

## Individual-level antecedents to market-oriented actions

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### Abstract

Although often assessed at an organizational level, a market-oriented culture is supported by the attitudes and actions of the organization's employees. A firm cannot develop a market orientation strategy without each employee's active understanding, willingness, and ability to perform in a market-oriented fashion. Therefore, individual employees must experience a responsibility to gather and assess the value of market information, and a willingness to share it with other employees. We surveyed a cross-section of employees at many levels and roles in different North American financial services organizations. This research identified important individual-level antecedents that organizations must account for when attempting to stimulate company-wide market-oriented behaviors. These include the fostering of high-quality and matched psychological contracts, modeling of learning strategies by agile learners, and increased opportunities and time to develop personal ties between customers and employees in diverse roles within the firm.

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### 1. Introduction

Market orientation is an important theme in the marketing literature, and there is a substantial literature on it. Market-oriented firms “seek to understand customers’ expressed and latent needs, and develop superior solutions to those needs” (Slater and Narver, 1999, p. 1165). A firm’s market orientation builds upon three dimensions: the organization-wide acquisition, dissemination, and co-ordination of market intelligence (Jaworski and Kohli, 1993).

The market orientation literature is replete with theoretical and empirical studies describing the importance of market orientation to firm performance at an organizational level of analysis (Narver and Slater, 1990). However, researchers have rarely studied the contribution of individuals. A concentration on the firm-level construct ignores the underlying routines carried out by individuals that develop and form the orientation (Nelson and Winter, 1982). Although researchers have viewed these routines from an organizational level, few consider the

actions of individual employees, or attempt to understand the social–psychological drivers of market orientation within a firm (Jones et al., 2003).

Narver and Slater (1990) suggested that firm market orientation requires internalization of core customer-oriented values by individual employees. A psychological contract represents exchanged promises between employee and employer and is a key mechanism in this internalization process. When employers promise stable employment, and promotion and development opportunities, employees reciprocate by promising to take actions to fulfill core values expressed by the company, including market-oriented actions. Rousseau (1995) maintains that individuals voluntarily enter into a psychological contract, and choose whether they will fulfill a promise or obligation. However, although there may be a voluntary element about the process, a feeling of “obligation” implies no choice for a conscientious person. When employees initiate market-oriented actions, they are likely to internalize market-oriented values through a process of cognitive dissonance and routine (Festinger, 1957; Salancik, 1977). Cognitive dissonance occurs when a person’s beliefs and feelings are inconsistent with their behaviors. Consequently, tension or dissonance occurs that can

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only be resolved by aligning these perceptions. If behaviours are not market-oriented, yet employees feel obligated to be market-oriented, then the employees are likely to reframe their belief so that they rationalize why they are, in fact, not obligated to be market-oriented.

Individuals contribute to organization-level market orientation through actions such as fostering internal and external relationships (Helfert et al., 2002), and communicating tacit knowledge (Darroch and McNaughton, 2003). This research adapts the organizational level definition of market orientation provided by Kohli and Jaworski (1990) to the individual; that is, the market orientation of individuals reflects the attitudes and behaviors of employees as they acquire, share, and respond to market intelligence. In order to develop a market orientation strategy, firms must convince employees to “buy-into” the concept (Piercy et al., 2002). If organizations are unable to build awareness, ability, and motivation to act in market-oriented ways, they may face employee resistance to market-oriented initiatives causing an inability to effectively implement strategy (Harris, 2002).

A firm’s market orientation depends upon obligations of market-oriented behaviors shared by management and its employees. Employees acquire information about customers and competitors, and share it with others within the same firm. Thus it is important to understand individual and interpersonal variables that enhance the exchange of knowledge within the organization. Unwritten role obligations are communicated through relationships between employer and employee, and are often studied within the theoretical framework of the psychological contract. Rousseau (1998, p. 668) notes that “individual beliefs comprising the contract involve sets of reciprocal obligations – not expectations alone – to which both the individual and the other party are believed to have committed themselves...Although obligations are a form of expectation, not all expectations held by a person need to be promissory or entail a belief in mutuality or reciprocity. By definition, a psychological contract must be based upon a belief that a reciprocal exchange exists which is mutually understood.”

Employees may be unwilling to act in market-oriented ways if they perceive an organization to contribute at a low level or less than the employee expects, given the employees’ own contributions to the psychological contract. For example, they may be reluctant to be involved in organizational decision-making processes (Paul et al., 2000), or hoard market information in anticipation of self-employment or for employment opportunities with competitors (Harris and Ogbonna, 2001). Additionally, employees may not feel obligated to develop strong customer relationships if they believe that in general the company does not fulfill its obligations (Eddleston et al., 2002). Thus, this research considers how market-oriented behaviors may be shaped by mutual obligations within the psychological contract between the employee and employer.

Although popular with psychologists, the study of psychological contracts is largely overlooked by researchers in the marketing field. Notably, only a few articles exist that apply the theory of psychological contracts in the context of marketing activity within the firm (specifically, Blancero et al., 1996;

Blancero and Johnson, 2001; Eddleston et al., 2002; Llewellyn, 2001). Few of the marketing studies develop the role of psychological contracts from the perspectives of employees across the organization, preferring to focus on those with close customer contact, such as sales. This study extends empirical knowledge of marketing orientation from the opinions of senior-level marketing or quality control managers (e.g., Kennedy et al., 2002) to other employees. It contributes knowledge gained from social psychology to the marketing field.

First, this paper reviews the literature on employee psychological contracts. Then we present and explain hypotheses relating employee perceptions of the psychological contract, learning orientation, and role-based customer interaction to perceptions of their own market-oriented behaviors. These relationships are tested and discussed in a cross-sectional survey of financial services employees. Finally, we discuss the implications, limitations and contributions of the research to the marketing field.

## 2. Individual-level antecedents to individual market-oriented behaviors

Previous market orientation research at the individual level has focused upon either a customer-oriented disposition (e.g., Brown et al., 2002) or alternatively on various individual-level antecedents or outcomes of a market orientation strategy (e.g., Celuch et al., 2000). This is problematic because the customer-oriented disposition narrowly targets the customer and does not identify trainable actions. The other stream identifies important individual-level issues, but does not test them in the context of market-oriented behaviors performed by each employee. To fill the void, this research examines selected antecedents to individual market-oriented behaviors.

At the organizational level, researchers relate market orientation to learning orientation (Baker and Sinkula, 1999), to channel relationships (Langerak, 2001), and to inter-functional differences (Atuahene-Gima, 1996). These contributing factors at an organizational level provide some rationale for further investigation at an individual level because an organization collectively reflects the values and actions of individuals it employs. Consequently, this research tests individual-level constructs related to learning orientation, channel relationships (financial services provider and broker), and inter-functional differences. Specifically, we posit several reasons for market-oriented actions at the individual level, based upon individual learning agility, the psychological contract, and role-related differences in the level of customer contact.

### 2.1. Developing market orientation obligation within psychological contracts

The psychological contract explains how role obligations shared by the employee and employer can shape the employee’s market-oriented practices. “The psychological contract is individual beliefs, shaped by the organization, regarding terms

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