variables that have correlations of less than 0.30 with other variables should be deleted, as they do not belong to the dimensions (factors) that explain the correlations. Following this approach the correlation matrix, was reduced as a result of deleting those items with poor correlation coefficients, where items were sequentially dropped from the analysis.

An index (single overall measure) often used to establish whether a factor analysis will be worthwhile is the Kaiser Meyer-Olkin (KMO) statistic. The KMO tests whether the partial correlations among variables are small (SPSS 1993, pp. 53-54): Measures characterised in the 0.90's are *marvellous*, in the 0.80's as *meritorious*, in the 0.70's as *middling*, in the 0.60's as *mediocre*, in the 0.50's as *miserable* and below 0.50 as *unacceptable*".

Small values for the KMO measure indicate that a factor analysis of the variables may not be a good idea, since correlations between pairs of variables cannot be explained by the other variables. To test the hypothesis that the correlation matrix is an identity matrix; all diagonal terms are 1 and all off-diagonal terms are 0. This test requires that the data be a sample from a multivariate normal population. If the hypothesis that the population correlation matrix is an identity cannot be rejected because the observed significance level is large, one should reconsider the use of the factor model (SPSS Professional Statistics 6.1.1994).

In this instance, the value for the test statistic for sphericity is large and the associated significance level is small, so it appears unlikely that the population correlation matrix is an identity.

Another measure is the partial correlation. For variables that share common factors, the partial correlation should be small. A measure often used that is related to the partial correlation is the measure of sampling adequacy (MSA). The MSA values appear as the diagonal elements in the anti-image correlation matrix produced by the factor analysis routine of SPSS. Variables with small MSA are candidates for deletion. How small this measure should be is difficult to estimate. One can examine the partial correlations controlling for all other variables. These correlations, also referred to as negative anti-image correlations, should be small for the correlation matrix to be appropriate for factoring. However, how small is small is essentially a judgmental decision.

Step 3: The choice of a factor analytical approach can be one of two approaches - principal component and common factor analysis (Hair et al 1998). Selection of the factor model depends upon the analyst's objective. The principal component model is used when the objective is to summarise most of the original information (variance) into a minimum number of factors for prediction purposes. In contrast, common factor analysis is used primarily to identify underlying factors or dimensions not easily recognised.

According to Nunnally (1978) one of the major advantages of using the principal components (PC) method of factor extraction is that each principal component factor explains more variance than any other factoring method would. As a research objective was to summarise the original information to a minimum number of factors, this (principal) component method was chosen.

Step 4: Decide on how the factors will be extracted. (Hair et al.1998): Two options are available: orthogonal factors and oblique factors. In an orthogonal solution, the factors are extracted in such a way that the factor axes are maintained at 90 degrees, meaning

that each factor is independent of all other factors. As a result, the correlation between factors is arbitrarily determined to be zero. In contrast, as the term oblique implies, the factor solution is computed so that the extracted factors are correlated.
Hair et al (1998), observing that the oblique factor solution is much more complicated than the orthogonal solution and that entirely satisfactory analytic procedures are not yet available, advise researchers who have the goal of reducing the number of original variables to a smaller set of uncorrelated variables for further analysis, to use the orthogonal factors factor solution. As the objective was to test and refine theoretically developed constructs by reducing the large number of questionnaire items to yield a meaningful conceptual model, the orthogonal solution was deemed most appropriate.

Step 5: Determine the number of factors to extract. The most common approaches for doing this are the scree tail test (scree plot) and the latent root criterion. The rationale for the latent root criterion is that any individual factor should account for at least the variance of a single variable if it is to be retained in the factor analysis. In component analysis only the factors having latent roots (eigenvalue) greater than 1 are considered significant. For each analysis, the scree test is derived by plotting the latent roots against the number of factors in their order of extraction, and the shape of the curve is used to evaluate the cut-off point. The approach involves examining the scree plot and to stop factoring at the point where eigenvalues form a smooth slope as 'factorial litter or scree'. The interpretation of the scree plot can be subjective, as it is possible to find more than one break in the scree plot.
The scree tail test (scree plot) and the latent root criterion achieve this. In the initial analysis, the scree plot begins to straighten out after the 10th factor, in the subsequent analysis, after the 6th. Where following deletion of items of less than 0.5 the remaining 27 items comprising marketing culture, and resulted in resulted in the five factors. (Appendix A and T). These factors may be collectively referred to as: Market Strategy; Customer relationship management; Motivation; Service management and Selling.

The factor statistics indicated those 9 factors with an eigenvalue above 1 account for 80.952% of the variance. These results come close to those of the scree plot shown in the output. In the social sciences a solution that accounts for approximately 60% or less of the cumulative percentage of variance is acceptable. The 5 factor analysis with 27 items yielded an explained variance of 71.714%, a KMO of .903, Bartlett's test of Sphericity Approx. Chi-Square 1840.998, df 351, Sig. 0.000.

<u>Step 6</u>: Computation of the rotated factor matrix.

Rotation means that the reference axes of the factors are turned about the origin until some other position has been reached. There are three major orthogonal approaches: quartimax, varimax and equimax. The ultimate goal of a quartimax rotation is to simplify the rows of a factor matrix. That is, it focuses on rotating the initial factor so that a variable loads high on one factor and as low as possible on other factors. In contrast, the varimax criterion centres on simplifying the columns of the factor matrix. The equimax approach is a compromise between the quartimax and varimax criteria. Rather than concentrating either on simplification of the rows or on simplification of the columns, it tries to accomplish some of each.

Hair et al (1998) observe that the equimax method has not gained much acceptance and the quartimax has not proved successful in producing simpler structures. The varimax method, is very successful in obtaining orthogonal rotation of factors and computes loadings between -1; indicating a clear negative association between the variable and the factor; +1; indicating a clear positive association; and 0, which means no association and therefore a simple structure.

Because principal components along with orthogonal varimax rotation are widely used, this factor rotation method was used for this research and where absolute values less than 0.50 have been suppressed (the blank 'gaps' in the columns) in order to show only significant loadings. (Factor analysis is a means of making a preliminary examination of the factor matrix. In short, loadings greater than +. 30 are considered significant; loadings of +. 40 are considered more important; and if the loadings are +. 50 or greater, they are considered very significant).

Step 7: Interpretation of rotated factors.

The procedure is as follows:

Examine each column of the factor matrix for the higher factor loadings.

Start with the first variable on the first factor and move from left to right and look for the highest loading for that variable on any factor, which should then be underlined. Then move to the second variable and look for the highest loading for that variable on any factor, which should be underlined, and so on and on.

Then examine the variables that have not been underlined and decide whether or not to eliminate these variables.

The analyst should attempt to assign some meaning to the pattern of factor loadings and place greater emphasis on the variables with higher loadings. Then a name or label is assigned to each factor that reflects what the several variable loadings on that factor represent. This procedure is followed for each of the extracted factors.

5.5 Internal consistency reliability

As noted, internal consistency reliability is used to assess the reliability of a summated scale in which several items are summed to form a total score. Each item measures some aspect of the construct measured by the entire scale. In a split-half reliability measure, the items on the scale are divided into two halves and the resulting half scores are correlated. The problem is that the results will depend on how the scale items are split. The coefficient alpha, or Cronbach's alpha, is the average of all possible coefficients resulting from different ways of splitting the scale items. The coefficient varies from 0 to 1, and a value of 0.6 or less generally indicates unsatisfactory internal consistent reliability (Malhotra 1999). The resulting output yielded a table where each of the items with a loading of ≥0.50 had the highest loading on one of the factors. After elimination of items less than 0.50 Cronbach Alpha for marketing culture audit (31 items) was .8749.

Those items included in the five factor representation of marketing culture achieved a Cronbach Alpha of 0. 9498.

5.6 Derived Factors

Following this iterative process, in the first analysis 31 items were identified. They collectively had a KMO Measure of Sampling Adequacy of .837 and a Bartlett's Test of Sphericity, 1748.658 Approx. Chi-square d.f. 465. Sig. 0.000. (For a summary of indications of importance of items and details of the 9 factor loadings for this analysis please refer to Appendices G through to S)

The factors featured:

Factor 1 (Market management)

The first factor represents a conceptualisation of marketing culture that places emphasis on specific actions directed toward increasing the company's performance derived from customer growth while retaining existing clients, through appropriate targeting and measurement criteria.

The second factor (Leadership) highlights the importance of leadership, and organisation management through demonstration, and employee emphasis.

The third factor (Incentives) places emphasis on rewards and incentives as related to performance, and 'value-added'.

The fourth (Employees) emphasises the importance of employees and their involvement and participation within the organisation setting.

The fifth makes reference to the importance of image, both from within and outside the company.

The sixth (Customer management) refers back to customer satisfaction, through information on service management.

Seventh highlights research and its dissemination.

The eighth refers to selling of all forms, in terms of performance and client relationships

The ninth has but one variable – that of supervision.

In such a representation, marketing strategy provides the objectives, including continued growth and profitability, which are set and maintained by management. Although leadership and supervision provide the control mechanisms, it should be borne in mind that culture may also be considered to be a method by which to leverage control on the organisation. The motivating forces in organisational terms are achieved through human resources management, providing remuneration incentives, contributing to and being responsive to organisational image. The ultimate outcome being an appropriate sales implementation achieved through proper customer management backed up by research.

The analytic process whereby a subsequent analysis identified 27 items resulted in a KMO Measure of Sampling Adequacy of .903; a Bartlett's Test of Sphericity, 1840.998 Approx. Chi-Square, df. 351, Significance .0000. (For a summary of indications of importance of items and details of the 5 factor loadings for this subsequent analysis please refer to Appendices T through to X1)

The items featured:

Factor 1. Marketing strategy – New accounts; marketing culture; profitability; order size; client retention; customer based growth; market segmentation; innovation.

Factor 2. Customer relationship management –front-line interaction; defining service; meeting customer needs; customer satisfaction data; listening posts; information on customer satisfaction; measure service value; perceptions of value; perceptions of expectations; service recovery.

Factor 3. Motivation – employee-customer satisfaction; selling criteria; r3cognition and rewards; profit chain; profit growth.

Factor 4. Service management – Direct client service; service management.

Factor 5. Selling- Creative selling.

Presented in a linear fashion, the factors feature elements that might conceptually be considered more specific to a proactive services marketing company.

Fig. 9 Components of the 5 Factor model of services culture.

Factor 1. Marketing strategy → Factor 2. Customer relationships → Factor 3. Motivation → Factor 4. Service → Factor 5. Selling

Factor 1 (45%)	Factor 2 (14%)	Factor 3 (5%)	Factor 4 (5%)	Factor 5 (4%)
Market Strategy	**CRM**	**Motivation**	**Service Management**	**Selling**
	Front-line int/action		Dir. client srvce	
New accs		Empl-cust. Sat		Creative sell.
	Defining service		Service mgmt	
Mrktg culture		Selling criteria		
	Meet cust.needs			
Profitability		Rec.& rewards		
	Cust. Sat. data			
Order size		Profit chain		
	Listening posts			
Client retention		Profit growth		
	Info on cust. sat.			
Cust. growth				
	Measure service value			
Mkt segment				
	Perceptions of value			
Innovation				
	Perceptions of expects			
	Service recovery.			

5.7 Summary

Many organisational features may be considered to contribute to a competitive value. Market based resources will include reference to customer linking capabilities, organisational creditability, innovation and employees, while marketing supports will comprise the marketing culture of the organisation, and the capacity of its managers to manage (Hooley et al 2005). Because market-oriented businesses understand the needs of their customers, they are in a position to continuously identify and capitalise on opportunities to add customer benefits, and by offering superior customer value and resulting sales volumes, can best capture available economies of scale, volume and scope. Conversely, streamlining non-value adding areas of the company by outsourcing (support agencies), will permit staff reductions amongst other potential efficiencies (Deshpande and Farley 1996).

It has been noted that culture may affect how organisations are designed, and to also affect the structure and systems considered as antecedents of market orientation. For example, a national culture may affect management style, symbols, and processes (Clark 1990; Hofstede 1981). In their U.S. study three sets of organisational antecedents were hypothesised and found to be related to market orientation. These were top management, interdepartmental relations, and organisational systems, and which were assumed would explain market orientation with an equivalent strength across country context (Kohli and Jaworski 1990). In this current study, a similar view is taken in that national culture is viewed as a variable exogenous to the organisation, affecting and reinforcing the norms and behaviour within the firm equally (Deshpande and Webster 1989).

At an organisational level, research also suggests that interdepartmental conflict is an important determinant of market orientation where market-based reward systems play an important role in countries or cultures that value individual performance. The most 'vexing' problem is the linkage to objective, economic performance measures, given that objective data are difficult if not impossible to obtain (Selnes et al 1997).

Chapter 6. Analysis and Findings 2: Discriminant and Logistic Regression Analysis

6.0 Discriminant analysis

Discriminant analysis is used as a procedural test for predicting group membership where it is desired to distinguish between the groups and for the identification of new cases whose group membership is undetermined. (Please see Apps. Y & Y1)

In this study the objective of the discriminant analysis is to test capability of the derived factors to discriminate between the designated performance variables and hence the ability of the factor analysis to derive the concept of a market culture.

The method involves forming linear combinations of the independent, or predictor variables, which serve as the basis for classifying cases into one or more of the groups. The predictors in this instance are the factors assembled from the groups of variables extracted by the marketing audit and comprise the values of the variables for cases whose group membership is known.

Conditions for discriminant analysis

It is in the nature of the procedure that an assumption of linearity is made. Earlier examination has not revealed the presence of significant numbers of outliers, which might impact on the results e.g. where there is a large variation in the values, log values have been tried and tested with no appreciable difference.

The assumptions are that each group is a sample from a multivariate normal population, and that the population covariance matrices must all be equal. A variety of tests for multivariate normality are available. One of these is to examine the distributions of each of the variables individually, because if the variables are jointly distributed as a multivariate normal, it follows that each is individually distributed normally. (Although if all variables are normally distributed, the joint distribution is not necessarily multivariate normal) (Norusis1997).

Plots each of the factors did not indicate any marked deviation from the normal, and the pooled within-groups matrices indicate little correlation, which is to be expected as the independent variables (Factor scores) have been derived to be orthogonal and independent.

In order to test for equality of the group covariance matrices, Box's M Test was used. This is based on the determinants of the group covariance matrices, where the significance probability is based on an F transformation. Using Box's M Test, a small probability might lead to the rejection of the null hypothesis that the covariance matrices are equal, but it is also sensitive to departures from multivariate normality, in that it tends to call matrices unequal if the normality assumption is violated. If the covariance matrices are not too dissimilar, the linear discriminant function performs quite well, especially if the sample sizes are small. In this exercise, three or more groups are used, yielding two or more discriminant functions. In each instance, the first function has the largest ratio of between-groups to within-groups sums of squares. The second and subsequent functions are uncorrelated with the first or preceding function, and have the next largest ratio.

Initially the differences between groups are considered by examining univariate statistics, the means and standard deviations.

Secondly significant tests for the equality of group's means for each variable are given, including F values and their significance. If the observed significance level is small (less than 0.05), the hypothesis that all group means are equal is rejected.

Wilks' lambda, (sometimes called the U statistic), is also displayed. When variables are considered individually, lambda is the ratio of the within-groups sum of squares to the total sum of squares. A lambda of 1 occurs when all observed group means are equal. Values close to 0 occur when within-groups variability is small when compared to the total variability – that is, when most of the total variability is attributable to differences between the means of the groups. So, large values of lambda indicate that group means do not appear to be different, while small values indicate that group means do appear to be different. However, even though Wilks' lambda may be statistically significant, it provides little information about the effectiveness of the discriminant function in classification. It only provides a test of the null hypothesis that the population means are equal. Small differences may be statistically significant but still not permit good discrimination among the groups. If the means and covariance matrices are equal, discrimination is not possible (Norusis 1997).

6.1 Estimating the coefficients

In discriminant analysis, a linear combination of the independent variables is formed and serves as the basis for assigning cases to groups – weighted averages are estimated so they result in the "best" separation between the groups. This is the ratio of between-groups sum of squares to within-groups sum of squares, is a maximum (Morrison 1967; Tatsuoka 1971) i.e. the ratio of

$$\text{Eigenvalue} = \frac{\text{Between groups sum of squares}}{\text{Within groups sum of squares}} \quad \text{is a maximum.}$$

Large eigenvalues are associated with 'good' functions.

The canonical correlation, which is equivalent to eta in the one way ANOVA $(\text{eta})^2$ is the ratio of the $\frac{\text{between groups SS}}{\text{Total SS}}$ and represents the proportion of the total variance attributable to differences among the groups.

Wilks' lambda is the ratio of the $\frac{\text{within groups SS}}{\text{Total SS}}$. It is the proportion of the total Variance in the discriminant scores not explained by differences among groups. (Lambda + $\text{eta}^2 = 1$).

The discriminant score function coefficients are standardised to a mean of 0 and a standard deviation of 1.

Since the variables are correlated, it is not possible to assess the importance of an individual variable. The standardised coefficients may be ranked however.

6.2 Classification Output

The SPSS output lists classification information for each case for a group of cases whose membership is known. As mentioned, cases with missing values are not used in estimating the coefficients and so are not included in the output. Using the computation of the discriminant function, where actual group membership is known, it can be compared to predicted membership. The most likely group for a case is based on the discriminant analysis (the group with the largest posterior probability), whereas cases that are misclassified using the discriminant function are flagged with an asterisk.
The percentage of cases classified correctly is one indicator of the effectiveness of the discriminant function. Another indicator of effectiveness of the function is the actual discriminant scores in the groups. A 'good' discriminant function is one that has much between-groups variability when compared to within-groups variability, (the eigenvalue). Large eigenvalues are associated with 'good' functions. Similarly a large eta-squared, (the ratio of between-groups sum of squares to the total sum of squares), represents another measure of the proportion of the total variance attributable to differences between the groups.

6.3 Standardised Discriminant Function Coefficients

The standardised canonical discriminant function coefficients are similar to that in multiple regression, but since the variables are correlated, it is not possible to assess the importance of an individual variable, as each variable depends on the other variables included in the function. In addition the signs are arbitrary, in that negative coefficients could just as well be positive if the signs of the other coefficients were reversed. By considering the groups of variables that have coefficients of different signs, it may be possible to determine which variable values result in large and small function values. For example, large positive values might be expected to contribute positively (i.e. in the case of number of markets- Sales management, Customer relations, and Incentives, whereas negative values would decrease the function (i.e. Company Image).

6.4 Function-Variable Correlations

Another way to assess the contribution of a variable to the discriminant function is to examine the correlations between the values of the function and the values of the variables. For example in the case of Market share, the structure matrix indicates that Customer relationship management, Service management and Motivation, having the highest correlations indicate that larger function values are associated with a service aspect of performance, whereas Market strategy and Selling are associated with the second function. The conclusion is that Function 1 may be considered to encapsulate an emphasis on customer relations, whereas Function 2, that of marketing-selling.
(See summary of discriminant analysis Appendix Y & Y1).

6.5 Functions at Group Centroids

When there is one discriminant function, the classification of cases is based on the values for the single function, but where there are several groups, the case's values are considered simultaneously on all functions.
In the analysis the dependent variables are divided into separate distinct classes which are mutually exclusive and exhaustive. Acknowledging that the size of the sample may influence the results as the class numbers decrease relative to the number of individual variables (a larger group may have a disproportionately higher chance of classification) in this analysis, three and four class groups are selected. This is done in order to realistically cover the range of both performance levels and organisational characteristics, and so as to reasonably discriminate between categories. To illustrate in the case of organisation size, where only 3 classes were used, all the cases were assigned to class 2, resulting in a 67% success rate whereas using 4 classes to better approximate the groups, the percentage correctly assigned was 38% and 60% respectively – but still better than the 25% to be expected by chance.
Although the data meets the multivariate normality assumption as they result from the preceding factor analysis, as noted unequal variance matrices can negatively affect the

classification process, in that if the sample sizes are small and the covariance matrices are unequal, then the statistical significance of the estimation process is adversely affected. It is possible that because of unequal covariances among groups of adequate sample size, whereby observations are "over classified" into the groups of larger covariance matrices.

6.6 Division of the sample.

It is recommended that the sample be divided; one division for estimation of the discriminant function, and the other for validation purposes, the sample size must be sufficiently large to allow for subdivision. Hair et al (1998) suggest a minimum sample size of 100. They also suggest a compromise procedure whereby the researcher can choose to develop the function to classify the same group used to develop the function. This latter option has been followed in this instance.

6.7 Multicollinearity

Multicollinearity can also affect the results. The consideration of multicollinearity becomes especially critical when stepwise procedures are employed. In this procedure, multicollinearity will be present as it is to be expected in Factor analysis although the factors are derived to be orthogonal and therefore independent. However in order to achieve consistency from the sample overall and giving consideration to the differing response rates available for analysis of the dependent variables, stepwise methods are not employed (Hair et al 1998).

(The resulting Discriminant analysis tables over the dependent variables are summarised in Appendix Y and Y1):

The dependent variables included:

Return on sales years 1997 and 1998; Market position 1998; Number of employees' years 1997 and 1998; Comparison with other companies; Nationality of parent company; Position of respondent in company; Market share; Number of markets; Business type; Asset turnover years 1997 and 1998; Productivity years 1997 and 1998; Return on capital employed years 1997 and 1998; Profit years 1997 and 1998.

6.8 Summary of Discriminant Analysis * (Appendix Y)

Almost without exception the discriminant analysis figures for Box's M indicated the rejection of the null hypothesis that the covariance matrices are equal, although 'when group sizes are large the significance probability may be small, even though the group co-variances may not be too dissimilar' (Norusis 1997)

Market share and Business type offer the most favourable results. Although the values for canonical correlation were not as good as one might have hoped for, reaching a high of 0.495 for Market share and 0.392 for Business type, supported by the success rate of those variables correctly classified.

Variable	n =	Correctly Classified*	Significance
Position of Respondent	96	52.9%	.000
Number of Markets	65	55.85	.000
International Companies	56	69.5%	.000
ROI	26	88% (low response)	.000
Market share	56	80.8%	.045
Market position	64	58.1%	.000
Company Nationality	87	64.6%	.000

*The accuracy of classification should be at least one-fourth greater than that achieved by chance. As indicated the prediction accuracy exceeds that figure.

The factors extracted indicated the potential for an organisational culture that has the capacity of being identified with a number of dependent 'descriptor' variables.

These dependent variables may be classified under such headings as Number of markets, Internationalisation, and Nationality of Parent, while Market performance measures include Market position, along with market share.

6.9 Cluster analysis Comparison with Factor Analysis

Using the z scores of the selected 27 items that comprise the factor analysis, a clustering procedure was undertaken, comprising 4; 5 and 6 clusters. (Overleaf P.177)

Cluster analysis	**Factor analysis**
Cluster 1	**Factor 1**
Front-line interaction*	New accounts
Meeting customer needs*	Marketing culture
Cluster 2	Profitability
Defining service	Order size
Customer satisfaction data	Client retention
Listening posts	Customer based growth
Information on customer satisfaction	Organisation growth
Measure service value	Market segmentation
Perception of value	Innovation
Perception of expectations	**Factor 2**
Service recovery	Front-line interaction*
Cluster 3	Defining service
Creative selling*	Meeting customer needs*
New accounts	Customer satisfaction data
Marketing culture	Listening posts
Profitability	Information on customer satisfaction
Order size	Measure service value
Client retention	Perceptions of value
Customer based growth	Perceptions of expectations
Organisation growth	Service recovery
Market segmentation	**Factor 3**
Innovation	Selling criteria
Cluster 4	Recognition & rewards
Direct client service	Profit chain
Service management	Profit growth
Cluster 5	**Factor 4**
Employee/customer satisfaction	
Selling criteria	Direct client service
Recognition and rewards	Service management
Profit chain	**Factor 5**
Profit growth	Creative selling*

*Indicates changed location either from one factor to another, or addition/exclusion.

Removing items comprising Creative selling; Front-line interaction and Meeting customer needs, only reduced the amount of explained variation by some 2%, with a resulting four cluster solution.

The difference between the two approaches only concerns Front-line interaction; Meeting customer needs; and Creative selling. Otherwise the emphasis is still on the main areas of: Market growth; CRM and Motivation in terms of the hierarchy of clusters.

As will be seen under Logistic regression, the 5 factor analysis solution was used as an independent set of variables in a logistic regression analyses as a further alternative, yet complementary method to assess the appropriateness of the study in identifying items of organisational value that contribute to a market culture.

6.10 Discriminant analysis (classification tables)

With the exception of just three variables, each dependent variable was classified into three groups. The exceptions were Organisation size, which due to the large variation fitted better into four classes, while Respondent companies were either International or Not, thus yielding two classes. Lastly respondents either requested a 'Comparative' score or they did not, also leading to only two classes.

As may be seen from the table below, the percentage of dependent variables correctly classified was again consistently greater than that expected by chance. (The underlying benchmark in Discriminant analysis is that of the law of averages i.e. three classes should lead the analyst to anticipate a 33% as correctly assigned).

Discriminant Analysis:

Dependent variable:	*Number of classes*	*% Original group* correctly classified.		*Number of* Respondents	
ROCE '98 '97	3 classes	63.6%	57.7%	66	52
Asset T/O '98 '97	3 classes	63.6%	64.7%	66	51
Return on Sales '98: '97	3 classes	60.3%	68.4%	73	57
Productivity: '98 '97	3 classes	70.1%	79.2%	97	48
Type of Business:'98	3 classes	68.0%		97	
Respondent Position	3 classes	57.3%		64	
Market Share: '98	3 classes	62.5%		56	
Nationality of Parent Company:'98	3 classes	52.9%		87	
Market Position: '98	3 classes	82.8%		64	
Size of Org. '98	4 classes	38.1%		97	
'97	4 classes	59.8%		97	
No.of Markets '98	3 classes	49.2%		65	
International '98	2 classes	72.3%		65	
Comparison '98	2 classes	75.3%		97	

In general the output reveals a similar success rate for the performance measures for the years 1997 and 1998. There is a slightly better rate for Productivity '97 possibly influenced by the lower response rate.

The percentage order correctly classified is presented in the following table.

Table: Percentage order correctly
Discriminant Analysis:

Dependent variable:	*Number of classes*	*% Original group* correctly classified.		*Number of* Respondents	
Market Position: '98	3 classes	82.8%		64	
Comparison '98	2 classes	75.3%		97	
International '98	2 classes	72.3%		65	
Productivity: '98 '97	3 classes	70.1%	79.2%	97	48
Type of Business:'98	3 classes	68.0%		97	
ROCE '98 '97	3 classes	63.6%	57.7%	66	52
Asset T/O '98 '97	3 classes	63.6%	64.7%	66	51
Market Share: '98	3 classes	62.5%		56	
Return on Sales '98: '97	3 classes	60.3%	68.4%	73	57
Respondent Position	3 classes	57.3%		64	
Nationality of Parent Company:'98	3 classes	52.9%		87	
No.of Markets '98	3 classes	49.2%		65	
Size of Org. '98	4 classes	38.1%		97	

Common sense might suggest that a greater variation would result from those values that are most likely to differ from one organisation to another. For example, an aggressive, competitive organisation culture is not necessarily dependent on relatively static factors such as the number of markets served, or the size of organisation. However, identification of a market culture against a measurable assessment of competitive performance would include such features as a desire to know one's competitive position (n.97), driven by a desire to know one's culture score (n.73); Market position (n.64); or extent of Internationalisation in Number of Markets (n.65).

6.11 Highlights of discriminant analysis of 5 factors.

Accepted accounting tools for the comparison of companies, and which are significant in their ability to discriminate between companies include measures such as: productivity; type of business, ROCE; Asset T/O; market share; ROS amongst possible others. Demonstrated here, the two relatively successful measures comprising Market share and Type of business.

Market share

As may be seen, the variable 'Market share' marginally fits the required conditions i.e. Wilks' Lambda: 0.066 (almost significant). The factors contributing to this result comprise Customer relationship management, Service management and Motivation for function 1, and Market strategy and Selling for function 2.

Market share 3 Classes

N	Box's M	F Approx	df1	df2	Sig
56	39.344	1.033	30	1574.094	.417

Function	Eigenvalues	% of Variance	Cumulative %	Canonical Correlation
1	.325	84.2	84.2	.495
2	.061	15.8	100	.240

Test of Functions	Wilks'	Chi-square	df	Sig.
1 through 2	.711	17.379	10	.066
2	.942	3.026	4	.554

Structure Matrix	Function 1	2
REGR factor score 2	.706*	-.181
REGR factor score 4	.567*	-.145
REGR factor score 3	.273*	.175
REGR factor score 1	-.055	.806*
REGR factor score 5	-.142	-.489*

Pooled within-groups correlations between discriminating variables and standardised canonical discriminant functions.

Variables ordered by absolute size of correlation within function.

*Market position (Discriminant analysis App. Y & Y1) shows a marginal difference in means as does Profit '98. The Hosmer & Lemeshow results indicate non-significance at 0.05 level – a good model fit. (Logistic regression. App. Y11).

Business type

Although Box's M is not significant, the value for Wilks' lambda is significant for function 1 and just outside 5% significance level for function 2. (App. Y & Y1). The factors contributing comprise Selling and Market strategy for function 1, and Service management and Motivation for function 2.

Business type 3 Classes

N	Box's M	F Approx	df1	df2	Sig.
97	67.321	1.942	30	4714.954	.002

Function	Eigenvalues	% of Variance	Cumulative %	Canonical Correlation
1	.182	64.8	64.8	.392
2	.099	35.2	100	.300

Test of Functions	Wilks'	Chi-square	df	Sig.
1 through 2	.770	24.060	10	.007
2	.910	8.672	4	.070

Structure Matrix

	Function	
	1	2
REGR factor score 5	.529*	.050
REGR factor score 1	-.426*	.377
REGR factor score 2	.397	.640
REGR factor score 4	.418	-.541*
REGR factor score 3	.313	.342*

Pooled within-groups correlations between discriminating variables and standardised canonical discriminant functions.

Variables ordered by absolute size of correlation within function.

*Largest absolute correlation between each variable and any discriminant function.

The two measures mirror each other in that market share features Customer relationship management, Service management and Motivation for function 1, and Market strategy and Selling for function 2; while type of business highlights Selling and Market strategy for function 1, and Service management and Motivation for function 2. (Customer relationship management does not arise in this case). The conclusion to be drawn is that within the diaspora of service marketing, that market share as an objective is perceived as a function of good customer-server relationships, with emphasis on the management of that service role. In differentiating as to type of business, the emphasis is on marketing and selling. These indications would suggest that there is a possible variance of interpretation and application of a sales service culture, in that these companies were, by definition, already within a services marketing segment and so are more overtly focussed on a market oriented success objective, and that the value of a service orientation was by comparison being overlooked or subsumed to more subjectively qualified performance goals*.

The findings are supported by Tse et al (2004) who assert that given that marketing is an adaptive, boundary-spanning business function, it comprises an offensive strategy that can be used to capture market share and expand a firm's position in a marketplace. They consider that by its very definition a market orientation by coordinating various functional areas of organisation, it embraces activities geared to capturing market share and promote a firm's level of performance.

6.12 Logistic regression (App. Y11)

As a consequence of the possible violation of assumptions using discriminant analysis, logistic regression analysis offers an alternative approach to test the ability of the factors to differentiate between the dependent variables. Although both multiple regression and discriminant analysis may be considered when predicting a binary dependent variable, there are some difficulties when the dependent variable can have only two values. The reason for this is that with only two values, the assumptions necessary for normality are violated. The predicted values cannot be interpreted as probabilities. They are not constrained to fall into the interval between 0 and 1.

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*Although the evidence indicates that for some of the analyses using the dependent variables, the covariance matrices may be unequal, and even though the joint distribution of the variables may be multivariate normal, the optimum classification rule i.e. the quadratic discriminant function option is unavailable in the SPSS package existing in the Dublin Institute of Technology.

Linear discriminant analysis does allow direct prediction of group membership, but the assumptions of multivariate normality of the independent variables as well as equal variance-covariance matrices in the two groups is required for the prediction rule to be optimal. But logistic regression requires far fewer assumptions than discriminant analysis, and even when the assumptions required for discriminant analysis are satisfied, logistic regression still performs well (Norusis 1997).

6.13 Methodology

In each instance the variable of interest was accorded a score of one, and all other classes were assigned as zero.

The dependent variables remained as before, including Market share (3 classes) ROCE '98 (3 classes); Nationality of Parent (4 classes); Market position (3 classes + the rest); Market share (2 classes - Above and below average); and serving an International market.

6.14 Logistic regression findings (Appendix Y1)

The results for logistic regression are not significant on Chi square, Cox and Snell, and Nagelkerke R squares, while the Hosmer and Lemeshow test for above average share is not significant (being just outside at 0.063), the 0.05 level for below average share. In each case the classification table indicated a 69.9% correctly predicted. (Appendix Y1). As a result the results yielded by discriminant analysis with Type of Business as the dependent variable are not substantiated in the logistic regression output. Insurance/Assurance shows evidence of significance, but with very low values of R square. Similarly the classification tables are high, but Hosmer and Lemeshow test is not significant. A common feature is the presence of Factor 4 (Service management) being highlighted as contributing to the possible differentiation.

In assessing the model fit using logistic regression, the indications are that the independent variables are not the strongest contenders in discriminating between the selected performance measures. A number of reasons may be put forward. It is possible if not probable that both discriminant analysis and logistic regression are affected by variance/covariance inequalities across the groups. In addition, although the indication are that the of the variables are normally distributed, it may be that the selected sub-groups (low, middle, high) do not portray more distinctly, the actual spread of values in the sample population. Finally, the inclusion of a larger number of items, or different items in each dimension may uncover variables either here not considered or rendered redundant as a result of collinearity. A larger study (if achievable) of specifically identified sectors may uncover a statistically closer relationship than currently revealed (Hair et al. 1998).

Chapter 7. Analysis and Findings 3: The Five (5) Factor output

7.0 Analysis using five factors

So far it has been argued that marketing values widely held throughout the organisation are indicative of a market culture and may be equated to levels of operational performance, and that these measures of performance are those as presented in the company's annual returns. Five factors have been identified and which comprise:
Factor 1. Market strategy (45%): Factor 2. Customer Relationship Management (14%): Factor 3. Motivation (5%): Factor 4. Service Management (5%): Factor 5. Selling (4%).

It is these factors which were used to arrive at specific company scores, which in turn were aggregated and used as classifications in the previous series of discriminant analyses. The subsequent proportion of those companies correctly assigned by discriminant analysis indicated a degree of success, in that all groups the percentages correctly assigned were greater and in some, much greater than would be expected by chance alone. The conclusion to be drawn is that these five factors might be used as indicating potential cultural measures for service organisations, against some well-accepted performance indicators. Further supporting evidence is offered through a correlation matrix of factors and independent performance criteria (See 7.16 – 7.21. Correlations by factor scores).

Three levels have been used in order to compile a comprehensive understanding of the underlying elements, which may influence or be influenced by a market culture.
1. Performance measures
A variety of commercial performance measures were assessed. Specifically:
ROCE; Asset turnover; return on sales; employee productivity.
2. Organisational objectives

In support of the argument certain additional objectives are considered to be appropriate and to be associated with levels of competitive excellence, and also as sector indicators of competence. These include Market share and market position.

3. Organisational characteristics

Organisational characteristics were classified in order to identify further industry-wide features that might be considered to be representative of the underlying values already alluded to. These include; Type of business; Nationality of parent company; Size of organisation; Number of markets; and Internationalisation.

Lastly, in order to assess possible respondent bias towards the concept of market culture, respondent position was classified. In addition, in the survey, an offer of a company comparative score was made. This latter was considered to be a) an incentive for greater response, and b) an indicator of the interest held by the respondent in the outcome of the exercise. The items making up the second analysis are presented below. As may be seen, comparing the original 9 factor result with the ensuing 8, 6 and final five factor options sacrificed little in terms of explained variation of the sought phenomenon of a market culture without contradicting Strong and Harris' (2004) assertion that a wide range of tactics contribute to the extent of market orientation*.

7.1 (Five) 5 Factor Output (Appendix T)

Factor 1. Market Strategy: Cronbach Alpha: 0.9424: New accounts, marketing culture, profitability, Order size, Client retention, Customer-based growth, Organisation growth, Market segmentation, Innovation.

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*According to Haire et al (1998), the most important determinants in achieving reliable factor solutions were the absolute sample size and the absolute magnitude of factor loadings. If a factor has four or more loadings greater than 0.6 then it is reliable regardless of sample size. With 30 or more variables and communalities greater than 0.7 for all variables, different solutions (common factor vs. principal components) are unlikely. Factor loadings of 0.499 were selected - (for a sample size of 50, 0.722 can be considered significant, for 100 the loading should be greater than 0.512. It is recommended that only factor loadings with an absolute value greater than 0.4 (which explain around 16% of variance) are interpreted.

Factor comparisons

(For itemised 5 factors, please see Appendix T. P108)

31 Variables.	30 Variables	27 Variables
K.M.O. 0.837 Bartletts test of sphericity 1748.658	K.M.O. 0.855. Bartletts test of sphericity 1638.837	KMO .903 Bartlett's test of sphericity 1840.998
Approx. chi-square d.f 465.	Approx. chi-square df. 435.	Approx chi-square df. 351
Sig. 0.000	Sig. 0.000	Sig. 0.000
8 Factors. 76.303% explained	6 factors. 70.358% explained	5 factors. 71.1% explained *

Factor 1. Marketing strat. (35%)
46 In relation to profit, culture is
49 Customer based growth
48 Client retention
51 Market segmentation
50 Organisation growth
45 Marketing culture
31 Creative selling
33 New accounts
32 High achievers in selling

Factor 2. Leadership (12%)
96 Mission vs. fear
90 Demo's vs. policies
86 Leadership energy
95 Organisation leadership
92 Profit chain
82 Selling criteria

Factor 3. Incentives (7%)
35 Incentivise the back office
34 Incentives
94 Reward incentives

Factor 4.Research (6%)
40 Research
41 Research feedback

Factor 5. Imagery (5%)
37 Corporate image
38 Department image
39 Image at all levels

Factor 6. HR Management (4%)
6 Employee feelings
7 Employee opinions
8 Employee importance

Factor 7.Service Mgmt (4%)
44 Service management
12 Supervision
42 Client service

Factor 8.Relationship marketing (3%)
71 Customer information
69 Customer satisfaction data

Factor 1. Marketing strat. (37%)
45 Marketing culture
46 Profitability
47 Order size
48 Client retention
49 Customer based growth
50 Organisation growth
9 Managers open door

Factor 2. CRM (15%)
69 Customer satisfaction data
71 Info on customer satisfaction
44 Service management
10 Front line interaction
37 Top management commitment
20 Meeting customer needs
75 Service recovery

Factor 3. Sales (5%)
31 Creative selling
32 High achievers in selling
33 New accounts
34 Incentives
36 Pursue new business

Factor 4. HRM (5%)
16 Training & motivation
78 Employee loyalty
82 Selling criteria
86 Leadership energy
88 Coaching vs. supervision
89 Mission vs. fear
80 Know quality

Factor 5. Motivation (4%)
81 Employee-customer satisfaction
83 Recognition & rewards

Factor 6. Service (3%)
17 Defining service
38 Dept. Man. image

Factor 1. Marketing strat. (45%)
33 New accounts
45 Marketing culture
46 Profitability
47 Order size
48 Client retention
49 Customer based growth
50 Organisation growth
51 Market segmentation
52 Innovation

Factor 2. CRM (14%)
10 Front-line interaction
17 Defining service
20 Meeting customer needs
69 Customer satisfaction data
70 Listening posts
71 Info. on customer satisfaction
72 Measure service value
73 Perceptions of value
74 Perceptions of expectations
75 Service recovery

Factor 3. Motivation (5%)
81 Employee-customer satisfaction
82 Selling criteria
83 Recognition & rewards
92 Profit chain
93 Profit growth

Factor 4. Service Mgmt. (5%)
42 Direct client service
44 Service management

Factor 5. (4%) Selling
31 Creative selling

***5 Factors** (Appendix T. P108) Profit prediction classified. 60.3%. Type of business correctly classified 68%. Productivity correctly classified 58.9%

Factor 2. Customer relationship management: Cronbach alpha: 0.9239: Front-line interaction, Defining service, Meeting customer needs, Customer satisfaction data, Listening posts, Info. on cust. Satisfaction, Measure service value, Perceptions of value, Perceptions of expectations.

Factor 3 Motivation: Cronbach Alpha: 0.8692: Employee-customer satisfaction, Selling criteria, Recognition & rewards, Profit chain, Profit growth.

Factor 4 Service management: Cronbach Alpha: 0.7193: Direct client service, Service management.

Factor 5. Selling: Creative selling. Highest factor loading 0.614

1. The five factors indicate an interesting group of items insofar as they represent in the main, a range of objectives and strategies suggesting the notion of growth, customer development and retention apparently geared towards specific groups of customer.

2. The operations emphasis is based on intelligence generation and its dissemination, which is based on information from customers, and which seeks to identify and assess the important and valued aspects of service delivery.

3. Recognition of the role of service personnel is evidenced from the third factor 'motivation.' Here it is again acknowledged that the emphasis on relationships is important, in terms of interdependencies in the delivery process, in order to yield a return. There is also an emphasis on appropriate reward structures, both financial and non-financial.

4. The theme of 'service' is continued in the fourth factor 'service management'. Although comprising only two items, they feature the personal aspect of service management and the potential for closer relationships of a one-to-one nature.

5. The last factor offers another view for the possibility of innovation designed to deliver a more appropriate or 'better' service. Depending as it would on the skills and abilities of service personnel to identify the needs demanded by the customer of the moment, it apparently recognises the potential for empowerment led by sales training with the potential for multi-skilling.

The following tables in the appendices briefly summarise the findings
Number of markets served - App. K1; Nationality of Company – App. L1
Position of respondent: - App. M1; Market Share – App. N1
Market Position – App. O1; Comparison – App. P1
Profit – App. Q1; Size of Company (Number of Employees) – App. R
Output = (Turnover/Employees) – App. S

These organisational characteristics were analysed against the five factor solution and a summary of the details are presented below. (See Appendices I1 – W1).

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*Following the initial survey recourse was made to published company returns in order to yield a better response figure. This approach was largely influenced by the extra costs that a complete, second survey would have incurred. The result is that the response rates increased for the specific performance figures, including Profit, 67 (App. Q1); Profitability 65 (App. Q2.); Size of Organisation 67 (App. R1); Productivity 87 (App. S1.); ROCE 60 (App. U1.); Asset T/O 57 (App. V1.).

7.2 Domestic and International Companies (Appendix I1 & J1)

Overall factor Rank	Domestic	International
Strategic Marketing	Strategic Marketing	Customer relationship management
Customer relationship Management	Customer relationship management	Strategic marketing
Motivation	Selling	Motivation
Service management	Services Management	Profit
Selling		Services management

There is a distinct reversal between Domestic and International companies. International companies are primarily focused on customer relationship management, whereas domestic companies place this as number 2. Otherwise there is less of a distinction i.e. factors 3 and 4. International companies feature a fifth factor, so while exhibiting a clear profit orientation they suggest a separate emphasis on innovative ways to get closer to the customer. As one might expect, domestic companies, by virtue of the number comprising the sample, reflect the overall factor analysis more closely.

7.3 Number of markets served*. (App. K1)

Overall factor Rank	Only 1 Market	Markets > 1
Strategic Marketing	Strategic Marketing	Strategic Marketing
Customer relationship Management	Customer relationship management	Service information
Motivation	Selling	Selling
Service management	Direct client Service	Profit
Selling		Services interaction
		Defining service
		Innovation

*Size of Organisation – no matrix was positive definite (See over)

Some of these matrices are non positive definite which arises primarily as a result of the low frequencies of respondents within these groups, and as a consequence the analyses did not proceed. The most likely interpretation is that organisations with larger market share are reluctant to indicate the fact (whatever the reason) which is unfortunate as they would comprise that sector of particular interest with a view to performance. The same problem arose in part with regard to Market position, Profit, Profitability, Productivity , ROCE, Asset T/O, and Business Type.

For the single market respondents, a large number of items were included in factor 1 covering the overall concepts of marketing practice with a view to growth. Factor 2 was very focused on service management, including information. By contrast, the greater number of factors for those companies operating in more than one market, allowed for a greater emphasis on information in factor 2. This aspect features the only major difference between the two categories. In each category, the final factor had only one item (the last two factors for markets >1). For classifications > 2 (n10) and >10 (n24) neither matrix was positive definite so the analyses did not proceed.

7.4 Nationality of Parent company. (App. L1)

Overall factor Rank	Irish	Non- Irish
Strategic Marketing	Strategic Marketing	Strategic Marketing
Customer relationship Management	Customer relationship management	Selling
Motivation	Direct service	Service management
Service management	Profit	Customer information
Selling	Employee customer satisfaction	Value emphasis
		Profit from service

The greater number of individual factors identified by 'international, non-Irish' companies suggests an emphasis on the values placed on organisational activities with a view to services. There is an apparent distinction between profit from service and profit per se.

7.5 Position of Respondent. (App. M1)

Overall factor Rank	Managing Director	Marketing Director & Others	Others
Strategic Marketing	Strategic Marketing	Customer relationship management	Customer relationship management
Customer relationship Management	Customer information management	Strategic Marketing	Strategic Marketing
Motivation	Service management	Motivation	Profit
Service management	Customer interaction	Direct client Service	Creative selling
Selling	Service development Value chain		
	Service recovery		
	Value growth		

The results from the Managing Directors indicate a broad emphasis. 13 Marketing Directors responded to the survey (even though addressed to the Chief Executive). The analysis broke out two groups for comparative purposes: Marketing and Others, which indicated a much more parsimonious number of factors, not too different from 'Others' by themselves. The comparison suggests an emphasis on what may be perceived as 'traditional' marketing activities as against the wider church approach indicated by the Managing Directors.

7.6 Market Share. (App. N1)

Overall factor Rank	Market Share Lower 1/3rd
Strategic Marketing	Customer relationship management
Customer relationship Management	Strategic Marketing
Motivation	Profit from service
Service management	Motivation
Selling	Perception/expectations of service

It is disappointing that the analysis of the sectors 'Middle and Top 1/3rds' for market share were not positive definite. Market Share - Middle 1/3$^{rd.}$ N = 10. Chronbach Alpha 0.9100; Market Share - Upper 1/3 rd. N = 5. Cronbach Alpha 0.9665. Here the matrices were unfortunately not positive definite, so that the analysis did not proceed. Particularly when one compares the result with other studies (Kohli & Jaworski 1990) especially as the subsequent discriminant analysis and logistic regression indications were favourable as the appropriateness of the research methodology regarding this aspect of marketing strategy. What derives from the summary is the difference between the overall factors and those who indicated they ranked in the lower third as to their market share. The emphasis is on services management, perhaps reflecting their focus on and relationship with the nature of services provision (one-to-one etc) and the number of competitors within each sector.

7.7 Market Position. (App. O1)

Overall factor Rank	Market Position = 1
Strategic Marketing	Strategic Marketing
Customer relationship Management	Customer relationship management
Motivation	Service information
Service management	Motivation
Selling	

A very similar result when compared with the overall five factors. Just under 30% of respondents claimed to occupy the number one position in their market. Market position in this case (1) equalling the top. Accepting the validity of their response, the respondents closely mirror the overall factor analysis, indicating at face value the appropriateness of the five factors and the values they represent.

While 11 respondents claimed to occupy the number 2 position, 15 ranked themselves at number 3 or lower. Again the results may be influenced by the domestic nature of the service industry and its composition of Irish companies.

7.8 Comparison (App. P1)

Overall factor Rank	Would like a comparison
Strategic Marketing	Strategic Marketing
Customer relationship Management	Customer relationship management
Motivation	Motivation
Service management	Direct client service
Selling	

Only four factors (the last consisting of only one item). There is a similarity to the overall factor results, which is not surprising given that a total of 64 respondents indicated they would like to know their individual company's score. 23 respondents indicated they did not. No reason was given or asked.

7.9 Profit Class. (App. Q1)

Overall factor Rank	Profit class = 2 (Middle 1/3rd)
Strategic Marketing	Strategic Marketing
Customer relationship Management	Customer relationship management
Motivation	Service value
Service management	Service management
Selling	Service interaction
	Profit

The factors derived indicate a positive awareness and identification with specific aspects of services marketing, the items being closely grouped. Unfortunately neither the lower ⅓rd nor top ⅓rd classes were positive definite, so no conclusion could be drawn as to profit class.

7.10 Profitability '98. (App. Q2)

Overall factor Rank	Profitability '98 (Net Profit/Sales = 2 (Middle 1/3rd)
Strategic Marketing	Strategic Marketing
Customer relationship Management	Customer relationship management
Motivation	Service information
Service management	Value chain
Selling	

Profitability features a fairly even emphasis on aspects of service values. No factor has less than five items incorporated.

7.11 Productivity '98. (App. S1)

Overall factor Rank	Productivity '98 = 2 (Middle 1/3rd)
Strategic Marketing	Marketing Strategy
Customer relationship Management	Customer relationship management
Motivation	Selling
Service management	Service management
Selling	Profit

Some two thirds of respondents indicated membership of this group (N = 61), thus the results perhaps are not unexpected, reflecting the majority values, as given in the overall factor rank. However the comparison is incomplete as there are no results for the two extreme groups (upper and lower).

7.12 ROCE '98. (App. U1)

Overall factor Rank	ROCE '98 = 2 (Middle 1/3rd)
Strategic Marketing	Marketing Strategy
Customer relationship Management	Customer relationship management
Motivation	Service management
Service management	Profit
Selling	Client interaction

A very similar result to Productivity '98, with the addition of aspects of client interaction. The consistency indicated earlier is borne out in this simple comparison. The other classes are lacking as a result of the aforementioned difficulty in obtaining specific accounting data.

7.13 Asset T/O '98 (App. V1)

Overall factor Rank	Asset T/O '98 = 3 (Upper 1/3rd)
Strategic Marketing	Customer relationship management
Customer relationship Management	Strategic Marketing
Motivation	Service management
Service management	Selling
Selling	Profit

With the exception of Motivation the overall results reflect the emphases indicated by the middle group re: asset turnover. The items included in the factors suggest an accepted distinction as to the different aspects of services marketing.

7.14 Business Type (App. W1)

Overall factor Rank	Business Type (Services)
Strategic Marketing	Strategic Marketing
Customer relationship Management	Customer relationship management
Motivation	Motivation
Service management	Selling
Selling	Profit

Similar to the overall factor ranking. The largest number of items is contained in Factor 2 focussing on the various aspects of customer relationship management. Factors 3 and have only two items each.

7.15 Summary

Overall factor Rank	Negative Factor Scores	Positive Factor Scores
Strategic Marketing	Strategic Marketing	Customer relationship management
Customer relationship Management	Service management	Strategic Marketing
Motivation	Customer relationship management	Profit & Motivation
Service management	Profit	Service management
Selling	Selling	Selling
	Innovative service	
	Defining service	

38 respondents had negative factor scores while 49 had neutral or positive scores.
The significant difference between the factor orders is the priority accorded to customer relationship management as against strategic marketing. The similarity between positive scorers and the overall factor rank reflects the greater inclusivity as a result of using 90% of the ample in the analysis. What is of interest is those who have scored positively.

All told, positive values suggest the apparent relevance of the items highlighted in this second factor analysis. Cronbach's Alpha scores show consistently high, even for individual factors.
There is a consistency with regard to the broad dimensions identified, even allowing for the broad collectivism used. The most obvious differences arise by the juxtaposition between market strategy and customer relationship management.

A number of organisational features and performance characteristics were found to be non-positive definite, as a result of non-disclosure of relevant information from respondents (i.e. market share, market position and profit amongst others).

The absence of financial data also affects the comprehensiveness of the analysis in terms of profitability and productivity measures, including ROCE and Asset Turnover. There were even fewer figures available for 1997, so this latter year was not included.

The range of values for size of organisation, as given by the number of employees, was exceptionally wide and this also has apparently resulted in yielding non-positive matrices, hence the absence of an analysis for this characteristic also.

Overall, the factor tables are broad collective summaries of the items that go to make up that factor. As the specific items contained in each may vary to a greater or lesser extent, it is not appropriate to undertake a statistical comparison. As a consequence, a general comparison is included with a view to seeking any further evidence of aspects of organisation that may assist the analysis. In the main, the overall factors are similar.

Geographic characteristics

The factors are identical for Domestic companies and those operating in only one market. (In both cases Motivation is missing). Irish companies appear to place greater emphasis on Service management than Motivation.

International companies and those operating in more than one market highlight an additional factor 'Information' and place a greater emphasis on Selling – especially for non-Irish companies. These latter companies also feature a 'Profit' element.

Position of Respondent

As indicated, Managing Directors take the broadest perspective, featuring 8 factors. By contrast, and somewhat surprisingly, Marketing Directors and Others, do not feature Selling, while absent from Others are Motivation and Service management, rather a Profit element appears. The difference suggests a difference in emphasis between possibly 'pure marketers' and operational sales people. It is unfortunate that the factor analysis was unable to break out the respondents from marketing in a separate table.

Competitive emphasis

This was indicated by Market share (lower 1/3rd) and Market position (No 1). While they both feature the same number one and number two factors, Market strategy and Customer Relationship Management, those respondents with a minority shareholding appear to be more interested in Profit than Selling, while the No. 1 Position holders do not emphasise Selling or Service management but do highlight and emphasis on Information.

Those seeking a Comparison with other respondents did not feature a Selling factor as such.

Profit feature

Only the middle grades produced a factor analysis. Across the board, they scored Market strategy and Customer Relationship Management as 1 and 2 respectively. Otherwise the emphasis varied as to Service management and Value. While none mentioned Motivation, with the exception of 'Profitability (Profit/Sales), they all featured an emphasis on Profit as a factor in itself. ROCE and Asset T/O reflected similar results.

Type of Business

The analysis on Services as a separate category within the services industry highlighted Profit at the expense of Services management. Given the preponderance of Irish companies in the sample, perhaps this indicates a particular objective of Domestic companies, and an absence of certain aspects of customer care.

Weighted Factor Scores

The Positive scorers emphasised Customer Relationship Management; the Negative scorers put Service management before Market strategy. This latter group also indicted Profit and Innovation separately, but omitted Motivation.

Do the generalisations indicated suggest a difference? Irish companies appear to be aggressively concerned with delivering value, but not with generating information or staff relations. Perhaps there is a degree of complacency as a result of a perceived 'captive'

market. By contrast International companies emphasise Selling and Information generation.
Marketing management are more concerned with daily operations, Managing Directors clearly taking a very wide perspective on management overall.
Taking Market share and Position together suggests that lower share companies do not emphasise selling, but rather profit, while No. 1 companies benefit from Information.

Services are in line with overall scores, reflecting the dominance of this group in the analysis, but there is a similarity between positive factor scorers and the overall factor results, which is encouraging and is supported by the analysis which looks at the correlations between each of the factors and the company characteristics.

Given the reservations as to the indication that although the variables are from multivariate normal distributions, that the covariance matrices are apparently not equal, there is still an indication of a degree of individuality through Market share (62.5%) and Nationality of parent (52.9%). Here demonstrated, the percentage correctly classified is closer to double that expected by chance alone.

A more general or undifferentiated set of values such as Number of markets served, while most likely to be considered as International (72.3%), may be representative of a domestic market base. It was not expected that organisation Size (48.3%) would necessarily relate with a single, identifiable market culture, in that operating in a number of markets could in fact lead to a diverse number of sub-cultures in the absence of a global or unifying strategy.

7.16 Significant correlations of factors

Each respondent's score was calculated on the basis of the five factors, weighted according to the percentage variation accounted for by that factor (Total explained variation 73%). (App. X1, X11 & X111). As seen these comprise: Factor 1. Market strategy (45%), Factor 2. Customer Relationship Management (14%), Factor 3. Motivation (5%), Factor 4. Service Management (5%), Factor 5. Selling (4%)
As the total of the normalised individual factor scores sum to zero they present an appropriate normal curve with which to make a comparison between the various criteria already designated.
For the purpose of differentiating the respondent companies, the collective scores, for each company, over the five factor scores were simply classified as being either positive or negative.
The factors themselves are highlighted according to their degree of significance in a bivariate correlation matrix and are presented in the table below (Table 7.16).
The same collective groupings as before are used – Output, Competitiveness and Business character. In addition certain other values were highlighted in the process. These also may be considered to implicitly if not explicitly corroborate the findings of an association between the three broad collective criteria detailed above (Performance measures, Organisational objectives, and Organisational characteristics) and the five derived underlying factors.

Table: 7.16

Significant Correlation of Factors by Weighted Factor Scores

Factor/Feature	**(All)**	**(<0)**	**(>=0)**
Factor 1(Mkt.Stgy)/ Wt Fact. Score	**0.941****	**0.931****	**0.798****
Factor 1(Mkt.Stgy) /Market Position	-0.118	0.151	**-0.435***
Factor 1(Mkt.Stgy) /Net Profit/Sales '98	-0.224	-0.285	**0.410****
Factor 1(Mkt.Stgy)/No. of Markets	-0.027	0.228	**-0.369***
Factor 2(CRM)/ Wt Fact. Score	**0.293****	0.110	**0.326***
Factor 2 (CRM)/Market Position	**-0.268****	-0.232	-0.097
Factor 2 (CRM)/ Net Profit/Sales '98	0.152	**0.384***	-0.228
Factor 3(Motivation)/Factor 4(Ser.Man)	0.000	0.236	**-0.357****
Factor 4 (Ser. Man.)/Net Profit/Sales '98	**-0.385****	**-0.443****	-0.235
Factor 5(Selling)/ Net Profit/Sales '98	-0.157	-0.123	**-0.390***
Factor 5(Selling)/Factor 1(Mkt.Stgy)	0.000	0.056	**-0.291***
Markt Position/Wt Fact. Score	-0.194	0.019	**-0.348***

** Sig. at 0.01% (2-tailed);
* Sig. at 0.05% (2-tailed)

The significant variables associated with Factor 1 – Market strategy included the following:
The overall weighted factor score(s) (WFS) is 0.94 and highly significant - not surprisingly as it accounts for some 45% of total variation. The correlations indicate less of an emphasis in the other factors (2 to 5 inclusive) considering the fewer significant correlations for those organisations whose scores are less than zero.

Summarily, Factor 1 - market strategy correlates significantly for those with positive scores and relates to Market position, Profitability and Number of markets, suggesting that market culture has a role in achieving a competitive position and a growth strategy overall. However the correlation is negative for 'Number of markets' suggesting an awareness or recognition which is greater for those companies serving a smaller group of markets. The interpretation offers a certain consistency in the correlations i.e. low values for market strategy - low factor score and high marketing strategy - high score.
The results suggest a positive relationship between the values identifying with a market culture, with the highlighted criteria.

Factor 2. – Customer relationship management (14% variation)
Here, the results are not so straight forward. Accounting for only 14% variation, one might expect Factor 2 (CRM) to not feature significantly. However it is significant for Market position overall, and with Net Profit/Sales for those with negative scores. Greater emphasis is placed on the same variables making up Factor 1 (Market strategy). There is also an apparent similarity between Factor 2 (CRM) and Factor 4 (Service management) with Net Profit/Sales, for negative scorers.
Factor 2, Customer relationship management, was also significantly correlated with the overall WFS, for positive scorers. Not surprisingly, Factor 2 (CRM) was negatively correlated with market position, suggesting that as market position improves (the number reduces) the greater the emphasis on customers. Similar interpretation is required for Factor 2 and Net Profit/Sales. The negative correlation for WFS >= 0, although not statistically significant, suggests that the more effort put into Customer relationship management, the lower the profitability. This may be considered reasonable. The positive significant correlation of 0.384 for negative scorers suggests an emphasis on volume rather than quality relationships.

Factor 3 – Motivation (5% variation)
This factor is negatively correlated with services management (-0.357) for positive scorers, suggesting that the greater the emphasis on the management of services (i.e.

possibly control) there is a reduction in motivation. The overall correlation of 0.000 validates the results of the Factor analysis, where the factors are selected/ derived to be orthogonal.

Factor 4 – Services management (5% variation)
This factor is negatively correlated with Net profit/Sales, bearing out the findings immediately above and supports the supposition that where there is a greater emphasis on management, the greater the negative effect on profitability, particularly for those organisations with negative WFS's.

Factor 5 – Selling (4% variation)
Surprisingly, positive WFS's indicate a negative correlation between an emphasis on selling and profitability. Further study into the extent of customisation in the service activities as to their contribution may indicate an inappropriate emphasis on sales.
In a similar vein, for positive WSF's, the negative correlation of Selling and Market strategy (Factor 1), may be explained by perhaps too keen a desire to achieve sales?

The last correlation in the table – Market position and WFS, supports the supposition that a positive culture (WFS) contributes to an improved market position i.e. negative correlations between WF's and Market position indicating the higher the market position, the greater value is achieved in the overall WFS.

7.17 Significant correlations of competitive measure.

Market Position 1	Market Position 2	Market Position 3
Factor 1 0.977**	Factor 1 0.893**	Factor 1 0.972**
Factor 2 0.802**		

** denotes 0.1 sig.level

Taking a closer look at these significant correlations revealed certain items for Factor 1. No single items correlated significantly for Factors 2 or 3.

Market Position 1. (Positive Weighted Factor Scores)

Organisation growth	0.413**
Innovation	0.396**
Customer based growth	0.320*
Client retention	0.297*
Profitability	0.285*

These correlations suggest an overall growth strategy based on innovation with a profitable customer focus.

Market position 2. (Positive Weighted Factor Scores) on the other hand exhibits only one (negative) correlation; Factor 1: Client retention –0.352*. Perhaps this is the reason they occupy a second place position.

Net Profit/Sales (Positive Weighted Factor Scores)

Factor 1	Factor 2
Marketing culture 0.327*	Listening posts –0.342*
	Perceptions of value –0.371*

The correlations suggest a contribution a market culture may make to sales, supported by a policy of listening to what customers want.

Significant correlations for Net Profit/Sales for negative scorers yielded the following items:

Factor 1	Factor 2	Factor 4
New Accounts –0.381*	Customer sat. data 0.349*	Direct client service –0.652**
	Customer based growth –0.387*	

These scores suggest that there is a potential disadvantage for organisations which emphasise customer growth. It is an area of strategic interest which would normally be expected to bring commensurately positive returns in the long term. A possible interpretation is that a customised strategy may not be as rewarding in the shorter term particularly where customer retention is not apparent.

Number of Markets (Positive Weighted Factor Scores)

Number of Markets only correlates significantly with Factor 1 as – 0.369*. Specifically the items are: Organisation growth (–0.358*) and Innovation (–0.580*) suggesting that the greater the number of markets, the less emphasis there is on individual or divisional growth and a move towards a standardised service provision.

For example the performance of the multinationals is negatively correlated with a service market strategy and motivation, albeit at the 5% sig. level. (Those serving > 1 market to include, Factor 1 at –0.382* and Factor 3 at –0.357*).
Those serving the domestic market feature items: Profit Chain 0.347*; and Profit growth 0.334*, but have no overall significant correlation with regard to a single factor.

Market share (Positive Weighted Factor Scores), correlates with Profitability at 0.371*, although market culture does not appear to directly identify or lead top profit.

Productivity '98 (Positive Weighted Factor Scores)

Productivity '98 (Sales/Number of Employees) presents a number of significant (All weighted scores) correlations including: Factor 2: CRM: Meeting customer needs – 0.208*; Perceptions of value –0.202*, with Factor 5 (Selling): Creative selling –0.308**. The correlations support the supposition (although in the negative) that success in sales is achieved by customer research and customer satisfaction. It is also supported by the values for positive weighted scores.
Factor 1 (Market strategy): Profitability – 0.292*; Order size – 0.459**; Customer based growth – 0.329*
Factor 2 (CRM): Customer satisfaction data –0.323*; Listening posts – 0.301*
Measure service value – 0.303*; Perceptions of value – 0.409*
Factor 3 (Motivation): Selling criteria – 0.282*
Factor 4 (Service management): Direct client service – 0.292*
Factor 5 (Selling): Creative selling – 0.585**

Asset T/O '98 (Sales/Total assets employed) (Positive Factor scores)
Factor 1 Customer based growth –0.324*

Factor 3 Profit growth –0.354*

From the above, it would appear to be that the various items which would hitherto be considered to be valued by an organisation as to their potential to contribute to a more successful company, from this survey, in essence are quite the opposite.

7.18 Significant Correlations - original scores.

This analysis is included with a view to making specific comparison with the organisation groups identified. In order to incorporate validity into the exercise, recourse is made to the original data from the questionnaire. The data have been subjected to the same correlation analysis from which the selected results are reproduced below.

Table: 12.3
Selected significant Correlations (Original scores) Appendix X11

	Weighted Factor Score		
Variables	All	<0	>=0
Number of Markets/International	.648**	.570**	.713**
Number of Markets/Factor 1	-.027	.228	-.369*
Market share/Nat. of Parent	-.236	-.420*	-.028
Market position/Nat. of Parent	.347*	.385*	.093
Market position/Factor 1	-.112	.151	-.435*
Market position/Factor 2	-.268*	-.232	-.095
Market position/Productivity '98	.029	-.055	.387*
Nat. of Parent/Productivity '98	.151	-.106	.312*
Turnover '98/No. of employees '98	.135	.175	.430*
Turnover '97/No. of employees '97	.110	.137	.378*
Factor 1/Factor 5	.000	-.056	-.291*
Factor 3/Factor 4	.000	.236	-.357**
Factor 5/Productivity '98	-.443**	.046	-.671**
Factor 5/Productivity '97	-.569**	.016	-.790**

** Correlation is significant at the 0.01 level (2-tailed)
* Correlation is significant at the 0.05 level (2-tailed)

Highlights of significant correlations

Variables	Weighted Factor Score All	<0	>=0
Number of Markets/International	.648**	.570**	.713**
Number of Markets/Factor 1	-.027	.228	-.369*

The correlations are similar to the previous results, more so for positive scorers, who emphasise a market strategy inversely to the number of markets. This suggests a standardised or global strategy.

Variables	Weighted Factor Score All	<0	>=0
Market share/Nat. of Parent	-.236	-.420*	-.028

Market Share (Thirds)	Market Position N	M	s.d	Sk	K	Nationality of Parent N	M	s.d	Sk	K
1	36	2.4	1.9	2.1	6.1	40	1.2	1.5	0.8	-0.6
2	9	1.9	1.9	2.7	7.7	9	1.1	1.2	0.3	-1.6
3	5	1.8	1.8	2.2	5	3	0	0	-	-

Although it appears that nationality and market share are negatively correlated, for negative scorers, it is possible that the large presence of Irish companies in the sample has influenced this result. The individual scores are detailed below:

Nationality of parent	N	Mean Market share	s.d.
Irish	28	28	22
American	4	25	18
British	9	27	17
European	9	14	13
Japanese	1	5	-
Other	1	19	-
Total	52	27	23

Variables	Weighted Factor Score All	<0	>=0
Market position/Nat. of Parent	.347*	.385*	.093
Market position/Factor 1	-.112	.151	-.435*
Market position/Productivity '98	.029	-.055	.387*

Market Position	Nationality of Parent					Factor 1					Productivity '98				
	N	M	s.d	Sk	K	N	M	s.d	Sk	K	N	M	s.d	Sk	K
1st	29	0.6	0.9	1.6	1.4	33	0.2	1.0	–1.6	4.7	33	38531	88156	3.2	9.8
2nd	12	1.1	1.1	0..3	–1.4	12	0.1	0.4	0.1	–0.3	12	47184	61662	1.7	2.5
>=3rd	18	1.6	1.6	0.5	–1.0	19	–0.2	0.8	–2.6	8.9	19	79442	196011	3.7	14.5
All	59	1	1.3	1.1	0.4	64	0.1	0.9	–1.6	5.5	64	52299	126155	4.6	25

As with market share, Market position vs. Nationality of parent are significantly correlated overall - especially for negative scorers. Again the greater predominance of Irish companies and their dominance of the market may influence this. What is of concern is the implication of these negative scores.

Market position/Factor 1 (Market strategy) should be negatively correlated i.e. a high market position, the lower the number, while the higher the value for Factor 1, the greater the emphasis on Market culture. Such is the case but only for positive scorers.
A similar position pertains to Market position/Factor 2 (Customer relationship management), but is only significant for the category 'All', suggesting that the extremes of the sample population do not exhibit the same market values as far as this particular factor is concerned.
Market position and Productivity '98 is significant for positive scorers.

Because of the preponderance of Irish companies in the sample, the results are possibly if not probably biased. However on face value, country of origin or parent is correlated with productivity, be it a work ethic or use of automation or new technology.

Nat. of Parent/Productivity '98	.151	-.106	.312*

Nationality of Parent		Productivity (Turnover/Number of Employees)			
	N	M	s.d	Sk	K
Irish	46	49508	108161	2.7	6.2
American	16	90721	210513	3.4	12.7
British	11	12294	12344	1.2	1.3
European	11	281058	773816	3.3	10.8
Japanese	1	45625	-	-	-
Other	1	10163	-	-	-

Variables	Weighted Factor Score All	<0	>=0
Domestic/ Productivity '97	-.328*	-.660**	-.062
Domestic/Productivity '98	-.178	-.403**	-.116

Assuming those who wanted to have a comparison made (to know their individual overall score) is an indication of a positive attitude to market culture, positive factor scores correlate with return on sales, but again surprisingly negative with Productivity for both years. Perhaps this supports the suggestion that an over-emphasis on market culture may result in a limited output, which would be certainly evident in a heavily service oriented business.

Variables	Weighted Factor Score All	<0	>=0
Turnover '98/No. of employees '98	.135	.175	.430*
Turnover '97/No. of employees '97	.110	.137	.378*

Turnover '98 and No. of employees '98 are highly correlated, as are Turnover '97 and Number of Employees'97 – but only for positive scorers.

Turnover and number of employees is of limited value. One could also read into the correlations that smaller organisations would equally have lower output as a result of a service emphasis, whereas the reverse could equally be the case.

Variables	Weighted Factor Score All	<0	>=0
Factor 1/Factor 5	.000	-.056	-.291*
Factor 3/Factor 4	.000	.236	-.357**

Factor 1/Factor 5 (Market strategy/Selling) are negatively correlated for positive scorers, which may indicate a customisation approach rather than an emphasis on sales or turnover. Factor 3/Factor 4 (Motivation/Service management) indicated by negative correlation, again only for positive scorers, suggests that service management may be a disincentive to motivation.

Variables	Weighted Factor Score All	<0	>=0
Factor 5/Productivity '98	-.443**	.046	-.671**
Factor 5/Productivity '97	-.569**	.016	-.790**

Factor 5 (Selling) is negatively correlated with Productivity ('97 and '98) for positive scorers. An interpretation that may be put on this is that an emphasis on sales does not necessarily lead to increased output i.e. positive scorers may not emphasise selling in order to achieve turnover.

7.19 Significant correlations by Class (App. X111).

In this table the variables are grouped into their respective classes i.e. 3.

	Weighted Factor Score		
Variables	All	<0	>=0
ROCE '98/Business Type	.410**	.356	.463**
ROCE '97/Business Type	.468**	.475**	.456*
Asset T/O '98/Business type	.375**	.639**	.245
Asset T/O '97/Business type	.454**	.640**	.323
ROS '98/Business type	.521**	.614**	.426**
Producty '98/No. of Markets	.249*	-.221	-.382**

** Correlation is significant at the 0.01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed)

The main indications are that companies espousing a market orientation as a culture, place a greater emphasis or stress on sales, and do so at the expense of productivity or output. This may not impact on market success, it may or may not be a function of organisation size, but it does appear to reflect the type of business.

Business Type	*N*	*Min*	*Max*	*Mean*	*S.D.*
1 Finance	17	-2.07	.69	-.18	.63
2 Assur/Insur	14	-0.35	.58	.07	.30
3 Computing	10	-0.27	.45	-.01	-.25
4 Transport	12	-1.03	.58	-.10	.44
5 Services	44	-1.70	.79	.07	.50

7.20 Summary of correlations

Those respondents who achieved positive scores as to a market culture were significantly correlated with Market position, Net profit/sales and number of markets. To a lesser extent they correlated on a customer relationship management and Selling, also with Net profit/sales.

Specific highlights collectively featured a growth strategy, along with a customer based information policy in order to deliver on customer demand. This appears particularly relevant regarding Productivity in that output may be curtailed as a result of a desire to achieve customer satisfaction.

Other influencing variables are potentially the Number of markets and the nationality of Parent organisation as to the extent of standardisation of the service and perhaps the nature of the market (Type of business) in terms of its competitiveness.

Chapter 8. Analysis and findings 4: Qualitative survey

8.0 Qualitative survey

In order to corroborate the statistical findings and to elicit some contemporary measures of the study, a qualitative survey was undertaken between April and May 2006 in Dublin which featured some of the original respondents. The form comprised a semi-structured interview which was recorded, excerpts of which are included and referred to in the summary and conclusions.
The semi-structured interviews ranged in duration from approximately 30 minutes to nearly one hour.
Six major areas were broached, and prompting was kept to a minimum in an effort to elucidate the maximum in terms of spontaneity.

The interview schedule comprised a list of guideline questions in order to obtain factual data i.e. details rather than attitudes, as in a normal conversation. The themes reflect the five factors derived from the analysis of the quantitative survey.

The approach did not require a statistically representative sample, and so the relatively small number of interviews may not provide a basis for inferential studies, but rather seeks to involve areas of consensus by undertaking conversations with this in mind (Stroh 2000).

The respondents were selected from within the original sample. (For a copy of the letter please see Appendix C1). They together represent an accounting firm, a bank, an estate agency, a hotel, an insurance company, a department store, a multiple retailer, a large service supplier, and a transport company.
The respondent contributors feature respectively, one sale and promotions manager, four marketing managers, a corporate affairs manager, a market planning and research manager, a general manager, and a managing director.

The statements made by the participants indicate a considerable degree of agreement with regard to the general beliefs and understanding of the respondents collective views of market oriented culture.

Overall two respondent groups emerge. Those middle level managers who are practicing within a marketing function but who are not in a position to directly influence such an ethos as a marketing culture, and who may lack a detailed knowledge of how a marketing culture may be performing from the point of view of its contribution to corporate success. The second group are those senior managers who although also espousing a market orientation, and may have access to the relevant information, do not formally have a system by which they identify and record the contribution made to the company in pursuing such a philosophy.

The conversations were logged as a basis for preparing a list of themes which were taken to each interview. Certain prompts about each theme were also included in cases where a free-flowing conversation might prove difficult to establish. As may be seen, it involved starting with a general question and concluded through some more specific topics to arrive at the nub of the relationship between marketing culture and financial success (Robson 1993).

8.1 Interview schedule

1. Definitions – introduction, general questions.

   What do you understand to be a market oriented culture?

2. Evidence of the existence of a marketing culture.

   What are the main features of a market oriented culture?

   What should a marketing culture emphasise?

3. Antecedents to a market oriented culture.

   How do you think such a culture might be developed?

   What did your or a company do to become market oriented?

4. Marketing orientation – emphasis and dominance.

   Are there any particular areas of organisation you would consider as having a special input into a market oriented culture?

   What are the main supports for the development of a market oriented culture?

   'Ditto' Barriers?

5. Marketing orientation – benefits.

   Are there any particular areas of organisation you would consider might benefit from a market oriented culture?

   What has been/would be the greatest incentive to your developing a market oriented culture?

   In terms of priorities, what would you consider to take precedence as a result of developing a market oriented culture?

6. What do you think might be the consequences of pursuing a market oriented culture?

   What is the value of a market oriented culture to your organisation?

   Are there any specific performance metrics that your organisation uses to assess this value?

8.2 Memos

The initial memos relate to the basic underlying construct and are driven by the derived components making up the 5 factors. They are:

1. A definition of market oriented culture
2. What comprise a market oriented culture
3. How a market oriented culture might be initiated
4. Specific areas contributing to a market oriented culture
5. Specific areas benefiting from a market oriented culture
6. The outcome of a market oriented culture

The responses to these topics are compiled as follows:

Q1. Revealed an obvious selection given the nature of the question – that the respondents were Customer Focussed. Only one respondent mentioned revenue.
For example:
(12) Consumer led, flexibility, relationships
(13) Bottom line – revenue
(14) Orientation towards the market
(15) Culture which matches market requirements
(16) Customer needs
(17) Ability to meet defined customer needs
(18) Putting the customer first – reacting, leading, delivering
(19) Understanding customers
(20) The customer's requirements, listening, feedback

Q2. Although not disagreeing with Question 1 to any great extent, the main items featured in Q2 reveal an emphasis on people, both staff and customers and the need for an open interaction between the two. Q.2 specifically; 2 mentions for People; 2 for Flexibility; 2 for Customer needs; 2 for Listening and 1 mentioning Structure. For example:

(12) Openness and flexibility – staff – operations – suppliers – differentiation - communication

(13) People

(14) Flexibility - differentiation

(15) People – standards, reliability, norms of do's and don'ts, promoted from within, rewards, top and bottom.

(16) Customer needs

(17) Appropriate structure & strategic planning

(18) Understanding the marketplace, listening, understanding, communicating

(19) Understanding the customer, research

(20) Listening, talking to the customer, feedback

Q3. A market culture was expected to be initiated and driven from the Top, with the support of Middle management, requiring Training as the organisation grows.

For example:

(12) Top level management – style, openness, research/feedback, learning environment

(13) From the top – HR with incentives for application, people skills, selling

(14) Employees – learning, from the top and bottom – meetings, rewards

(15) Organisation growth based on people, new business – umbrella culture, integration, commitment, image, people leadership and support – communication, quality and standards, technology

(16) Training, hiring

(17) Leadership – influence formers

(18) Staff – middle level, internal marketing

(19) Top down, from Head office, a result of the scale of activities

(20) From the top, people with the right attitude & behaviour

Q4. Responses here could be considered to be pretty much unanimous featuring the specific requirement for a Staff input into achieving a market orientation.

As follows:

(12) Staff training – feedback (upwards), learning (interface)

(13) Staff profile – motivation (interface) - sales

(14) Staff (interface) I.T. (Learning organisation)

(15) Staff H.R. – communication, operations, incentives

(16) H.R.M. – feedback information

(17) Staff - sales

(18) Sales & marketing esp. – everyone

(19) Commercial buyers, H.R., training & research

(20) Marketing, commercial operations, HR, recruiting

Q5. The areas considered to benefit most would be Operations (6 mentions) followed by Information (2) and one mention for Staff.

(12) Information - trends, feedback, marketing and operations

(13) H.R. Staff profile

(14) Cross selling, operations, I.T.

(15) Image – team spirit, recruitment

(16) Customer contact points, differentiation

(17) Information, operations

(18) Operational areas (esp. cost management) & duplication of effort

(19) Operations, staff

(20) Engineering operations, internal customer relations

Q6. The outcome of a market oriented culture is expected to be the bottom line – Profit by all but one respondent. This exception mentioned Staff and Customer loyalty, rather than specifically mentioning a financial return.

(12) Less staff turnover, customer loyalty

(13) Shareholder value – profit, long term, appropriate information

(14) Profit – giving the customer what he wants, happy employees, shareholder value

(15) Profit – giving the customer what he wants

(16) More profitable – more enjoyable harmonious company, better pay

(17) Profit – loyalty, targeting

(18) Financial – profit, revenue, shareholders

(19) Bottom line, customer satisfaction, cost savings across the board

(20) Satisfied customers means getting the yield up which means satisfied stakeholders

The main issues collectively thus feature organisations with a focus on their customers, researching their needs and with the appropriate structure, communicating this information in order to be flexible and a differential advantage and to involve and motivate staff.

The drive is initiated and driven by top management with close support from human relations. The result is an organisation which is people oriented in terms of attitude and application from both a customer and a staffing perspective. An emphasis on the importance of staff, communications and interfaces is consistent with the organisations ability to generate sales. This is further highlighted in the results anticipated in such areas as operations, internal relations, cross selling and image all of which were expected to particularly benefit. The outcome of a market oriented culture is expected to have implications for organisational success in terms of cost savings across the board i.e. generating profit, as a result of delivering customer satisfaction through a researched understanding of their needs and where satisfied customers generate satisfied and more highly remunerated staff and a consequent reduction in staff turnover, all of which ultimately feed back to generating satisfied shareholders.

8.3 Themes

In addition, a number of underlying common themes were identified and these are enlarged upon as they indicate areas of apparent significance and concern regarding the management of a market oriented culture in services. These sub categories included: Changing staff profile; Communication; Does a market orientation pay; Differentiation; How to measure a market orientation; Information technology versus human resources management; Incentives; Levels of Market oriented culture; Research of extreme customer responses; and the presence of a similar set of values for all staff.

8.4 Communication:

Communication is expected to be driven from the top, but staff feel that they should be able to contribute and this involves a two –way flow of information, both within the organisation and also between the organisation and its clients.
Reflected in staff loyalty, service expertise and customer management, the successful outcome of a policy of open communications apparently has ramifications for performance and esprit de corps' as well as customer relationship management, revenue generation, loyalty and repeat purchasing.

For example:

From top management:
Emily... I think it's definitely from a top level; management would need to implement an operation or business level style that would facilitate openness and flexibility.
Otherwise:
Ray... the Chief Executive ..... suddenly realised he had to get involved and he had to come to meetings, he had to listen to what the staff were saying. He quickly switched off, and the staff switched off.

Although it is also a two-way process:

Emily...where once before I suppose it would have been driven from the top down its now from the bottom up kind of perspective ...

And from customer's reactions:

David... We have contact centres so it's important as well that the people in the front line are feeding back as well the pieces that they're picking from customers. They're making sure that that's information that's generally pooled and pulled together in the marketing function...

Emily... the channels of communication ... are flexible that it gets from the customer to ourselves the customers aren't happy or we've offended them or that they don't feel they are getting the best customer service, that they have an open medium to communicate with us and that we act on that as well just kind of making the channels of communication a lot more open. There would need to be a lot of training and support for staff in accordance with that and internal communications as well from top level down. But that is to ensure that everyone I suppose infamously that phrase singing off the same hymn sheet. If you remember you're a customer coming in, they're interfacing first performance on a day to day basis with the staff who are on the ground floor and relying on them to communicate the message then building you know, communicating that to senior management levels to identify operations and procedures generating quality feedback as well and that would go obviously from the people on the shop floor right up to management level because its only through getting good information back from them and from enthusiastic workers that we could facilitate such changes. We don't facilitate it as much as possible. We're at a kind of stalemate at the second level I suppose whereby we've this wealth of information and just generating it and channelling it into the appropriate outlets and projects is where probably it would fall.
I suppose there's a lot more positive and rewarding elements of it because the staff probably would see information that they fed back being acted on and there would be obviously some degree of pride. I suppose within the staff which we would ultimately like to see kind of maybe less staff turnover...

But there has to be support and commitment:

David... Well there's always the challenge that things are delegated right down to the shock troops to the HR manager if the HR Director doesn't believe in it or the HR Director hasn't handed down a brief, an approvement brief ... if lip service is just being seen to be paid to a particular aspect of corporate behaviour at middle management level then there's no consequences for complying or not complying. You know I'm not going to lose my bonus or gain my bonus unless it's handed down as something that's got to be delivered from the top.

Its always interesting to see the extent to which sales and marketing are talking to one another...

If they are clearly chalk and cheese to one another then there's going to be constant conflict...

Richard... if your staff have a high morale then there is a connection to having a successful store because at the end of the day it doesn't matter what we say or do here at head office, if the foot soldiers aren't doing what they should be doing the rest of us may as well go home kind so you know they're the ones the customers interact with and see on a daily basis ...

Size creates its own difficulties:

Peter... so for us a company that ten years ago was maybe 2000 staff is now 5000 staff and for us it's to make sure that you have the actual channels to communicate a culture as you actually grow and develop... the cost in terms of basics such as communication is very very small and I think when we look at the benefits for me it's the... the there's no comparison.

But with varied success:

Peter... we were probably a little weak on our whole communication side of things. It's very difficult for us to actually touch all our staff,

The communication process involves the whole organisation:

Peter... For us the key thing is how we communicate down through the different levels of the management structure and to make sure we have people committed at those levels to actually driving the culture and driving the strategy even down to an operative level... operations they're the people who build the relations with the staff at a local level and they're the people who communicate where the company is going, where the organisation is going and they're the true communicator through their actions of what the culture and values are.

Richard... We probably haven't been as proactive as we should be, preaching the message to everyone - staff and customers alike, so as they have been in the U.K. through advertising and stuff like that so.

The process starts with induction:
Rosemary... that they are given the education and training we provide them. So if we train them from the very outset of saying 'this is an understanding of the market and the people that you're going to be enacting with every day. We start them at least with a focus on the outside world...

Peter... We go in and actually communicate with the people. Try and show them, bring them into our world in terms of how we operate and try and show them that what we actually say we're going to do in day one we actually do do.

Using whatever means appropriate:
Laurenz... I do breakfast meetings, I do lunch meetings... once every month where everybody who had their birthday within this month I have lunch with them. We do three times a year general employee meetings.

Rosemary... Technology has given us the ability to communicate much faster with people...

To build on a competitive edge:
David... we really think it's around communicating to customer's better ways of doing their banking... I think what you have to do is also talk to these people; it's a bit of marketing essentially.

Ray... So find out what the customer wants, listen, deliver it in an economically feasible way so features as I say, listening culture... prepare to respond to the customer and to make sure it's delivered in a way, sustainable, that's the word, in a sustainable fashion.

And it involves internal marketing:
Ray... It's telling the facts. It's not saying" this is what we want.....this is what we've got"... You know you turn off your customer very quickly if you over-promise and under-deliver. It's much better the other way round on the promise and on the delivery...Another feature of the market oriented culture is constantly the internal customer. There needs to be the chain of supply – the supply chain within the organisation... we have an ongoing staff development career development there where they're interviewed at senior level then we have performance management that ever year each level agrees with the subordinate level what their going to do this year and how they're going to perform...

8.5 Values

The second issue is that of the market orientation values held by members of the organisation and how they might be channelled and coordinated. There apparently always will be a hard-core group of people who will not buy into the company's values. The percentage who will not varies, but appears to be between 20% to 30%. These may... [comprise]... minor operatives who are not seeking a long-term career or are temporary or unskilled workers. But there is also the potential for outdated work practices and vested interest groups to interfere with the successful implementation of a market culture. In general there is a requirement for a common code of practice with regard to values in order for the company to collectively meet customer demands, and to build a competitive advantage.

For example:

The process starts with induction:

Rosemary... it starts really from the point of hiring from a human resource point of view, in the documents that they are given and the education and training we provide ....

With different degrees of commitment:

Laurenz ... we should never forget in any company that we work for is that we have a ... 60/20 and that's where it is the negatives and the positives and (middle) these are the guys who don't give a diddly do, right and it all depends who shouts the hardest and if the negative shout harder than the positives then these guys are going to lean to that one and therefore management team is so important to make sure these guys continually move into the positive and that we shout harder than the ones who are a bit negative...

Rosemary... I suspect that that's more of a job interest personal thing that at the end of the day, somebody's coming in with just a job. They're coming in maybe they're ...like... it's a personal commitment to the job... .... they just want to do their job, they don't care what's going on out there.... the company ...should strive to engage that person better and bring them along and get them interested in their job because then the whole thing is going to work better as a team... why am I bothered? I don't deal with the customer at all so why should I tax myself or my existence trying to keep up to speed with a market I'm not involved in?

Paul... there's a good chance the complaint would be picked up some where else because the next time they ring in they won't be talking to me... there's conservatism in our midst there's the whole issue of risk management and the appetite we have for risk which is greater in some areas than in others

David... You have to talk to the people in their own language so that they see the benefits of it... the big thing is obviously around people's goals...making sure that they have a market orientation in their own goals so that our customer orientation and own goals and ... the customer is a key dimension of your goals... they all have market inputs but they're all coming from their own specific angle...

Richard... well not everyone all the managers from store managers to departmental managers in head office...through you know to the guys who manage the supply chain and all that stuff...

It's an ongoing process requiring perseverance:
Peter... when we go in and train a staff member in the technical side of their tasks and doing their job and also in terms of trying to educate them in the culture of the company - the beliefs and values of the company, then we are in a position that those staffs stay with us. When we bring in more staff the actual culture kind of expands and people get a feel for that... I think a company that really makes a success of it either is a company that manages or perseveres through to the reluctant members of staff, and that's where they have the atmosphere. Going back to your point, it's a great atmosphere to work in but is it a market orientated...

A process that is organisation-wide:
Rosemary... I don't know whether it disseminates right down past a certain block. I always do suspect it stops at middle management....

Richard... They'd [the U.K.] probably be a lot better at it (why) than we are. They have more experience... they've bigger budgets, they've more people. It's a totally different business in the U.K. it's so much bigger. Just the population of the U.K. versus the population of Ireland. But even the stores objective, when you go by the way customers perceive ... . in the U.K. is totally different to the way it's perceived here...

It involves a certain type of staff:

Ray....it's very difficult to develop a customer caring culture if you don't care for your staff either...part of the training programme is very heavy into customer awareness.....

Laurenz: when we talk about culture, behind culture is passion, there is caring for your work and for your job.....

And ultimately:
Ray... if you hate the customer for God's sake go somewhere else!

8.6 Differentiation

A competitive advantage may be enabled and driven by a number of variables, one of which is differentiation.
Where appropriate, some service companies attempt to continuously entertain or surprise the customer with variety rather than standardisation. This isn't always easy or acceptable, particularly when the industry is governed by many rules and regulations. But it does have the benefit of directing efforts to different aspects of the business. It recreates the service offering, apparently contributes to customer retention and motivates staff. On the down side the effort may not be worth the expense. Formal objectives may be lost and there may be an element of staff alienation.
For example:

Openness to change:
Emil....openness and flexibility within the organisation particularly the need to change and respond rapidly... increase differentiation bringing an element of theatre or entertainment to the store...

So long as it doesn't impact negatively on the customers experience:
Emily... customers are beginning to respond to something that gives them that bit of extra value for money...

Laurenz: ...you still have the Irish experience...

David... one of the challenges is to make sure we're doing things in a compliant manner but we're not adversely affecting the customer experience... while they're trying to manage the costs of the organisation that they're not impinging on the customer experience so you're not putting in too many bells and whistles into a process

The process still is about people:

David... I think most of it is down to people, so what sort of people does an organisation work to recruit to retain what are the sort of criteria that they would use to determine the sort of people they want in the organisation the sort of people that move up through the organisation the sort of people who leave the organisation

Richard... we were talking about staff and stores and managers in stores being visible and kinda loving the company ethos of doing more for customers ... following customers making sure we understand them better than anyone else so then you come down to deliver what the customer wants.

To achieve a competitive edge:

Paul... I think if you don't have a market orientated or customer orientated culture in your organisation you're going to see new players come in and you're going to miss them and they're going to come in with different propositions and they'll be different from you and they could be different.. create a market that didn't exist before...and essentially you lose your customers and if you lose your customers you're out of business essentially.
Richard... We stock a lot more than anyone else .... we're cheaper on your mainstream brands. We're open longer than most places. Probably a lot more people have access to a .... store than they do to any other store so... I think they're probably the biggest four or five things...you can't just compete on price you need to find a competitive advantage somewhere else.

But the objectives must be clearly defined:
Paul…we've being trying to find one key context and make a sort of changes in this organisation over a number of years

Ray…you decide whether or not to take… … but you take what we give you. O.K we'll have talked to people and tried to make it, but … you can only run so many…high impact that's what you want to get to.

8.7 Incentives

As services provision is dependent on personnel, there is ongoing concern regarding the willingness and ability of existing staff to buy into an organisation culture which is market orientated. Old practices die hard and there needs to be a degree of incentives particularly in the face of new work practices and the increasing development and use of new technology.

For example:

For staff there's the question of esprit de corps:
Emily… Ultimately the staff themselves would yield a huge reward and that I mean in respect of motivation. The responsibility that they are given the autonomy to make decisions as well, they would all be second to none in helping to improve their approach to the whole strategy as well in respect of generating quality feedback and that would go obviously from the people on the shop floor right up to management level because its only through getting good information back from them and from enthusiastic workers that we could facilitate such changes rather than have half hearted or mediocre "ah all I'm doing it is because I have to do it" rather than being enthusiastic and motivated.

With tangible returns:

David… if lip service is just being seen to be paid to a particular aspect of corporate behaviour at middle management level then there's no consequences for complying or not complying I'm not going to lose my bonus or gain my bonus unless its handed down as something that's got to be delivered from the top.

Laurenz… if you come up with any cost saving ideas you get 10% you get 10% of the saving

Rosemary… so when Sylvia does give in an idea that its kept, the idea is kept to the persons name so that when it's good and it's costed … it may not work because the idea was bad, it wasn't working actually because it was production and… we just couldn't do it so Sylvia's brought up to speed with the fact that the idea went through and where it fell down, not that her idea failed because nobody listened to her.

In order to have corresponding benefits for the customer:

Ray… You know because staff will respond and they'll behave to the customer as they perceive their supervisors of their region and their company is behaving towards them… but it is much easier…for a person to be friendly and customer conscious and market oriented and customer oriented if they're supplied with the right tools, good modern equipment that they have a decent uniform to wear that they work in an environment that's clean and safe and that they feel valued as well.

But there will always be the begrudger:

Ray… We're entitled to that money, nothing to do with the customer.

8.8 New technology vs. HRM

From both organisational perspective and that of its client base, the use of new technology is somewhat fraught. Because people are expensive and there is a continuous drive to cut down on costs, service providers are using new technology where they can.

But there has to be a trade off in terms of what technology can deliver, and what the customer wants and is prepared to accept. Emerging, younger clients are more familiar with technology, in some cases even driving it, whereas older members of staff are resistant and require retraining and education as to the value technology may bring to the service experience. But for services ultimately, technology as seen today, will never fully replace the people element of the mix.

For example:
David... People are going to need help .... you're always going to need people to help.

There's the case of the service industry itself;
Laurenz... technology in the hotel business is becoming bigger and bigger and bigger and if you just look at what's happening in other countries and even other continents there is so much more to come..

And its size:
Peter... as you grow you need to try and maintain that culture as you try and expand because for us growth means more people...

Much depends on operations:
Paul... We can certainly replace many of the operational requirements with technological solutions.... and seek to maximise productivity in operational service delivery but you'll always need people... I don't think they will be replaced but there is scope to take some of the very operational service delivery and manage it through technology solutions

Rosemary... No... it's just not going to work

There is always the question of people;

Peter…you're still going to have issues with staff, you still need to make sure you're delivery drivers are polite, deliver on time and do their job properly kind of thing otherwise the whole thing is going to be a bit skewed

David…customers and Irish people in particular do like to have the human interaction, the bit of a chat the bit of advice…and the…understanding of what their options are from a human rather than necessarily from a technology play totally… However you are seeing I suppose a growing cohort of the population who are growing up in a technology world who are growing up with I-pods in their pockets who are growing up downloading their music .. the internet is… like how did you survive without the internet? How did you survive without a mobile phone…so you're seeing that segment of the population who are now probably in their mid , early to mid 20's and you have that population going back to birth grown now up with technology .. and you essentially have an older group who like to deal with people, who like to go into the bank branch who like to do this and that and you've a cohort who are moving up the ..who are used to dealing with…used to technology and actually we don't have a technology that is up to date and is really hot…. it's a play, you have to I suppose watch both sides of the play…

Ray…From a marketing and customer facing point of technology yes it is placing a big and bigger role. So from a customer self service point of view we are switching more and more over to giving the customer the power to look after themselves – in a controlled way – in customer friendly fashion… the staff are becoming a very very expensive commodity obviously and if we can leverage the technology that's out there to keep either keep customer satisfaction there or improve it while reducing our costs then it's a win win situation…It's just hard enough for them to adopt the… well this is the way we always did it, this is what book says, this is the technology this is the very best technology we've given you, what's wrong with it .. Yes it might be, but it's not what the customer wants, you know… we don't want the all singing all dancing… we want something that delivers on the ground.

And how technology can be implemented?:

David…I suppose it's how you deliver the technology to the customer is very important… how you manage the technology together with human interaction is as well. and they … it's a challenge…it is a challenge… I think technology is an enabler for delivering a market leading position…

And of course:
Ray… this is new technology, we want more money!

8.9 Measure of market oriented culture

The successful service outcome requires to be calibrated in some way. Traditional methods rely largely on the negative i.e. complaints, exit polls and the like. (Although one respondent appears to overwhelmingly get back positive comments in ongoing research queries sent out by sales staff).
As to what comprises and contributes to a market oriented culture may involve ongoing exercises which provide valuable data which in turn can inform and drive good customer practice. In a number of organisations the approach appears to be somewhat ad hoc and have a limited contribution to make holistically. It particularly highlights the absence of a formal blueprint or template for service delivery and as a consequence respondents didn't really have an ongoing knowledge of how successful their activities might be – except perhaps when it is too late and the customer has gone elsewhere.

For example:

The degree of control in the service experience:
Ray… we've a very strange relationship with our customer. What are they looking for? A lot of them resent us. There is lack of empowerment and lack of control.

But the benefits may be far reaching:

Peter... Yeah! I think we don't have a formal mechanism. There's several ways you can benchmark it or gauge it.... if you look at things as basic as customer complaints.... in terms of contract turnover so you know...if some companies in our industry go through contracts... they win a contract they keep it for three years they lose the contract. They win another contract; keep it for three years they lose the contract... at contractual level we can look at complaints and contract retention. At the internal level we can look at staff retention level, in terms of staff turnover level. We can look at staff morale and we do have meetings internally which are very open meetings, getting the views of our staff to try and see what's going on on the ground, because as I said at my level, it is difficult and I try and get out to sites.... to get close to coal face. But it's difficult to in an organisation of our size because there's a lot of managing in the organisation. I think if you base it on those things management turnover, operative turnover, contractual turnover in terms of whether we're losing business and levels of complaints... ...for us to retain those people says something about the culture and what we're doing. So if we're retaining those people and we're not losing those people, that's telling me we're doing something right internally in terms of that culture... if clients are staying with us, it's saying something about the service we're delivering. If... we don't have high contractual turnover - which we don't, we're pretty good at retaining clients and delivering high levels of service, so looking at both sides of those, it's not a science, it's something we do monitor, we monitor contract losses...we analyse those far greater than we would analyse contract wins on the basis that that's ..it's very constraining when we lose contracts... and similarly on the staffing side of things. We're very conscious of the people that we lose and...you know it's not something we have a big problem with in terms of loss of middle and senior management. We're pretty good at retaining people.

There are the extreme views of customers:

Emily... consumers create notice boards if they're tee'd off or if they're delighted with the company...You get the really good or the really bad but you don't get the middle. So it's not really going to judge us. Well I didn't hear from them, at least we didn't really piss them off. That's not a good sign is it? (Laughs). Unless the person who's really annoyed couldn't be bothered 'cause what's in it for them... they just walk away.

Ray... We get a lot of complaints...I'm sure it's 100/1 against.

Just how realistic are the measures:

Rosemary... I think out of about 100 or so that I've got back again I've got 2 complaints. Out of the 100 I've got back again there were suspiciously I would suggest that at least 80% are vastly complimentary. And (laughingly) I think that's suspicious.

Paul... there's more in the complaints space than the compliments space but you know I think we're not complacent about it; we're not that uncomfortable in the sense that you're absolutely right human nature is to complain when there is a problem but not necessarily to compliment.

David... Customers are telling us that queues are an issue so we're using that now to address the queues issue. Customers have told us for example we haven't enough staff at the branches so we've put 500 staff into the branches.

What are the methods?

Paul...what we did was built a system on people's desktops

Richard... we're looking at the loyalty programmes so that data...that'll only tell you so much...it won't explain why... We have a continuing tracking programme going anyway so we continually track what people think of stores and what people think of staff...

Ray... the customer is aligned with the service what we call the CRS the customer requirement specification - what does the customer want of the specification, of the service... We analyse delays by minutes of delay and what does it, what causes it and go out and fix it. We analyse complaints by what they're complaining about so we can go *out and fix it... we do have we have a whole set of measures that we call key performance indicators, output you know revenue per staff, staff per kilometre ... number of passengers obviously, passengers by route, there's whole battery of them. A lot of them are financial ... staff numbers staff per turnover that sort of thing... I'd say it's by the seat of the pants, but it's more intuitive rather than other than certain KPI's (key performance indicators) which would address what we'd try to focus on. I wouldn't be able to say this is the plan and this is where we are on the plan. It's not as formal as that no.*

And:
Ray... You need to have a reasonably good...economic cost benefit, economic analysis of it as well.

Before it's too late:
Rosemary... you can have exit interviews ..... they're every year with their annual review

Otherwise:
Rosemary... You just don't know do you?

8.10 Existing levels of market oriented culture.

Although as noted, without exception, respondents claimed the existence of a market oriented culture within their organisations. (Although they did not necessarily use that exact terminology i.e. customer oriented and service driven being mentioned again). There was little agreement as to the extent of its existence and how successful they may have been in its development. A number of reasons were put forward to explain this variation and the mechanisms by which it might be instilled, or the inhibitors that need to be addressed in order to make the task easier and more successful.

For example:

The findings are not encouraging:

Emily... I think the market oriented culture in that at the moment is quite slow to a degree in respect to changing over to new consumer needs... we've this wealth of information and just generating it and channelling it into the appropriate outlets and projects is where probably it would fall... I would like to think we do but we don't facilitate it as much as possible... we're not doing nothing but we're at a kind of stalemate...

David... I don't think it's as strong as it might be.

Laurenz... I don't think in the hotel business we've been extremely successful in doing so...

Paul...we're struggling with that and I'm sure our competitors are struggling with that at the moment

David... I would give ourselves probably 6 or 7 out of 10 I don't think we're there yet...It's an ongoing journey.

Richard... I'd be surprised if it was more than 1/3rd.

Ray....65 – 70 %...

Where to start?:

David... if the organisation is focussed on the bottom line then it's reasonable to say they have a degree of market oriented culture but it's not purely about money....a classic example of an Anglo-American business model has looked at being marketing driven and being brand driven has looked at the short term because the chairman was kicking them

Where should it be directed?:

David... there needs to be a desire I guess on the part of senior marketing people to hold out for a slightly longer term frame in terms of generating results from marketing investment...

How?:

Emily... we would need to facilitate if there was a facilitator to make something into you know induct training and even from a senior management level as well.

Who is involved?:

Paul... the whole organisation clearly needs to be positioned behind this

So what are they doing?:

Rosemary... We're in the process of developing a service blueprint but it's not formalised,

What could they be doing?:

Paul... We could do better, I'm sure we could do better and there's huge operational pressure

Richard... we're probably doing everything we're just not doing it as well... here people probably aren't as quick to openly stand up and say yeah we've got a problem there, we need to look at it so they're more you know more to giving it 100% kinda thing and maybe here people only give it 70 – 80 % ...I have no idea [why]. If we knew that we'd be laughing. It's just going that extra 20% ... it could be resources it could be budgets, it could be people. It's probably a whole array of things, it's a long battle. It's not a battle that's won overnight... it'll take years and years to change... to change cultures.

When will it happen?:

Ray... It takes time. We're not even there yet and I wouldn't even say we are... we're not there yet but we're getting there...

8.11 Does a market oriented culture pay?

Lastly the contribution a market oriented culture may have to organisational success was collectively considered. Both qualitative and quantitative effects were cited, but when it came to the push, there was an absence of formal criteria or logic as to its benefits. Judgemental values were offered as well as well accepted metrics covering aspects of organisational performance, but in general there is little beyond a belief or faith that adopting a market oriented culture leads in a direct manner to an improved financial return. A long term commitment loses out to short term gains.
For example:

There's the staff:
Emily... there's a lot more positive and rewarding elements of it because the staff information that they fed back being acted on and there would be obviously some degree of pride I suppose within the staff which we would ultimately like to see maybe less staff turnover.

And the customers:
Emily... are not coming in and seeing the same thing and customers like that change and I suppose it's not reflective in the sales pattern... it's only coming to fruition now that people are beginning to understand that a market oriented culture would sit hand in hand with getting much closer relations with the customer; sponsoring those relations; gaining from their experience and knowledge they have as well and how we can improve our own customer service operations.
And management:
David... so there needs to be a desire I guess on the part of senior marketing people to hold out for a slightly longer term frame in terms of generating results from marketing investment....

But ultimately it's about money:

Laurenz... It's profit. There's no question about it, there's no question about it... when you provide what the market is asking for, it means you're going to sell your product and when you sell your product you have happy guests, then you have happy employees because they have a customer to serve for and they have a job and I have a profit line which keeps my owners happy.

Why a market oriented culture?:

Peter... it's a bit like saying to somebody 'is it expensive to be nice? and I don't believe it's expensive to be nice....Like any area of our strategy you can't actually leave it because it needs work. So it needs... the culture, you need to invest some time in it, management time and people need to make sure that where cracks do emerge that we actually fill them... What does it do to our bottom line? I think it gives us continuity.... keeping your people, you're growing your business; you're keeping your clients so it has a positive impact on bottom line.

The benefits are still across the board:

Rosemary... everything is relative...in general I think if they would have harmonious staff where people work the Directors would be looking at profit...but they would need profit to pay their staff better so it'll channel down ..if the staff were paid better and they have a better working environment if people are just happier, it's just happier and people are more satisfied, more rewarded emotionally as well as financially.

Richard... You'd see them everywhere. You'd see them across the entire company. No it wouldn't be just pure revenue, there'd be cost savings ...you know hopefully you'd see increased revenue but you'd also see reduced costs whether they be marketing costs or staff costs or supply chain costs technology costs whatever the costs across the entire board should drop.

In that:

Paul... the degree of the scale of effort and resource and management attention required to actually make this happen is commensurate with the benefits they actually get...

So where is the evidence?:

Paul... In terms of at the end of the day I can't show you the equation that shows putting investment in here delivers the result in the back end and empirically I think it would be very hard to prove it. I think you just believe it. I think, I think the management team would believe it

Has a market oriented culture contributed to the company's success?:

Paul... Straight answer, I think yes it has... again I cannot show you the evidence which says here's the numbers that actually underpin it... we haven't rapidly grown our business our business has been pretty much around the same size over the last three or four years...Again I can't show the evidence...

David... it may not have any significant bottom line impact on the business but it will I think in the long term because you're creating a better perception of the business to the customer... they're supporting their internal customers well you create a culture and you create an atmosphere where supporting customers and doing the right things for customers does grow ...I think benefits are huge from a financial point of view from your profit or your revenue it's ...and also from your shareholder point of view as well.....the immediate one is obviously revenue and profit....I would say are they statistically correlated....do we believe that marketing and improving customer experience is going to improve our financial performance yes I think it will but is it statistically correlated, no. I think if you have if you come back to something I said earlier as well I think if you have customers who are disposed to you who are loyal who are satisfied with their experience all those good things...and they are likely to purchase products from you again ..there are people who are not likely to purchase from you again if they actually purchase products those purchases turn into sales and sales turns into revenue and revenue turns into profit.

So I think there is a line there but if our customers are happy with us they'll continue to do business with us, if they're unhappy with us, they'll walk. It's as simple as that I think.

Bearing in mind that:
Ray... Obviously there's no point in delivering all the customer wants if it's not going to be economic, if it's not going to be viable... happy staff make happy customers.... it has to be done in an economic and feasible way .... you don't just lose the run of yourself .... just because you want to keep happy customers.

8.12 Summary of themes:

Communication:
Communication is a two-way process, being both from the top and from the front office/sales, but it must be managed from the top echelons of the organisation... It is of particular benefit as it permits the capture of information regarding customer reactions to service experiences. The process requires the support and commitment of all staff and is influenced by organisational size. Various appropriate means to develop communications are used with varying levels of success in achieving a communication network. The process should start when the new staff member is undergoing induction into the organisation, the aim being to achieve a competitive edge through internal marketing.

The values that the organisations espouse are also promulgated from the point of induction and through commitment and perseverance aim to achieve an organisation-wide set of values that are commonly held by all staff.

A constant theme is that the orientation is people based in order to encourage openness for change throughout the organisation. The impact is expected to be positive in terms of achieving a competitive edge which should be clearly defined.

The incentives for the organisation are an improved esprit de corps, with tangible returns for both staff members as well as customers.

Operations may be innovatively developed using new technology, depending on the nature of the service, the extent and types of operations, and in terms of their dependence personal service requirements. It also depends on the willingness and ability of staff to accept new technology.

The measures of market orientation reflect the degree of control in the service experience. Some customers may have extreme views which lead to an overemphasis on certain research methods. Where a number of different measures of market orientation are considered some may be more timely and useful than others.

Existing levels of market orientation are not encouraging. There are different bases in use with different time frames which vary depending on their location within the organisation. In addition for some it's an ongoing process which conflicts with the day to day tasks of management.

Does it pay? Yes, through improved staff morale, customer relations, and gives rise to longer management time frames. It's about money through continuity, staff remuneration and cost savings in proportion. However there is little evidence other than anecdote.

8.13 Summary.

A market oriented culture means being customer focussed; a focus which is driven by a staff which is encouraged and willing to listen. It needs to be driven by top management and requires ongoing training as the organisation grows. As a consequence human resources management plays an integral part in the development of a market oriented culture. The benefits are especially to be noticed in organisation operations and information flows, with overall positive results in terms of better revenue generation through efficiencies in organisational methods, with improved staff morale and customer satisfaction ratings and the resulting retention and loyalty of both.
The means by which a successful market oriented culture may be achieved is by recognising the changing profile of staff in services marketing and the need to involve them on an ongoing basis in order to relate the variables within the complexity of organisation and to inform and unify operations with regard to its benefits. An appropriate research and communications network is required to achieve this, one that acknowledges the variety of values that can exist within an organisation and which may lead to different levels of motivation. Although there is a fundamental belief that a market orientation does pay, services companies may seek alternative ways to achieve an organisational culture and to monitor its measurement.

Some services companies may seek to achieve market success through a policy of differentiation, even to the extent of substituting the human/ personal element through the judicious use of new technology, and a market culture may contribute significantly to this. However success can not just be measured by looking at extremes of successes or failure of customer management and relationship practices, but rather by looking at a market oriented culture in terms of its consequence for revenue generation, however indirect.
The findings are reflected by Day (2006) in that the obstacles that companies must anticipate are often of a cultural nature and that 'a firm's culture can either give or deny permission to proceed with realignment around markets'. On a negative note, although implementing a market oriented culture is likely to result in improvements in everything

from accountability for customer relationships to information sharing, it may not result in superior financial performance. Companies that are aligned more closely with the market need a high degree of coordination and information sharing and the additional costs in doing so can be used as an argument by those wishing to maintain a status quo. Furthermore good intention can be thwarted by leadership, or lack of it.

Chapter 9: Overall Conclusions and PhD Insights

9.0 Propositions revisited

In this section the propositions presented in Ch.1 are reconsidered in light of the literature review, the derived theoretical model and the survey. The cultural concepts feature: Organisation – leadership, relationships, and design, supported by external agencies and including research and training; an emphasis on value where there is a focus on quality which is driven by incentives; a presence in the marketplace with standards set and supported by communications; Sales functions and tasks, resulting in; Objectives of internal productivity and loyalty through employee and customer satisfaction; which is reflected in appropriate marketing Measures of performance.

9.1 Propositions

The thesis has proposed that there exists a relationship between organisation and marketing culture*:

Proposition1. Marketing acknowledges the concept of cultural complexity in marketing, and this is manifest in different marketing cultures.

The research has revealed that there is a broad acceptance that culture impacts on organisation and that this can manifest itself in many different ways. From a market orientation perspective, culture emanates from a dominant marketing culture. The elements which represent such a culture emphasise growth development through customer management and employee relations, with an emphasis on internal marketing.(By contrast U.S. companies highlight market strategy, featuring an emphasis on image to a greater extent than other nationalities itemised in the survey.)

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* The factors subscribing to a marketing culture are presented in the analysis and Appendix T. and specifically relate to: Strategic marketing, Customer relationship management, Motivation, Service management and Selling.

Proposition2. Cultural determinants affect the orientation of companies in services marketing.

This is evidenced by the constituents of the factors that were derived in the analysis. For example, those organisations serving more than one market are less likely to identify with management of customers, or supervision rather they focus more on image. The approach does not conflict with the derived factors, rather it signals a priority in terms of a standardised or global strategy which in turn may be represented at local level by a more specific regional or ethnocentric culture, particularly as a function of the type of service offered.

Proposition3. The culture of the organisation is a reflection of management culture i.e. the specific cultural factors to which management subscribes.

The research indicates a differing set of values (items), depending on the position of the respondent. From the survey, those in most senior positions highlighting longer-term strategic objectives whereas middle and functional managers were focused on more specific targets.

Proposition4. The service firm must formally identify its own culture as it relates to its customers.

Because of the limited response, a comparison of identity (i.e. nationality) in terms of performance must be treated cautiously. Market share and market position, as indicators of performance, place an emphasis on customer management and feature relationship marketing through leadership. By contrast against low performers who highlighted structure and supervision, offer limited evidence of a marketing culture. Time and again, the importance of the relationship and reciprocity between service staff and customers has been signalled. On the one hand some organisations have exhibited a policy of strategic growth which majors on customer expansion. Others have concentrated on holding on to their existing customer base. While both aim for market share and market position, the two strategies may be seen to differ in terms of their long term strategic success. The theory and research findings point to the more successful option of maintaining one's customer base as a more profitable option in the long run.

Proposition5. Organisational culture is a prime input into the design of services marketing organisations.

Organisational or marketing culture may be found in the principal items featured within the context of market strategy (the first Factor). However the addition of Customer relationship management, motivation, concern with client service and creative selling suggest a strong emphasis on the service mix. Taking respondents serving an increasing number of markets (29%) there is less emphasis on supervision, selling, research, or incentives, suggesting a policy of empowerment at the point of service, in order to achieve a satisfactory outcome.

Proposition6. The marketing of services requires personnel with specialist skills and training and that culture has the potential to influence buyer/seller behaviour.

An emphasis on strategic market management was revealed in the analysis. This featured customer retention for profitability and an aim for organisation and customer growth. This is signalled through specific aspects of customer management including response and value mechanisms. Motivation aims towards satisfactory sales methods also suggest an emphasis on creative service which is perhaps different from that of the competition. The survey suggests that international companies emphasise developing customers through management-employee relations, which are backed by internal marketing. Supervision however scores negatively, suggesting an inverse relationship associated with over-control, while those serving multiple markets feature leadership, incentives, employee and customer concern.

Proposition7. Services' marketing highlights the necessity for cultural sensitivity in all forms of marketing.

Even allowing for the topic of the survey, the concept of culture is well recognised, evidenced by the various aspects highlighted as representing a marketing culture in business, and its apparent association with performance (Ch 3). (See also Strategic value of culture Ch 2.8 and Qualitative research memos Ch 8.2 and Themes Ch 8.10 & 11).For example, ranking variable 45 Marketing culture against 46 Profitability/culture from the preliminary factor analysis yielded the following table, and resulted in a Spearman's Rank correlation coefficient of 0.59.

	V45. Marketing culture Rank	V46. Profitability/Culture Rank
Domestic	6	2
International	4	1
Irish companies	7	3
American "	2	3
Non Irish "	14	11
Others(Board)	8	4
" " >2/3	17	12
Market position 1	8	23
No Comparison	7	3
Size of company 1	5	23
Output 1	4	2

Furthermore culture as contributing to growth appears in 64.5% of cases, while culture segmentation appears in 54.8% - the highest score individually. Such results would tend to suggest that more than lip service as a strategic reality is paid to the concept of culture.

Proposition8. Satisfaction of service- based needs is a consequence of the appropriate implementation of a culture-based strategy.

Service strategy featured in the analysis and includes: customer based growth and client retention in response to customer management overall. The variables that specifically make up this latter factor include information on customer satisfaction, customer satisfaction data, and service management. For example, customer satisfaction achieves a rating of 6 (appearing in 63.1% of cases), while service management achieves 67.7% of cases and rates 4.

Proposition9. Satisfactory dyadic performance (in both server and customer terms), is a result of the outcomes commensurate with adopting an appropriate marketing culture.

Acknowledging the potential for bias as a result of the position of the respondent, a number of items highlighted variables of importance as to their potential to contribute to satisfactory service outcome. In particular those emphasising aspects of relationship management which are present in all five final factors, indicates the presence of a collective culture.

Proposition10. These measures are consistent with the presence (albeit tacit) of an organisation marketing culture.

The evidence of an association between culture and performance measures indicates a qualified level of strategic awareness and competence, which is attributable to the presence and implementation of a marketing culture. This embraces the overall theme and is supported through the theory driving the concept of a market culture (Ch.2) and those components considered to be impacted on by such a culture. The concept is supported by the qualitative research (Ch.8) in the main.

Summarising the multiple responses collectively, eleven groups are seen to comprise:
1: Selling (Sales/Profitability Culture)
2: Service Image based on Selection and Leadership
3: The need for Research, Information feedback and Client retention
4: A reward system which backs up 1 through to 3 above, based on Selling, Rewards, Service, Marketing culture, Values, and Leadership.
5: A continuing emphasis on service management throughout, but with the need for growth, indicated by New accounts, Support staff, Growth and Leadership.

6: An awareness of the need for positive promotion and customer relations through Corporate & departmental Image, Culture/growth & Customer satisfaction.
7: Relationship marketing is indicated by Training, Customer information & Relationships.
8: An emphasis on appropriate service mix through Culture/Market segmentation.
9: The aspect of internal marketing through Opinions of management
10: The input of employees with Employee feelings.
11: The necessity of co-operation through Employee/organisation interaction & Supervision.

From the theoretical model, and analysis, leadership influences the variables in the analysis i.e. reflecting the manager's strategic organisational function such as Employee relations to Sales management. The number of markets served appears to influence the extent to which the organisation is customer rather than organisation driven, otherwise there would appear to be little significant difference between service organisations in domestic or international markets, as to the items valued.
Market share features an emphasis on Research and Customer relations, backed by required Incentives, and Sales and Market management. Market position, on the other hand appears to be more a function of Customer and Employee relations, backed by both Sales and Market management and Organisation.
The Nationality of the Parent company appears to indicate importance in Image, and Leadership, backed by Market management and good relations, in particular for American companies.
So although measures such as market share may not by themselves indicate financial success, from a marketing perspective, market position and market share are real indicators of strategic abilities, which the company may use competitively.

9.2 Overall Conclusions

The propositions were theorised as a result of the conceptual understanding of organisational culture in marketing. The aspects they feature comprise some of the theoretical issues raised in the course of this study and which were put forward with a view to their contribution to an understanding of market culture as an organisation-wide strategic variable.
The findings suggest that the conceptual model and the empirical findings support the propositions in the main and that a market culture is all embracing and pervasive. Although it may vary in terms of strength or commitment, it is actively acknowledged in those service organisations interviewed. For its presence and operation, it is dependent on the aspirations and abilities of management at varying levels. There is no single set of metrics that are universally used to evaluate a market culture, rather there are a number of accepted, if informal methodologies which organisations use as an end tool to measure their organisations market culture in terms of its ability or effectiveness in the delivering and perhaps more importantly maintenance of customer satisfaction and loyalty.

This study into the concept of culture has proposed that a market orientation, when applied as an organisational philosophy, may be strategically viewed as an organisation culture. Representing services marketing, the importance of culture for marketing organisations and for services management generally is the extent to which it influences corporate effectiveness. This is to be achieved by removing the construct of market culture from the sole provenance of the marketing department to being seen as an all-embracing, organisation-wide and even central dimension of business, thus making it the responsibility of all sections of the firm. The usefulness to business will rest on the capacity of managements to construct a service model which may be used to evaluate service strengths and give direction for ongoing competitive advantage.

The literature review has highlighted the major ideologies contributing to the study of organisational culture and supports the hypothesis that it is implicitly possible to study organisational effectiveness in terms of an underlying or background orientation - one that is driven by management and which may be used as a framework with which to evaluate a firm's competitiveness.

Contained within the ambit of services marketing, in order to highlight the integrated nature of services delivery, the research procedure has been to look to models of organisation featuring a value-added or value-chain approach. In referring to a theoretical service blueprint, each aspect of service input has then been briefly deliberated on with a view to its nature and impact on organisational-marketing culture.

As a comprehensive study the research has not sought to identify the marketing objectives of any specific firm, but rather to test the theory that a market culture is present in services companies in Ireland (whether nascent or active) and that there are features of such a culture by which it may be identified and consequently measured.

The study of organisational culture is fraught with potential problems arising from the very nature and composition of culture itself (Alvesson 2002). For example:

Studies which feature strong cultures tend to emphasise a single unitary organisational culture even though multiple subcultures rather than unitary cultures seem to be the rule.

Measures of the strength of culture are ambiguous partly because in the study of culture, meanings are central, not frequencies.

There is a preference for 'broad brush' cultural profiles, focusing on very general values and norms, which fail to do justice to the complexity of culture.

There is insufficient attention to the variety of possible culture-performance links. A particular cultural feature may affect different performance-related organisational processes in different directions.

There are many methodological problems in existing studies, ranging from over-reliance on top management views to the absence of control groups.

This research has acknowledged these issues but holds that:
Although there may be multiple subcultures, there is the potential for a unifying organisational market culture to dominate.
The complexity of organisational culture is explicated in the construction of the survey instrument, by highlighting the interactive and interdependent nature of services marketing.
That the values derived and which comprise culture provides evidence of cultural strength.
Specific and wide ranging performance measures have been considered with the particular view to assessing the direction of effect of a marketing culture.
In order to better represent the views of organisation as a whole, recourse has been made to seek out the views of top management. Furthermore as the research sought to establish the existence of a set of variables and as there was no organisation intervention, the issue of control groups did not arise.

In tracing the development of culture in the context of marketing, and in keeping with the most prominent writers on this topic, culture is defined as comprising those values and beliefs that helps individuals understand organisational functioning, and provides them with norms for behaviour in the organisation (Narver and Slater 1990).

As outlined in the opening statement, the approach is based on the supposition that within the ambit of services marketing, an organisational culture exits, that it can be identified, and can be measured. In consequence the challenge may be seen as being one of marketing in context or direction, in that a market orientation is considered to be one of the key variables impacting on the ability of an organisation to change and develop its customer driven procedures i.e. those customer-oriented activities that create value, and as a consequence, the impact of that market culture on business profitability.
The first task was to identify those organisational values that are considered to comprise a market culture, (See Methodologies Ch 4, and Factor analysis Ch 5); the second task was

to test those values in terms of their ability to signal an organisational competency (See Discriminant analysis and Logistic regression Ch 6 and Correlation analysis Ch 7).

As a result of its pre-eminence within the firm, the reference to leadership is fundamental to the understanding and development of organisational culture. As the role that top management plays in determining the mission, strategy and structure of the firm is significant the importance of leadership is highlighted in the determination of cultural norms, values and beliefs, that is, their ability to derive the best culture for success in the organisation's particular business environment. The underlying tenet being that a corporate market culture will have an impact on many types of actions and as a consequence, on financial results. It is as leaders that management perceives areas of importance and the extent to which their aspirations and directions are supported and communicated will influence their contribution to achieving the firm's objectives. From a marketing perspective these may be variously defined as customer satisfaction, customer retention, and profit, amongst others. However a potential problem in associating a services market orientation with performance variables is that superior performance may not necessarily be the result of a market orientation, exclusively or otherwise. Rather as has been seen market performance may not equate to financial performance, rather a market -oriented culture may be said to relate to market share and possibly to type of business.

The initial challenge was first to define what comprises culture, and this depends on the perspective of the viewer. To be acceptable as an organisational philosophy, the concept must be accepted across the board, and at all levels. It has long been acknowledged that organisations will have many cultures, some more dominant than others. This degree of dominance will be a reflection of the culture's universal acceptance formally or informally; that it may or may not be a strength within the organisation; it may or may not be good for the company or even contribute to its success.

The difficulty in establishing whether such is the case or not is that any influence (whether positive or negative) can be lost among all the factors and interactions that may have something to do with these results. As mentioned, the association between organisational culture and effectiveness makes reference to the level of involvement and the participation of organisation members. It also looks to the strength to which values are held. (What has not been sought is the level of adaptability and the extent to which it is shared, being outside the scope of this study. These latter two might be addressed in an alternative study. See also Ch 9.4, Limitations of Study).

In Ch 2, attention has been drawn to the value of culture to organisation in terms of its potential to influence behaviour and its ability to represent shared company values. A fundamental input into the study of market culture requires the identification of those elements that subscribe to such a culture and to consider some of the forms of measurement that would enable them collectively to be seen in terms of a strategic variable in reality. The result is comprehensive consideration of the components of culture and how they may be comprised in terms of values and beliefs which will give rise to a company's market orientation. What is presented is a unified, collective sense of culture which reflects in activity terms the organisations inputs, emphases and goals, that represent the organisation and that contribute to customer satisfaction and hence organisational success. As a dominant culture, this orientation does not ignore the existence of other sub-cultures but argues for their being subsumed under this dominant umbrella culture.

Culture is also the key to understanding service. To consider the concept of culture in context it is necessary to look to the problems attaching to services marketing and services provision in particular. Attention is drawn to recognised and well-documented variables which distinguish services marketing from product marketing. The aim being to highlight those subjective intangible organisational activities and their emphasis on the provision of staff, the physical environment and the process of the services marketing delivery i.e. drawing on those customer-related activities which are fundamental to a customer satisfaction focus.

Thus in Chs. 2 and 3, the problems of services marketing, allied to the nature of services has been presented, albeit briefly. Of particular significance is the importance of people, who working under the auspices of a customer orientation provide services with a more or less personal interaction between client and service provider. The task is not made any easier as a result of the distinctive characteristics of services and the difficulties in devising an appropriate measurement of performance. The operational process of services management involves the identification and prioritising of those service elements that are valued by customers and then to incorporate them into the service mix. This operational stratagem will comprise a set of activities or service steps which may or may not be exclusive to the organisation. Whichever mix is assembled, a successful and consistent service provision will depend on the co-ordination of all individuals involved. To do so successfully is likely to require a breaking down of tradition organisational boundaries. This task will be made simpler where each individual contributes to the same set of values and who will respond to a known set of customer needs. The route to successful services delivery then will be driven and managed when all those in the organisation know how they contribute to excellence in customer relations terms and ideally to revenue generation. The subsequent stress on knowledge and information can be translated into employee attitudes and commitment, and the way of depicting service delivery is to consider it as a value chain whereby value is added as the process moves from initial contact to sales completion and beyond.

But it is not axiomatic that service organisations that demonstrate marketing efficiency or even effectiveness are also those that achieve superior profitability. Success may be achieved through differentiation or lower cost. Whatever is the case, an understanding of the buyer's value chain, is fundamental to what comprises a marketing oriented culture.

This services value chain works in conjunction with that of organisational culture in that it allows for the portrayal of those valued activities that are considered to represent the concept of services delivery. These activities are conducted, possibly in unison, each contributing separately and in combination with others. The advantage of such a representation is that it depicts the best route whereby the organisation can accomplish its mission in terms of revenue generation. As culture is presented as a unifying concept, one with which all members of the organisation can identify, Ch. 3 has developed the theme by portraying some specific models of service organisation, with market culture as an underlying orientation. This theoretical development informs and in turn is supported by the empirical research which was undertaken in 1998. It is this survey which comprises the quantitative study and which drives the factor and discriminant analysis (Chs.5 and 6).

In considering how to evaluate performance (Ch. 3), it is necessary to look at specific key performance indicators, especially in terms of their representation. These may be more qualified than quantified i.e. one measurement may hide deficiencies in other areas. It is acknowledged that profits are the best global measure, but profit figures may not be comparable or even available. This consequence of a lack of a complete (full) set of comparable measures has forced a compromise in that the study had to look to broad indicators of organisational performance. These relate to aspects such as scale of activities or output, along with self reported measures such as market position and market share. These latter two leading the field in terms of relative analytical success when viewed in association with the factors which represent market culture.
Reading Chapter 3 in association with Chapter 7 demonstrates that the evidence of performance criteria was intuitive as revealed by the qualitative study. Although both reflect a trade-off between precision and generality, they also indicate quite a broad church in terms of the variety of methods offered. They certainly reveal the extent of and/or alternative superficiality of internal auditing that was undertaken by the respondent companies. Of significance is the degree of congruity in the main as to the need for performance information. Of concern is the acknowledged absence of formal mechanisms by which such information might be generated. A further caveat is that the mechanisms that were highlighted may reflect an organisational priority but could also indicate a personal interest rather than something more fundamentally strategic.

The research instrument - Questionnaire, (Ch.4 & Appendix), was developed in conjunction with a selected group of academic and business colleagues, and followed a published method tested in the United States of America. (Other researchers may consider including an alternative cross section of service marketing executives or to confine it to those representing a specific section of a services industry. Alternatively, it may be worth confining such a broad topic of market culture by looking at specific aspects of culture within the context of certain services whereby a more concentrated investigation may uncover findings that pertain to specific repeatable strategies. Similarly a particular investigation undertaken with the assistance of practitioners using a formal system of market metrics may reveal an embryonic method of performance analysis, which will point up future methodologies. Anyone considering such an option is directed to the qualitative survey commented upon in Chapter 8.

The research methodology (Ch. 4) and analysis comprise the steps of the research and the statistical packages that were used. Factor analysis, (Ch. 5) is a tried and trusted method by which one can reduce a large number of variables to a manageable, smaller set of factors which can be used for further analysis.
Factor analysis was appropriate and convenient in this instance and identified the final 5 factors from the qualitative study.
Briefly the research firstly identified nine factors, which comprised 31 items. These collectively were labelled as: Market strategy, Leadership, Incentives, Research, Imagery, HRM, Service management, Sales, and Supervision. These nine factors were used as input to construct a services marketing model, where each element was elaborated upon with reference to the theoretical/empirical findings already referred to. The analysis found that the nine factors could be said to be intrinsically associated with certain organisation characteristics, for example: There was a strong similarity between the original factors and Irish companies, those representing less than two markets (domestic) rather than international companies, from outside the State.

The second analysis revealed five factors from 27 items. Collectively the factors accounted for only 4 per cent less variance explained than the original nine. They featured: Market strategy, CRM, Motivation, Service management, and Sales.

This analysis made reference to the additional performance measures and included declared profit, which in turn allowed for the tabulation of ROCE, Asset turnover, Net profit/sales, and employee output. (The original survey included certain company data pertaining to 1998, so although some statistics were collected for 1997, they could not be assessed in the context of measures such as market position or share.)

Restating these company characteristics (Ch. 7) in terms of their significance* it was found that:

There is an emphasis on sales by domestic as against international companies, the overall factors being very similar to those companies serving only one market (Irish), rather than many markets.

The factor matrix for the group managing director featured the widest mix of factors, suggestive of the wider role they are required to adopt. The only other organisation position group to be singularly identified were 'Marketing and Others', who also feature a greater emphasis on sales.

Similar results were obtained for Market share and Market position. The comparison re: market share was substantiated by discriminant analysis, suggestive of a real ability to differentiate using these latter five factors.

Those respondents who would like to know how they compared with their peers, were represented by only four factors (market strategy, and customer related management, with a lesser emphasis on motivation and client services)

Those factors regarding performance such as Profit, profitability, and productivity were broadly similar, although profitability included the concept of a value chain, while productivity featured an emphasis on selling.

Regarding Type of business, only the group, 'Services' was sufficient to produce an analysis and featured profit, rather than service management. A subsequent discriminant analysis was close in terms of supporting this association.

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*Allowing for the fact that it is possible that the results are a reflection of Irish rather than non-Irish respondent companies as a consequence of the larger proportion of respondents who are Irish.

ROCE, and Asset turnover featured market strategy and customer relationship management; ROCE included the element of Client interaction, while Asset turnover included indirect selling.

However such factors by themselves are pretty meaningless unless they can be demonstrated through further testing in compliance with good research requirement that they can be reasonably be seen to represent what they stand for.
The course of the research revealed a number of studies into areas similar to that of organisational culture which featured factor analysis, but without the benefit of a testing mechanism such as Discriminant analysis or Logistic regression. The result was that the five factors were used as independent variables in a series of discriminant analyses (Ch. 6. 8 – 6.11). The results yielded a better than average rate against all performance measures, varying from 48% correctly classified in a four class comparison (Organisation size); with 83% in a three class (Market position); to 72% correct in a two class comparison (International). A similar result was produced using Logistic regression (Ch. 6.12 – 6.14).

The ideal achievement would have been to identify those specific items that would yield a significant percentage of explained variance in the factor analysis and that yet are normally distributed (i.e. not affected by variance/covariance inequalities across the groups) and thus may be properly validated (e.g. discriminant analysis or logistic regression etc). However as seen in the analysis section of this report (Chs. 5 - 8), this evidence is only apparent regarding market share and business type, even though the predicted classification rates were very favourable in the main.

In the absence of more concrete evidence of an association between market culture and performance (Ch. 7) a collective comparison was made of the factor scores achieved by each respondent and specific performance measures. In this simple comparison the positive factor scores (0 and greater) were significantly correlated with market position, net profit/sales and number of markets. The correlations also pointed up the emphasis on a customer management strategy overall. However it is in this section of the analysis that indication emerged that an over concentration on customer relationship management may result in a lower profitability.

As such the existence of a market oriented culture has been revealed and supports existing theory. The secondary statistical tests (discriminant analysis and logistic regression) were inconclusive in that the normal assumptions for such an analysis have been apparently violated, however unwittingly as a result of the available data set. The suggested reasons are as stated, that is the nature of the data when combined with the requirements for a factor analysis – even though the high classification rates for most of the variables suggest a correct prediction.
What does emerge is the collective result for 'Market Share' in particular, with a marginal result for 'Business Type', indicating that these two variables are and can be associated with a market culture, results upheld by the discriminant analysis.

There are many objective measures of business, some of which have been taken into consideration in the analyses where as a result of the differences in the quality of financial statements, and the willingness of appropriate executives to co-operate, they may or may not have been stated in the annual returns and hence available for inclusion. The difficulty in this area is further compounded as non-financial assets are most likely to be summed up as a corporate culture or share of mindset that increases customer value in terms of confidence in the company to deliver what is promised (Ernst & Young 2000).

What has been revealed is the reality of a marketing oriented culture as presented in this study and which would comprise features that include:
A strategic marketing orientation with an emphasis on performance and growth, while not losing sight of one's current base.
A customer orientation which includes mechanisms for measuring the interactions between client and server.
A reward system which relates to performance

A service structure
An ability to sell.

However there is little hard evidence to indicate that a market culture contributes to or is associated with any of the published accounts for the respondent firms. The survey and subsequent analyses attempted to establish if there were any marketing metrics that could be reflected in the company accounts. Unfortunately traditional accounting practices are designed for specific purposes and do not indicate any underlying 'culture' or way of doing things, which would indicate a potential strategic emphasis. Organisations may profess to subscribe to a culture – even other than marketing, such as production, sales and so on, and these may prove more amenable to such an analytic process. It is likely that a sufficiently large sample of publicly quoted companies would yield a more fruitful result, but such relevant data, the question will still remain as to the value of a market culture to private and in turn, companies who may wish to go public.

Setting these factors against the theoretical model and in the light of the qualitative survey suggests the existence of an informal commitment to a communally held set of values which is foremost in its effect on staff in delivering a consistent service. The survey reveals support for certain aspects of service management operations. Directed towards customer satisfaction, the role of management and leadership is considered necessary in initiating the process, but that two-way communication is fundamental in order to successfully interface between the organisation and its customers. The theoretical elements comprising the service marketing culture featured commercial service organisations in terms of their design, the nature and extent of leadership and the operational relationships between them. Also mentioned are information flows and feedback which would result in incentive programmes consequent on service effectiveness and efficiencies, and that the payback of satisfactory performance would ultimately be that of a satisfied customer and a motivated workforce.
In order for the successful initiation and promulgation of a service orientation, both internal and external aspects of communication must be addressed. This requires formal policies of listening to what customers want and the translation of this to all staff - both

management and operatives. The outcome or objective of a successful sales transaction is thus enabled by detailing those activities that are valued by the customer and are integrated into the service design in order to satisfactorily progress the sales interaction to its logical conclusion.

In summing up then, that a customer orientation is critically dependent on staff and the firm's ability to generate sales now appears beyond question, but although the anticipated end results of implementing a successful services marketing culture are in terms of market share and market position, through customer growth and retention broadly, they are not readily being reflected in a formal financial mechanism.

However there are other softer measures and benefits to be derived from implementing and following a market culture. These include staff motivation, internal relations and image, which in turn have the potential to contribute to cost saving measures and effectiveness and where better paid staff and shareholders as a consequence of satisfying customers.

In that an acceptance of market culture gives direction to the goals of organisation, much depends on the leadership and direction given by management as a reflection of their competitive drive.

The emphasis on services manifests itself in terms of customer management and the maintenance of relationships between organisation, staff and customers, which requires personnel with sales abilities along with the capability to contribute innovatively to the service experience.

That a market culture is considered important appears throughout the study, more as a general concept than as a formally measurable mechanism. This is certainly the case with service industries as a result of the interactive nature of service marketing. The overall indication is that service marketers might consider, not just what does a market culture contribute, but rather that a market culture may be seen as many different things in detail. We each have a broadly similar notion that it contributes to our success, we just do not know which aspects to keep and which might well be dropped.

A market oriented culture may also be seen as a broad management tool with which to motivate and direct the organisation. Through the use of appropriate communications networks the firm can be managed from the top, where management are well informed as a result of extensive monitoring of customer reactions to sales activities. This same network is used to promulgate those organisational values which have been inculcated to staff at their induction and to customers through appropriate promotional and sales techniques, not least of all an acceptance of competitive change. Given the importance of people, this change may be enabled by the judicious use of new technology, such as its value to a changing customer profile and its acceptance by a reluctant work-force.

How a market culture is implemented and monitored is a reflection of its suitability as a control method. Emphases on particular aspects of the organisation may result in different methods being used, which may or may not be appropriate given the holistic nature of services management. They may also reflect measures which are neither appropriate nor timely.

A market culture does pay, although not necessarily in the strictly financial sense (relying as it may do on anecdote), but for some levels of management, it's not just money, it's also about continuity, staff welfare and efficiencies, but which are assumed to be a reflection of a satisfactory service process, which of course is in pursuit of financial gain.

In revisiting the original hypotheses, on the basis of both the quantitative and the qualitative surveys indication are that:

1. There is evidence of a set of beliefs that are more or less highly valued across all service-marketing companies and which are redolent of a marketing culture.

2. That this set of cultural determinants is apparent in the frequency and significance of those items in relation to service organisation generally.

3. There is a difference in importance and significance as to the factors making up the individuals' cultural perspective, and is seemingly dependent on their position in the organisation. This also is reflected in their responses as quoted.

4. International companies and those claiming No. 1 market position are more inclined to highlight the role of information, but not necessarily in for use related to customer relationship management.

5. There is much comment on information and data on customers i.e. meeting customer needs, customer satisfaction, value and perceptions. As a result specific personnel skills are especially valuable, considering the emphasis on customer management overall and its relationship with human resources management.

6. In a similar manner the items highlighted also feature aspects such as client retention, employee – customer relationships, and service management, indicate the interdependent nature of services management.

7. Market share and type of Business are indicated as being relatively consistent with a marketing culture. The other selected performance indicators and company characteristics have not been shown to be statistically reliable.

8. Market share is consistent with market position. Influenced perhaps by the preponderance of Irish companies.

9. For those with positive scores on market culture, there is significant correlation between market position and productivity. Unsurprisingly there is an overall indication that a focus on customer satisfaction gives rise to a dominant market position and resulting profit.

9.3 PhD Insights

Armstrong and Schultz (AMS 2002), claimed that marketing management lacks a strong theoretical basis which shows the causal relationship between information or data and the selection of a specific course of action factors i.e. assessing the fit between the firm and a market opportunity; how to guide the selection of specific types of growth, harvest or hold strategies; the means to identify and define appropriate market opportunities or segments, and went on to suggest that marketing analysis based on customer, competitor, and industry analysis only lists the type of information that might be relevant to a decision. It does not develop any guidelines that help identify the information most important for a particular decision, or show the relationships [*values and beliefs*] between information and relevant conclusions in particular, identifying and prioritising industry key success; in other words, what are the correlations, if any between the variables identified and the values espoused by the organisation?

The value of a company is increased by making the business better. An attractive market and a winning formula should mean that the company would be able to see a return on its investment above the cost of capital. In assessing their resources, companies should build their mission around the strengths and values the company possesses and in so doing create a sense of purpose and commitment. This requires the organisation to become involved in interpreting, refining and making its mission operational (Doyle 2000). To develop and deliver a strategy to create customer value rests on the firm's resources and capabilities. In the traditional sense these include tangible resources, which appear on the balance sheet; as against intangible assets – technological assets, strategic assets, reputational assets, and human resources, organisation and culture, which do not appear. But the strategic value drivers are those organisational capabilities that have the most significant impact on the company's ability to create value and in the context of services marketing this overwhelmingly comprises people and what they do. The concept of the value chain allows management to explore strategically how people can be organised to

create greater value for customers – a customer orientation or by another name – a market culture.
Marketing is the key to competitive advantage in that the firm's revenue generation is based first and foremost on its ability to create a competitive advantage that will attract and retain customers who are prepared to pay satisfactory prices.
Companies consider profit at each board meeting, but only one in three regularly review customer attitudes (Doyle 2000). If senior managements are not focussed on customers and markets, then other issues will fill the agenda. As noted in the qualitative research, a preoccupation with short-term budgets, on operating rather than strategic issues and retrenchment rather than renewal revealed that in the board room there will be no criteria for judging the success of a marketing strategy or comparing alternatives.

It has been seen that accepted metrics include increasing sales or market share, but practice suggests that a focus on profits or return on investment leads to an under investment in marketing. Financial management has failed to bridge the gap between the marketing-finance interface, so too apparently have marketers. Top management still focuses on company accounts that measure only the historical cost of tangible assets. Companies need a framework for placing the development and management of marketing assets at the centre of their planning process including brands, market knowledge and customer and partner relationships, as key generators of long-term profits.

The evidence suggests that marketing has been unable to measure and communicate to other disciplines the financial value created by marketing activities, and that they can no longer afford to rely on the untested assumption that increases in customer satisfaction and share will automatically translate into higher financial performance.
Part of the problem is that conventional accounting has treated marketing expenditures as costs with the consequent reduction in profits. What is required is an in-depth knowledge and appreciation of the skills operating within the firm, and that in order to motivate staff and improve operations, management needs a deeper understanding of what are the value drivers of the business.

Traditionally, marketing has been seen as about satisfying the needs of customers more effectively than the competition and thus winning market share, with consequently positive financial results. Defining marketing as seeking to maximise returns to shareholders by developing relationships with valued customers and creating a competitive advantage' shifts it from being a specialist activity to an integral part of the general management process.
Marketers have contributed to the problem by often allowing themselves to be trapped by accounting-oriented management into seeking to justify their marketing strategies in terms of improving immediate earnings. Marketing is about creating and managing assets. Investments in brands and customer relationships – like research and development – rarely pay off in the period in which they occur.

To measure whether value is being created it is required to identify those organisational variables (activities) critically affecting competitive advantage and long-term cash flow and to set levels of performance on those variables, and measure the performance achieved and to be able to make a meaningful comparison. But conventional accounting encourages an under investment in information based assets, including staff, brands and customer and supplier relationships (Doyle 2000) which we have seen are fundamental to the successful management of a service based business. The principle of shareholder value added, commented on by two respondents, is that a business should be run to maximise the return on the shareholders' investment i.e. from growth, profit and investments. What drives these is outside the financial model. Given marketers apparently increasing responsibility in the context of a wider management philosophy, if company accounts do not have the means to reflect the organisational ethos or culture, then how is it to be recognised and valued as a strategic competitive edge?

The qualitative survey revealed that although the respondents were customer focussed, and emphasised both staff and customers, there was a need for an open interaction between the two. Similarly although a market culture was expected to be initiated and driven from the top, it could only work with specific staff input and that the area considered to benefit most would be operations. There is the assumption that it would automatically give rise to greater or increased profit but little or no hard evidence is offered. Rather the reliance is on assumption and anecdote.

If there is anything this exercise has demonstrated it is that despite its importance, marketing is one of the least understood, least measurable [functions] at many companies. Its effectiveness is fundamental to stock market valuations; nevertheless, many corporate boards lack the understanding to evaluate marketing strategies and expenditures (Farris et al 2006). Most directors lack deep experience in this field, while marketing executives, for their part, often fail to develop the quantitative, analytical skills needed to manage productivity and frequently resist being held accountable even for top-line performance, asserting factors beyond their control. Without wishing to malign any of the kind respondents who were generous enough in giving me their time and attention by completing a questionnaire or undergoing an interview, the findings here unfortunately continue to support this set of assertions.

9.4 Limitations of the Study

A number of possible shortcomings should be borne in mind when drawing inferences from the findings.

1. The mixed support for the long-held proposition that a business's performance is positively related to its market orientation must be viewed with scepticism. The contention is that bias is caused by failing to control for unobserved factors. Because studies to date have used cross-sectional databases, they cannot control for unobservable, firm-specific effects. Panel data analysis is recommended in that the pooling of time series and cross-sectional information would allow researchers to test and control for these effects (Jacobson 1990). In theory, market orientation should affect both ROI and sales growth, and results suggest that the measure of market orientation taps behaviours in businesses that have a greater impact on sales growth than on ROI. Resolution of this

issue is necessary as managers must weigh the benefits of being market oriented against the costs of developing a market-oriented business culture.

2. Market orientation is an element of marketing where the theoretical underpinnings ought to be valid in all settings however with an emphasis on information there are good reasons to expect that scales that measure a construct like organisational culture will be linked to cultural characteristics of a country (Deshpande and Farley 1996).
The availability and strength of the instrument used in this study has not yet been tested in Irish (or any) service organisations.

3. Relatively little research, especially empirical, has been done on cross-national marketing management issues (Deshpande and Webster 1989). While cultural differences between nations may produce some effects, interdepartmental conflict may also be an important determinant. For example by introducing market-based reward systems a firm may harm the organisational climate by increasing the level of conflict, while reducing interdepartmental conflict may harm the individual's motivation to initiate market-oriented activities.

4. The scale selected deals with market orientation as a set of shared values and beliefs. A six-point scale was used (Webster 1990). Many researchers in the social disciplines propose a five-or seven-point Likert-type scale. These relate to activities underlining behaviours and processes for the continuous assessment and service of customer needs. The scale does not deal with market orientation as covering non-customer –related activities nor does it deal with any potential discrepancies between managers and employee's perceptions or between the organisation and its clients' perceptions and values.

5. In addressing marketing culture in structural and systematic terms, has meant the exclusion of such topics as centralisation, or lack of delegation and participation of

decision-making, along with the formalisation or degree to which rules, regulations, or authority relations might ease or inhibit communications and procedures. In a similar manner the evaluation criteria for market based rewards based on markets, customer evaluation or opinion, as well as competition have not been addressed.

6. The value-based scale items reflect the actions and behaviours that Irish executives would observe within their organisation. Research data was gathered from company representatives, who cannot be assumed to be free from bias. Whether intentional or not, there will always be a question as to whether they are the appropriate source from which to identify a marketing culture, when it is ultimately the customer who dictates the success or failure of a marketing enterprise.
The survey was addressed to a named Chief Executive, although a variety of Company Officers actually took the trouble to respond. Even where the named individual did respond, the information returned reflects the values as interpreted by that individual, which may or may not correspond to the organisation as a whole or even part thereof and may not be compliant with those of their customers.

7. The data collection was undertaken in 1998, and it is possible that the age and timing of the survey may be unrepresentative in terms of current market conditions.

8. The possibility of specification error as a result of the omission of a relevant variable from the proposed model in the study. The methodological approach was dependent on an internal construction of items comprising the values to be investigated. An additional enquiry in conjunction with practising marketing executives would further ensure the inclusivity of the samples representation.

9. The sampling instrument was comprehensive. Sampling theory indicates that the questionnaire should be as short as is necessary, so that the length and detail requested do not inhibit the opportunity of achieving the maximum response possible.
The questionnaire contained 103 items, making it rather lengthy although in some sections may be considered parsimonious while the number of items and in further

research might be expanded in order to better encompass the appropriate range of activities.

Although 97 responses were received from the original sample of 340, the omissions may introduce a non-response bias, where non-respondents may hold views that are significantly different from those who did respond, as a result, limiting the generalisability of the findings. It may also have resulted in measurement error of the constructs, from respondents unable or unwilling to maintain concentration.

10. No measures have been taken to indicate or allow for the influence of environmental factors such as market turbulence and competitive intensity that may influence performance. Business performance measures are taken at face value, and do not indicate any directional trend; neither can they be considered 'good' or 'bad' except in the instance of time – which here is not included.

11. No account has been made as to the classification or impact of the service environment. The sample of the survey was restricted to service marketing organisations, and to those companies which were considered not to market a tangible product. Any findings therefore, may not be generalisable to marketing organisations as a whole.

12. Notwithstanding the identification of items of importance highlighted in the study, a comprehensive identification of the tasks performed and their direct input contributing to performance also remains.

9.5 Directions for Future Research

The instrument developed provides an overall measure of the value placed on the dimensions of a service firm's marketing culture and as such contribute to the determination of performance gaps between the ideal and the firm's actual service culture and to identifying the compatibility of marketing culture in line with proposed strategic plan. However a number of areas require resolution:

1. The areas for further research concern the refinement of the measures used in identifying a marketing culture, in particular the variables with regard to industry, business definition, scope of business, market turbulence, competitive intensity, and geographic coverage. Every instrument requires continuous development and refinement, in order to ensure its appropriateness in representation.
2. It cannot be said that this study found convincing statistical evidence of a marketing culture which is measurable in terms of market performance. Further study would be valuable in order to ratify or refute the findings offered.
3. Consideration need be given as to the potential obscuring of relevant findings, resulting from the aggregation of data generally, as they may not necessarily translate from one market base to another. A series of specifically designed studies of an ongoing nature, and comprising alternative subjects, may give guidance regarding the identification of a universal marketing culture.
4. Difficulties have the potential to be compounded as a result of the bias of the researcher in terms of their individual perspective. A comprehensive comparative group of studies may shed further light on relevant factor identification, and contribute to a global model.
5. Although certain measures were featured in this study, it may prove appropriate that alternative/additional measures are used to indicate the presence or absence marketing oriented culture, either in qualitative or quantitative terms.

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