

AN EXAMINATION OF THE INFLUENCE OF MARKET ORIENTED BEHAVIOURS ON THE LAYERS OF AN ORGANISATION'S CULTURE

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ABSTRACT

Examines the influence that market oriented behaviours have on the layers of an organisation's culture, specifically: values, norms and artifacts.

This paper considers a causal relationship between behaviour and culture. However, the relationships between market oriented behaviours and the three layers of an organisation's culture remain unexplored from this perspective. Consequently, the role that behaviours play in creating and driving market oriented culture remains unclear.

This research gap is addressed utilising a large scale quantitative survey.

Multiple regression analysis indicates that market oriented behaviours have a positive influence on all three layers of culture.

Drawing upon these findings, managers are advised to assess the degree to which they engage in the relevant behaviours and, then, proactively work to strengthen this degree.

Strong implementation of behaviour will encourage the development of associated norms and artifacts. These will, in turn, encourage market oriented values to transpire, ultimately, embedding a market oriented organisational culture. This is desirable due to the strong, positive relationship between market orientation and organisational performance.

INTRODUCTION

This paper examines the influence that market oriented behaviours have on the layers of an organisation's culture (values, norms and artifacts).

Since the early 1980s there has been a surge of research in the area of market orientation; a concept that has remained at the heart of marketing literature for quite some time (Hajipour, Rahimi, & Hooshmand, 2013). This concept implies that an organisation is strongly focused on its market, particularly the customer (Gheysari, Rasli, Roghanian, & Norhalim, 2012). The associated surge of research has been underpinned by a recognised link to organisational performance; essentially, there is widespread agreement that organisations who achieve a strong market orientation "generally do outperform" other organisations (Deshpandé & Farley, 2004, p. 4; Liao, Chang, Wu, & Katrichis, 2011).

This paper **considers a causal relationship between behaviour and culture** and, thus, provides insight into the role that market oriented behaviours play in creating and driving organisational culture. Ultimately, it encourages managers to employ market orientation as a behavioural construct, rather than the cultural construct that has dominated the literature (Homburg & Pflesser, 2000; Narver & Slater, 1990; Schein, 2010; Sheppard, 2011). By doing so, clear and practical guidance is offered to managers who are seeking to actively change their organisation's culture and/or become market oriented.

LITERATURE REVIEW: IDENTIFIED RESEARCH GAP

Market orientation is driven by two factors, namely: organisational culture; and behaviour (Homburg & Pflesser, 2000).

The first driving factor, organisational culture, is said to consist of three layers. These are: values, norms and artifacts (Homburg & Pflesser, 2000; Schein, 2010). Values refer to how an organisation's members think or feel something ought to be, norms refer to their shared expectations about behaviour, while artifacts refer to the physical or tangible elements that an organisation creates and leaves behind (Homburg & Pflesser, 2000; Schein, 2010). The second driving factor is concerned with three specific behaviours, namely: generation of market intelligence, dissemination of market intelligence and responsiveness to market intelligence (Kohli, Jaworski, & Kumar, 1993). Combining these points, it can be concluded that market orientation consists of a total of four layers: specifically, three cultural layers (values, norms and artifacts) and a behavioural layer (Homburg & Pflesser, 2000).

Consequently, two perspectives of market orientation have transpired: a cultural perspective and a behavioural perspective (Gainer & Padanyi, 2005; Homburg & Pflesser, 2000). The vast majority of studies have adopted the traditional cultural perspective, which considers market orientation to be an organisational attitude (Sheppard, 2011). From this perspective, market oriented values have been found to positively influence market oriented norms. These norms, have then been found to positively influence market oriented artifacts which, in turn, positively influence market oriented behaviours (Farrell, 2005; Homburg & Pflesser, 2000). In short, the cultural perspective assumes that culture (values, norms and artifacts) drives behaviour in organisations (Homburg and Pflesser, 2000; Narver & Slater, 1990; Sheppard, 2011).

However, considering that "no agreement has been reached on the exact nature of market orientation" **it has been argued as illogical that alternative perspectives are rarely investigated (Gainer & Padanyi, 2005, p. 854). Consequently, some researchers have shifted their focus towards the behavioural perspective, which "describes market orientation in terms of [the three] specific behaviours" aforementioned (Homburg & Pflesser, 2000, p. 449; see for example**

Gainer & Padanyi, 2005; Taras, Roney, & Steel, 2009). Resultantly, a new “behaviours-create-culture” approach to market orientation has emerged (Gainer & Padanyi, 2005, p. 856).

While this new approach has gained credibility from researchers such as Gainer & Padanyi (2009) and González-Benito & González-Benito (2005), aspects of it have yet to be ascertained; In particular, the relationships between market oriented behaviours and the three cultural layers of market orientation (values, norms and artifacts) remain unexplored from this perspective. So, while it is widely agreed that the four layers of market orientation are closely interrelated (Hatch, 1993; Homburg & Pflesser, 2000; Schein, 2010), the influence that market oriented behaviours have on cultural values, norms and artifacts is yet to be determined. Consequently, the role that behaviours play in creating and driving a market oriented organisational culture remains unclear. This paper aims to address this research gap.

Addressing this research gap will quantify a deeper insight into the relationships between these layers and, ultimately, contribute to the understanding of how to achieve the overall goal of market orientation. That is, to have each of the four layers strongly focused on the market, particularly the customer, thus, resulting in the establishment of a strongly market oriented organisational culture (Farrell, 2005; Homburg & Pflesser, 2000).

HYPOTHESES

In light of the identified research gap, the following three hypotheses were deduced from the literature:

Hypothesis 1: Market oriented behaviours have a positive influence on artifacts. This hypothesis is based on the argument that in order for an artifact (e.g. a story about a leader who is/was exceptionally market oriented) to transpire, behaviour must first materialise. Snow (2005, p. 15) lends strengthening support for this argument stating that “Artifacts are the keys to the past . . . [from which] we come to know . . . behaviors”. This strongly implies that artifacts originate from and, thus, are influenced by behaviours.

Hypothesis 2: Market oriented behaviours have a positive influence on norms. This hypothesis is supported by “adoption-entrenchment” theory (Zeitz, Mittal, & McAulay, 1999). The basic premise behind this theory is that once a behaviour is adopted, it may then become entrenched, meaning that it resists removal. Essentially, “as one actor (individual) adopts and uses a given [behaviour], this fact will be known to other actors, who will be motivated to adopt the [behaviour] themselves” (Banerjee, 1995, cited in Zeitz *et al.*, 1999, p. 750). Overall, this theory supports the idea that norms originate from and, thus, are influenced by behaviours.

Hypothesis 3: Market oriented behaviours have a positive influence on values. This hypothesis is overtly supported by researchers such as Griffiths and Grover (1998, cited in González-Benito and González-Benito) and González-Benito and González-Benito (2005, p. 805), who acknowledge that there are grounds for the belief that behaviour may lead to culture and, ultimately, “foster the formation of . . . values within the organization”. Overall, this acknowledgement lends strong support to the argument that behaviours can precede and influence values.

METHODOLOGY

Philosophical Aspects: Philosophical aspects of the research were considered prior to addressing the more practical aspects (Grix, 2002; Appendix A). Given the deductive nature of this study, the research was resultantly underpinned by an objectivist ontological position and a post-positivist epistemological position (Holden & Lynch, 2004; Creswell, 2014).

Practical Aspects: Defining the research methodology (Appendix A) involved determining the most appropriate research strategy and design (Blaxter, Hughes, & Tight, 2006).

Three factors determined which strategy to use: The research problem (hypotheses), the adopted ontological position (objectivist) and the adopted epistemological position (post-positivist) (Bryman, 2008; Smith, 1983). All three were found to be in favour of a quantitative strategy. Furthermore, a qualitative strategy was determined to possess low applicability in relation to these factors. Resultantly, a purely quantitative research strategy was employed. This led to the selection of a cross-sectional survey design which, based on its key characteristics, was determined to possess strongest applicability to the aforementioned factors when compared to alternative designs (Blaxter, Hughes, & Tight, 2006; Bryman, 2008; Gray, 2009).

The decision of which method(s) to use was directly influenced by the research methodology and was, therefore, also influenced by the philosophical aspects of the research (Appendix A). Overall, a self-administered questionnaire was considered less likely to introduce subjectivity to the study when compared to the alternative option of an interview method. Consequently, a self-administered questionnaire was determined to be most appropriate to the researcher's ontological (objectivist) and epistemological (post-positivist) position and, so, was selected for use in this study (Blaxter, Hughes, & Tight, 2006; Bryman, 2008; Gray, 2009).

This chosen method was identified in the literature as being the most prominent tool used in the relevant research fields (Taras, Rowney, & Steel, 2009). The development of an appropriate research methodology ultimately led to the continuation of this tradition by the researcher.

Questionnaire Development: Homburg & Pflesser's (2000) survey instrument, which incorporates Kohli, Jaworski, & Kumar's (1993) MARKOR measurement tool, was identified as being the first, and virtually only instrument, to take market orientation's four layers into account. Consequently, it was used as a guide for this study, resulting in the development of an appropriate questionnaire tool that was essentially an adaptation of these two works.

The final questionnaire consisted of multiple-item scales used to measure market oriented behaviours, values, norms and artifacts. These were measured using a 7-point Likert scale that moved from negative (strongly disagree) to positive (strongly agree), remaining neutral in the middle (neither agree nor disagree). Pre-test and pilot test procedures were applied before administering the final questionnaire.

Ethical Considerations: Prior to administering the questionnaire, four key ethical concerns were considered. These were: Harm to participants through stress and/or breach of confidentiality; a lack of informed consent; invasion of privacy; and deception (Bryman, 2008; IT Carlow, 2006). An application, detailing these considerations in the context of the proposed research procedures, was submitted to a higher education institution's ethics committee. This facilitated an independent ethical review of the intended research. An evaluation report was subsequently provided through which ethical approval for the research was granted.

Data collection: From the literature review it was established that market oriented companies were likely to be high performing companies. Consequently, the Irish Times' database of the "Top 1,000 Companies in Ireland", which ranks companies based on their turnover, was selected as the sample for this study. Turnover was deemed to be an appropriate measure as it would indicate a relatively high number of interactions with customers and was perceived to be a more obtainable figure than, for example, profit. Cleansing of the database resulted in a final sample size of 952 companies.

Given its content and nature, the questionnaire was primarily targeted to marketing managers and was administered by mail accompanied by a cover letter and a pre-paid return address

envelope. Mail was chosen over an electronic-based administration option primarily due to its potential to yield a higher response rate (Shih & Fan, 2008). Of the 952 questionnaires administered, 251 usable responses were received, equating to a final response rate of 26.4%.

Data Analysis: For data analysis purposes, participants were grouped into three categories: “Moderate”, “High” and “Exceptional” degree of market oriented behaviours. These categories were then coded into dummy variables. Dummy variables are a way of representing each category using only zeros and ones; a zero indicates the absence of a category, while a one indicates its presence. This process essentially transformed the categorical data into interval data, thus, making it appropriate to the relevant statistical tests (Field, 2009; Presidion, 2015).

Correlation and multiple regression analysis were then applied.

RESEARCH FINDINGS & INTERPRETATION

Each hypothesis was examined using multiple regression analysis. Hence, three regression analyses were conducted in total. The results are summarised in Table 1, as follows:

Table 1: A summary of the multiple regression analysis results			
	H1: artifacts	H2: norms	H3: values
R-square (R²)	.184 (18.4%)	.324 (32.4%)	.196 (19.6%)
Effect size	Medium	Large	Medium
Sig.	.000	.000	.000

As indicated by the R² values obtained, market oriented behaviours accounted for the specified percentage of explained variance in artifacts, norms and values respectively (Field, 2009; Presidion, 2015). In order to independently assess these percentages, their corresponding effect sizes were consulted. These provided “an objective and . . . standardized measure of the magnitude of [the] observed effect[s]” (Field, 2009, p. 56). As highlighted in Table 1, the percentage of explained variance (R²) for hypotheses 1 and 3 equated to a medium effect size, while the result for hypothesis 2 equated to a large effect size. Therefore, all three results were deemed substantial (Field, 2009).

Furthermore, all three analyses were found to be statistically significant ($p < .0005$, $p = .000$), meaning that their results were highly unlikely to have occurred by chance. Consequently, the regression results were deemed to be genuine (Field, 2009; Presidion, 2015).

In addition to the above, the multiple regression analyses also provided unstandardized coefficient beta values (β) for each of the three hypotheses. In the context of having used dummy variables in each analysis, these β values essentially indicated how organisations with a “moderate” or “exceptional” degree of market oriented behaviours scored on the artifacts, norms and values scales, in comparison to those with a “high” degree of market oriented behaviours (Field, 2009; Presidion, 2015). The results are summarised in Table 2, as follows:

Table 2: A summary of the unstandardized coefficient beta values (β) obtained			
	H1: artifacts - points difference	H2: norms - points difference	H3: values - points difference
Degree of behaviour			
Moderate	-5.055 (Sig .000)	-8.475 (Sig .000)	-6.357 (Sig .000)
Exceptional	2.058 (Sig .040)	5.000 (Sig .000)	4.080 (Sig .000)

As indicated by the negative β values obtained, organisations with a “moderate” degree of market oriented behaviours were found to have scored consistently lower on all three variables, when compared to those with a “high” degree of market oriented behaviours. Moreover, organisations with an “exceptional” degree of market oriented behaviours were found to have scored consistently higher on the artifacts, norms and values scales, when compared to those with a “high” degree of market oriented behaviours. This is represented by the positive β values obtained (Field, 2009; Presidion, 2015).

These β values were subsequently entered into the following straight line equation (Presidion, 2015, p. 79): $Y=A+\beta x$, whereby Y is the dependent/outcome variable, A is the intercept or constant term, β is the relevant unstandardized coefficient value and x is the relevant independent/predictor variable. This equation was used to predict how organisations with differing degrees of market oriented behaviours would score on the artifacts¹, norms² and values³ scales. Table 3, which follows, provides a summary of the results:

Table 3: A summary of the predicted scores obtained from the regression equation			
	H1: artifacts predicted score	H2: norms predicted score	H3: values Predicted score
Degree of behaviour			
Moderate	54	65	74
High	59	73	81
Exceptional	61	78	85

As demonstrated in Table 3, the predicted scores for artifacts, norms and values were found to increase as the degree of market oriented behaviours increased.

In summary, the regression results indicated that market oriented behaviours could account for a substantial percentage of the explained variance in artifacts, norms and values. The results also demonstrated that market oriented behaviours could statistically significantly predict these three variables. More specifically, the higher the degree of market oriented behaviours, the higher the predicted score for artifacts, norms and values.

Overall, these results supported the idea that market oriented behaviours had a positive influence on all three layers of an organisation’s culture. Conclusively, all three hypotheses were supported.

DISCUSSION & CONCLUSIONS

This paper examined the influence that market oriented behaviours have on the layers of an organisation’s culture (values, norms and artifacts).

From a theoretical point of view, it supports the literature in its belief that market oriented behaviours are closely interrelated with cultural values, norms and artifacts (Farrell, 2005; Hatch, 1993; Homburg and Pflesser, 2000; Schein, 2010).

¹ For artifacts, the highest possible score was 84. The lowest possible score was 12.

² For norms, the highest possible score was 91. The lowest possible score was 13.

³ For values, the highest possible score was 98. The lowest possible score was 14.

While previous studies have found that culture (values, norms and artifacts) positively influences behaviour in organisations (Farrell, 2005, Homburg & Pflesser, 2000), the findings of this study support the opposite. That is, market oriented behaviours have a positive influence on values, norms and artifacts and, thus, support culture as a whole. This positive influence became particularly clear when a distinction was made between organisations with differing degrees of market oriented behaviours; higher levels of market oriented behaviours were associated with higher levels of corresponding values, norms and artifacts.

Overall, it can be argued that these findings demonstrate a “behaviour creates culture” approach to market orientation is, in fact, applicable to organisations outside of the non-profit sector (Gainer & Padanyi, 2005, p. 856). Resultantly, it appears that there has been an overreliance on the traditional “culture drives behaviour” approach to market orientation. This has caused market oriented behaviours to be treated as merely by-products, or a consequence, of culture (Narver and Slater, 1990; Homburg and Pflesser, 2000). So, their importance has been downplayed in the literature. The findings presented in this paper conclude that the behavioural approach to market orientation is worthy of much more consideration and attention than it has previously been awarded.

Of the three layers of an organisation’s culture, market oriented behaviours were found to have the strongest influence on norms, as was reflected in all aspects of the research findings. This finding implies that if market oriented behaviours are strongly implemented in an organisation, then market oriented norms are likely to follow suit. As is noted by Griffiths and Grover (1998, cited in González-Benito & González-Benito, 2005, p. 805) the “development of norms . . . foster the formation of . . . values within the organization”. Hence, market oriented values will subsequently develop.

Moreover, the perspective adopted in this study suggested that market oriented behaviours have the ability to create artifacts. This perspective was supported by the multiple regression results, which found that market oriented behaviours had a positive influence on artifacts. Hence, from market oriented behaviours, relevant artifacts are also likely to transpire.

Based on the above points, clear guidance can be offered to managers who are seeking to actively change their organisation’s culture and/or become market oriented: In such a case, behaviour can be used as the starting point. Hence, managers should assess the degree to which they engage in the relevant behaviours. In the case of market orientation, these are: generation of market intelligence, dissemination of market intelligence and responsiveness to market intelligence. This assessment will allow areas of weakness to be identified. A plan of action can then be drawn up accordingly in order to proactively improve these areas and strengthen the behaviours within the organisation.

This guidance is of particular practicality as it encourages managers to concentrate on the tangible aspects of market orientation. These aspects are likely to be easier to comprehend, assess and measure in comparison to the less tangible aspects of market orientation, for example, values.

In conclusion, this study found that managers should concentrate on strongly implementing market oriented behaviours in order to develop corresponding norms and artifacts within their organisation. These will, in turn, encourage market oriented values to transpire and, ultimately, embed a market oriented culture within their organisation. This is desirable as such a culture is strongly linked to positive organisational performance (Liao, Chang, Wu, & Katrichis, 2011).

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APPENDICES

Appendix A: “Building Blocks of Research” framework (originally adapted from Hay, 2002, by Grix, 2002, p. 180. Further adapted by the researcher).

