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Effects of sales force market orientation on creativity, innovation implementation, and sales performance

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ABSTRACT

Market orientation (MO) lies at the very heart of modern marketing thinking and practice. Although research has shown that MO contributes to firm performance through innovation, an understanding is lacking on how the dimensions of MO (customer orientation, competitor orientation, and inter-functional coordination) may have differential effects on innovation, especially in the sales force context. Using data from business to business sales forces in the US manufacturing sector, this study identifies sales force outcome interdependence as a critical boundary condition that can strengthen the positive effect of competitor orientation but weaken the positive effect of customer orientation on sales force creativity. Moreover, results indicate that effect of sales force creativity on performance is fully mediated by innovation implementation, which can be bolstered by an innovative organizational culture.

1. Introduction

Market orientation (MO), which guides firms to achieve superior performance through creating customer values, lies at the very heart of modern marketing thinking and practice (Kohli & Jaworski, 1990; Narver & Slater, 1990). While MO in the aggregate has repeatedly been shown to enhance firm performance, a meta-analysis fails to reveal substantive moderators (e.g., environmental turbulence) on the MO-performance linkage (Kirca, Jayachandran, & Bearden, 2005). However, because MO is composed of multiple dimensions (e.g., customer orientation, competitor orientation, and interfunctional coordination) and firms have the strategic option to emphasize certain MO dimensions (Narver & Slater, 1990; Slater & Narver, 1994), a relevant question is whether the relationships between the MO dimensions and performance are moderated by contextual factors; that is, what boundary conditions can render some MO dimensions more important than others?

MO is frequently linked to performance through its effect on firm innovativeness (Han, Kim, & Srivastava, 1998; Kirca et al., 2005). Although innovation is often conveniently attributed to the R&D function, increasingly there is recognition of the importance of product and business process innovations that occur outside of the R&D department in the interstice of different functional areas (Wiersema, 2012). The sales force, for example, is in an enviable position of accessing first-hand customer and competitor intelligence, and can contribute substantially to the firm's innovation process (Evans, McFarland, Dietz, & Jaramillo, 2012). Indeed, Judson, Schoenbachler, Gordon, Ridnour, and Weilbaker (2006) and Joshi (2010) demonstrate that salespeople can have direct input in the product innovation processes. Yet, little research exists that examines how sales force MO contributes to the firm's innovation process, which, accordingly, is the focus of this study.

While innovation is a key mediating variable between MO and performance (Kirca et al., 2005), studies attempting to understand MO–innovation–performance relationships at the dimensional level have produced mixed results (Deshpande, Farley, & Webster, 1993; Han et al., 1998; Hurley & Hult, 1998; Im & Workman, 2004). These results suggest that the relationship between sales force MO and creativity/innovation is likely to be contingent upon the specific behavioral dimensions of MO as well as contextual moderators.

A prominent recent trend in sales management is the changing nature of selling tasks, wherein salespeople in the same unit often need to depend on one another for successfully accomplishing their selling tasks (Ahearne, Rapp, Hughes, & Jindal, 2010; Yilmaz & Hunt, 2001). Against this backdrop, this study contends that a potential set of moderators on the relationship of sales force MO and creativity is task interdependence and outcome interdependence. Task interdependence describes the extent to which salespeople within the same unit rely on each other's knowledge and skills to perform their tasks effectively, whereas outcome interdependence is the degree to which a salesperson's responsibilities, evaluations, and compensation are directly tied to the sales unit's performance

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(Menguc, Auh, & Uslu, 2013). Our research framework (Fig. 1) investigates the extent to which these structural factors moderate the relative effects of customer orientation, competitor orientation, and inter-functional coordination on sales force creativity (Narver & Slater, 1990).

In so doing, we also attempt to address two shortcomings of the extant research on creativity/innovation in the marketing literature. First, it is well established that innovation is a two-stage process that involves creativity (idea generation) and implementation (George, 2007; Somech & Drach-Zahavy, 2013), yet no studies have incorporated both stages in relation to MO, as some investigated creativity while the majority focused on implementation. Second, few empirical studies have explored the moderating role of internal task environment, although research in other fields has demonstrated the critical role of situational variables in the creativity and implementation processes (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Somech & Drach-Zahavy, 2013). This study, therefore, examines both stages of sales force innovation and explores their boundary conditions.

2. Conceptual background

2.1. Market orientation

Market orientation has been a topic of intense interest in the marketing literature. Current understanding of MO is largely based on the conceptualizations of Kohli and Jaworski (1990) and Narver and Slater (1990). Kohli and Jaworski (1990) define MO as the organization-wide information generation, dissemination, and efficient responses to current and future customer needs and preferences. Narver and Slater (1990) identify three behavioral orientations–customer orientation, competitor orientation, and inter-functional coordination–as key components of MO. Customer orientation refers to the sufficient understanding of the target buyers' imminent and latent needs for superior value creation; competitor orientation captures short- and long-term strengths, weaknesses, capabilities, and strategies of key competitors; inter-functional coordination is the coordinated integration of resources across functional groups in meeting customers' needs.

Both Kohli and Jaworski (1990) and Narver and Slater (1990) conceptualize MO as a behavior, but measurements of Narver and Slater's MO are adopted in this study based on two considerations. First, the essence of market intelligence in Kohli and Jaworski (1990) is well ingrained in Narver and Slater's (1990) conceptual framework. Second, it is the dimensional effects of customer orientation, competitor orientation, and inter-functional coordination that have mixed effects in the literature and deserve further exploration. Therefore, this study investigates the effects of these three specific market-oriented behaviors of the sales force, as opposed to the overall organization-wide MO, which is consistent with the majority of extant research on MO, innovation, and firm performance (Han et al., 1998; Im & Workman, 2004; Zhou, Brown, Dev, & Agarwal, 2007).

While antecedents of MO have been well established, MO does not always appear to have a positive impact on performance (Kirca et al., 2005). That is, conditions under which MO is a more effective predictor of performance have yet to be further examined. This study contributes to the literature by investigating the moderated mediation process of the MO–performance relationship within the context of sales force innovation.

2.2. Sales force innovation

Innovation is the introduction and application of ideas, processes, technologies, or products that are new and useful to the organization (West & Farr, 1990). It is a process involving both the generation and implementation of creative ideas (Robertson, 1967; Scott & Bruce, 1994). Researchers agree that the innovation process involves two qualitatively different stages: creativity (or idea generation) and implementation (George, 2007; Zaltman, Duncan, & Holbek, 1973). Innovative actors (e.g., individuals, teams, and organizations) have to first recognize the need for new solutions and generate creative ideas. These ideas will then be processed critically so that promising new solutions can be implemented (Amabile et al., 1996). To be considered creative, ideas must be new and unique compared to others currently in use or available (Shalley, Zhou, & Oldham, 2004), and have the potential to create additional value for the organization (George, 2007). The second stage, innovation implementation, is a process of adopting and implementing promising ideas generated in the first stage by acquiring resources, commitment, and usage from target organizational members (Klein & Sorra, 1996).

However, most research to date does not distinguish between the two stages of innovation and treats innovation either as a generic

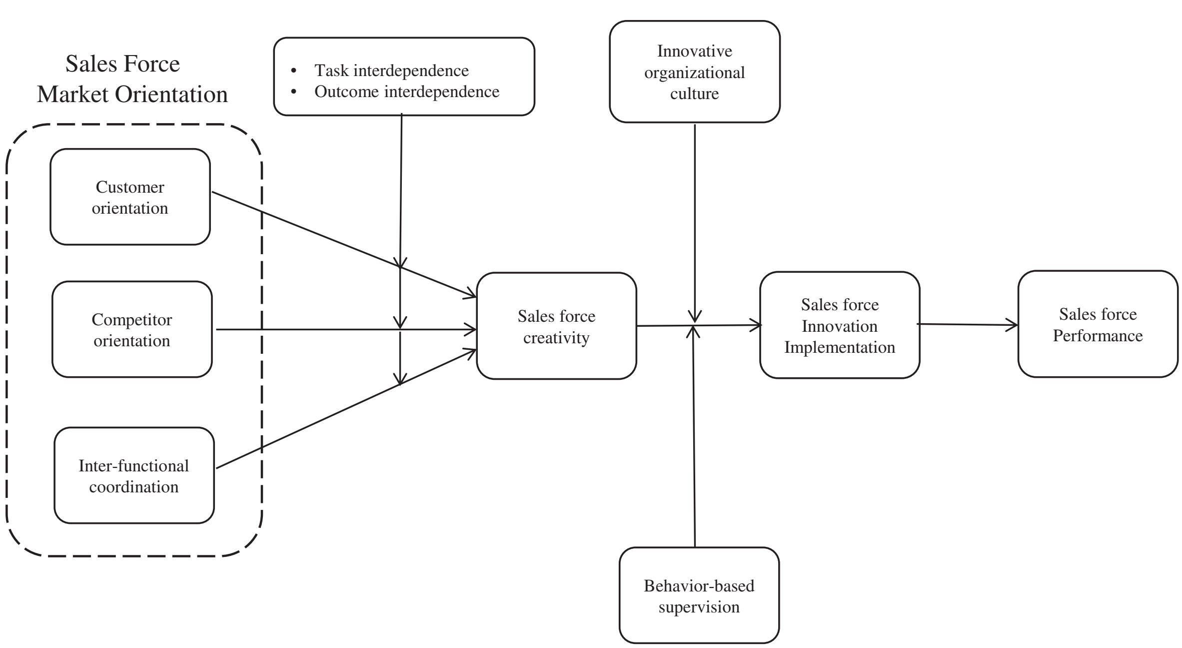

Fig. 1. Differential effects of sales force market orientation on innovation and performance.