Available online at www.sciencedirect.com
SCIENCE DIRECT
Journal of Business Research 58 (2005) 1483–1494
JOURNAL OF BUSINESS RESEARCH

Market orientation in a multiple stakeholder orientation context: implications for marketing capabilities and assets

Gordon E. Greenley*, Graham J. Hooley, John M. Rudd

Aston Business School, Aston University, Birmingham B4 7ET, United Kingdom

Received 1 January 2004; received in revised form 1 May 2004; accepted 1 July 2004

Abstract

Does a market orientation approach focus too heavily on customers at the expense of other stakeholders? Managers also need to address the interests of other stakeholders when making marketing decisions. This gives an orientation to each stakeholder group, which exist simultaneously, giving a multiple stakeholder orientation profile (MSOP). In the reported empirical study of senior marketing executives, this weakness is addressed, by taking a simultaneous multiple stakeholder orientation approach. The study identified where marketing capabilities and assets are both different and similar among executives with a market focus in their MSOPs, and those with other MSOPs.

Keywords: Market orientation; Marketing capabilities and assets; Multiple stakeholder orientation profile

1. Introduction

Does a market orientation approach focus too heavily on customers at the expense of other stakeholders? Managers also need to address the interests of other stakeholders when making marketing decisions (Donaldson and Preston, 1995; Greenley and Foxall, 1998; Miller and Lewis, 1991; Ogden and Watson, 1999). In this article, we address market orientation within the context of multiple stakeholder orientation. Managers have orientations toward each of their stakeholder groups, which exist simultaneously. We propose that this constitutes a multiple stakeholder orientation profile (MSOP), which is the simultaneous ordering of attitudes towards each set of stakeholder interests and allocated managerial behaviour to serve these interests. However, there will be variation in MSOPs, such as a market focus MSOP that emphasizes customers, and an internal focus MSOP that emphasizes employees. As a market focus MSOP simultaneously addresses the interests of customers along with those of other main stakeholders, it is a more comprehensive and realistic approach than the restricted market orientation approach.

Therefore, managers with different MSOPs will address different sets of stakeholder interests when making marketing decisions. Central to marketing decision making are the marketing capabilities of managers for making decisions, and the marketing assets that they deploy in implementing these decisions (Day, 1994; Fahy and Smithee, 1999; Hooley et al., 1998). However, managers with a market MSOP will have different attitudes and behaviour in their decision making compared to managers with other MSOPs. Therefore, the key research question explored in this study is, will these different attitudes and behaviour of market MSOP managers mean that they have different marketing capabilities and that they deploy different marketing assets? As a contribution to addressing the weakness of the market orientation approach, and given that there is no empirical evidence, we empirically test this question. Such evidence would extend our understanding of the role of multiple stakeholder orientations with respect to marketing capabilities and assets, taking a simultaneous and more compre-

* Corresponding author. Tel.: +44 121 395 3011; fax: +44 333 4313.
E-mail address: g.e.greenley@aston.ac.uk (G.E. Greenley).

0148-2963/$ - see front matter
doi:10.1016/j.jbusres.2004.07.004

hensive approach, and would provide some practical guidance.

2. Theoretical background

A stakeholder is any group or individual who can affect, or be affected by, the achievement of an organization's purpose, and each of the many stakeholder groups has a unique set of expectations, needs, and values, some of which are conflicting (Clarkson, 1995; Freeman, 1984; Harrison and St.John, 1994). Primary stakeholders are essential for survival, such as customers, competitors, employees and shareholders, while secondary stakeholders, such as governments and interest groups, are not necessarily essential for survival (Clarkson, 1995; Mitchell et al., 1997; Polonsky, 1995). In the marketing literature, market orientation has focussed on customers and competitors (Homburg and Pflesser, 2000; Jaworski and Kohli, 1993; Kohli et al., 1993; Narver and Slater, 1990).

2.1. MSOP Theory

Decisions about which groups of stakeholders to address will depend on culturally embedded attitudes toward each stakeholder group (Berman et al., 1999; Donaldson and Preston, 1995; Woodward et al., 1996). Each set of attitudes about each stakeholder group, combined with each set of corresponding managerial behaviours, will represent cultural and behavioural aspects of a particular orientation toward each respective stakeholder group. This will dictate the relative managerial attention that will be dedicated to addressing the interests of each stakeholder group (Frooman, 1999; Mitchell et al., 1997; Ogden and Watson, 1999; Rowley, 1997). Although managers will have a particular orientation to each stakeholder group these orientations exist simultaneously (Donaldson and Preston, 1995; Rowley, 1997), giving a multiple stakeholder orientation profile (MSOP). We define an MSOP as the simultaneous ordering of attitudes towards each set of primary stakeholder interests, and allocated managerial behaviour to serve these interests. However, there will be variation in MSOPs, such as a market focus profile that emphasizes customers; an internal focus profile that emphasizes employees; and an ownership focus profile that emphasizes shareholders.

2.2. Marketing capabilities and assets

In the resource-based view literature, capabilities are defined as managerial skills and accumulated knowledge for deploying assets to create a competitive advantage (Day, 1994; Fahy and Smithee, 1999; Grant, 1991; Mahoney, 1995; Teece et al., 1997). Marketing capabilities are classified by Day (1994) as three types.

Outside-in capabilities: are those that help in understanding and participating in markets, such as understanding customers and creating relationships.

Inside-out capabilities: are those that contribute to effective market participation, such as financial, human resource and marketing management.

Spanning capabilities: are those that integrate inside-out and outside-in capabilities, such as developing new products, and internal communications.

Attention has also been given to networking capabilities, such as managing relationships with suppliers and other strategic partners (Egan, 1995; Grönroos, 1994; Gummerson, 1999). These four categories are used to operationalize marketing capabilities (see Appendix A for details).

Assets are resource endowments that a firm has accumulated over time, and that can be deployed for creating a competitive advantage (Amit and Schoemaker, 1993; Day, 1994; Fahy and Smithee, 1999; Grant, 1991). There are several explanations of marketing assets. Srivastava et al. (1998) identified relational and information assets; Doyle (2001) proposed market knowledge, brands, customer loyalty and strategic relationships. Hooley et al. (1998) identified four types of marketing assets: *customer-based assets*, such as brands and reputation; *internal assets*, such as information and cost control systems; *supply chain assets*, such as relationships with intermediaries; and *alliance-based assets*, such as market access, and shared technology. The latter explanation is used to operationalize marketing assets (see Appendix A for details).

If marketing capabilities and assets are effectively deployed to create superior customer value, then a competitive advantage is created (Fahy and Smithee, 1999; Kay, 1993; Williams, 1992). This competitive advantage is achieved through idiosyncratic management and firm heterogeneity (Amit and Schoemaker, 1993; Mahoney and Pandian, 1992; Peteraf, 1993), as unique ways for addressing similar market needs are created with capabilities and assets (Vorhies and Harker, 2000). However, certain conditions must prevail to sustain this competitive advantage. Capabilities and assets must be difficult to identify and imitate; difficult to transfer or trade among competitors; and sustainable over time (Barney, 1986; Berman et al., 1999; Chi, 1994; Collis and Montgomery, 1995; Lippman and Rumelt, 1982; Peteraf, 1993; Reed and DeFillippi, 1990). These conditions can be achieved when deploying marketing capabilities and assets, as they are mostly intangible and reside in internal management processes. An MSOP can also contribute to idiosyncratic management and a competitive advantage, as firms use their particular attitudes and behaviours for addressing multiple stakeholders. Therefore, a particular MSOP and accompanying marketing capabilities and assets contribute to idiosyncratic management and firm heterogeneity to create a competitive advantage, which can be sustained if the above conditions are achieved.