

# Explanations from the marketing/human resources dyad for marketing strategy implementation effectiveness in service firms

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## Abstract

The marketing strategy literature is often criticized for the dearth of conceptual, theoretical, and empirical studies focusing on antecedents to effective marketing strategy implementation. Despite some related research on the constituency-based theory of the firm, even less is understood concerning the interplay between functional areas on marketing strategy implementation effectiveness. We examine the marketing/human resources (HR) dyad and contribute to this limited platform of knowledge by testing a set of eight hypotheses that forms the basis of the model in which six process-based organization dimensions are considered to be related to the psychosocial outcomes of relationship effectiveness and interfunctional conflict. These, in turn, are hypothesized to impact upon the behavioral outcome of marketing strategy implementation effectiveness. The data that are used to test these relationships are generated from 230 medium and large European service-based firms. While we find that psychosocial outcomes do have important effects on marketing strategy implementation effectiveness, a paradox is observed in the effects of process-based dimensions upon psychosocial outcomes. These findings are interpreted and discussed in the context of existing literature and a number of implications are drawn.

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## 1. Introduction and background

Within service organizations there are primarily two bases for cost: operating costs and organizing costs. The former are associated with the direct/indirect operational expenses of the firm while the latter are costs incurred from the organization structure and the way in which tasks are performed within and between functions. Writers argue that problems associated with organizing costs may lead to a future crisis for senior executives in service firms (Metters and Vargas, 2000). Therefore, internal working relationships and mechanisms are crucial issues for service management (Montgomery and Webster, 1997).

There are three critical management functions in service organizations and these are marketing, human resources

(HR), and operations—known as the Service Management Trinity (Lovelock, 1991). The interdependence between each of these functional areas is important (Krohmer et al., 2002), especially given demands of the technologies employed in the production, delivery, and consumption of services. These properties of services take place simultaneously due to the intangible nature of service output, and therefore effective performance demands a coordinated and integrated approach to the interface functions of marketing, HR, and operations.

To effectively implement marketing strategy, managers are required to coordinate marketing efforts with other functional priorities (Menon et al., 1999). Despite the fact that operations considerations have historically tended to dominate service management (Metters et al., 2003), the effective implementation of marketing strategy is considered to be heavily reliant upon the marketing/HR dyad (Glassman and McAfee, 1992) rather than the marketing/operations interface (Metters, 2002).

In this paper we adopt the constituency-based theory of the firm (Anderson, 1982) and explore the internal rela-

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tionship (process-based) factors, specifically in respect of the marketing/HR interface in service firms, that impact upon the psychosocial outcomes (relationship effectiveness and interfunctional conflict) of this relationship. Following this, an assessment is made of the impact of these psychosocial outcomes upon the behavioral outcome of marketing strategy implementation effectiveness. We then test this conceptualization empirically with data generated from a survey of 230 medium and large European service-based firms. Following the discussion of these findings, several implications for both managers and further research are drawn.

## 2. A framework for assessing the marketing/HR dyad

Anderson’s (1982) constituency-based theory recognizes the coalitions of interest within the firm, interfunctional dependence and rivalry, as well as the resource dependence concepts of behavioral theories of the firm. This model views the major organizational functions as specialists in acquiring resources from external coalitions. The main responsibility of the marketing function is to satisfy the long-term needs of the customer coalition (Wind, 1981), while the HR function seeks to secure the performance interests of employees (Gratton, 1994). In attempting to pursue these overriding aims, each function is constrained by the aims of other function(s). Hutt and Speh (1984) use the concept of the “marketing strategy center” to represent the marketing function’s interdisciplinary role in the development and implementation of marketing strategy.

The constituency-based theory of the firm explicitly incorporates these phenomena and considers them within the bounds of interfunctional relationship effectiveness and interfunctional conflict (Maltz and Kohli, 1996). While this literature has developed significantly over the last two decades (Sashittal and Jassawalla, 2001), it remains that limited empirical attention has been given to examining the exchange between marketing and other functional units as strategies are implemented (Noble, 1999). Fig. 1 illustrates the hypothesized relationships

leading to effective marketing strategy implementation. A set of eight hypotheses forms the basis of the model in which process-based organization dimensions are considered to be related to the psychosocial outcomes of relationship effectiveness and interfunctional conflict (H1a–H6b), which, in turn, are proposed to impact upon the behavioral outcome of marketing strategy implementation effectiveness (H7 and H8).

### 2.1. Process-based dimensions and psychosocial outcomes

Reward systems are used for their capacity to modify or sustain desirable psychosocial outcomes. Within interfunctional settings, evidence suggests that a collaborative, responsive culture is fostered by systems that reward collective effort rather than individual functional contributions (Hutt, 1995). In new product development research, Jassawalla and Sashittal (1998) refer to “at-stakeness,” which describes the situation where participants have equal interests in implementing jointly developed agendas and related outcomes.

**H1a:** The propensity for marketing and HR personnel in service firms being rewarded on the basis of joint performance relates positively to interfunctional relationship effectiveness.

**H1b:** The propensity for marketing and HR personnel in service firms being rewarded on the basis of joint performance relates inversely to interfunctional conflict.

Informal integration or social orientation refers to the extent to which members of an organization interact with others in social (non-work-related) settings. Such interaction can provide the opportunity for managers and employees from different functions to better understand each others’ personalities and preferences, and develop camaraderie and friendship, thereby reducing interfunctional rivalry (Walker and Ruekert, 1987; Maltz et al., 2001). The benefits of interaction are that, “developing informal cross-functional networks reduces the language, thought-world, and physical barriers to integration” (Griffin and Hauser, 1996, p. 22).

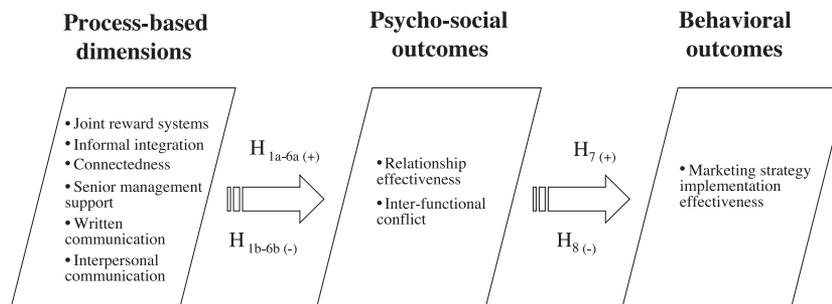


Fig. 1. A framework for assessing the marketing/HR dyad in service firms.

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