

Why should marketing and manufacturing work together? Some exploratory empirical results

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Abstract

This paper presents an exploratory investigation of the manufacturing/marketing (hereafter M/M) interface. Drawing on the literature and prior empirical work in M/M strategies, we propose a path model for assessing the mediating impact of the M/M interface harmony—the functions' ability to work together—on M/M morale and business performance. Using two convenience samples of executives, we empirically test the direct and indirect influence of predisposing factors (antecedents) and performance outcomes (consequences) that are expected theoretically to influence or be influenced by M/M interface harmony.

We find that 11 of the 13 hypothesized direct effects are significant at the 0.012 level or below; and attesting to the mediating influence of the M/M ability to work together, 11 of the 12 indirect effects were significant at the 0.02 level or below. Increasing the emphasis on the importance of marketing or manufacturing, or both, improves the ability of both functions to work harmoniously, which in turn impacts M/M morale. Interfunctional harmony appears to have a stronger influence on each function's morale than the importance attached to that function, *ceteris paribus*. Contrary to conventional wisdom, the study provides insight on the distinctive roles whereby marketing and manufacturing functions influence performance. Marketing acts to improve competitive position and profitability through the mediating influence of M/M interface harmony and improved marketing morale. However, manufacturing morale was not shown to be a significant factor impacting performance. Rather, emphasis on manufacturing impacts competitive position directly, as indicated by the resource-based view of manufacturing strategy. This exploratory study provides new empirical evidence that the M/M interface harmony, as expressed by the functions' ability to work together, matters significantly to business outcomes directly and indirectly. © 2002 Elsevier Science B.V. All rights reserved.

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1. Introduction

A growing number of operations management scholars have explicitly emphasized the importance of integrating manufacturing and marketing (hereafter M/M) perspectives in the formulation of strategy. Shortened product life cycles, technological advancements in products and processes, globalization of

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markets, consumerism, and the rapidity of change have only exacerbated the perceived need to link M/M strategies. Indeed, the normative perspective today is that interfunctional cooperation and communication are essential antecedents of business success (Bates et al., 1995; Giffi et al., 1990; Hauser and Clausing, 1988; Hausman and Montgomery, 1986, 1993, 1997; Moorman, 1995; Papke-Shields and Malhotra, 2001).

Despite the prima facie importance of working together, one function's strategy, directed at bolstering its role or solving its own area's problems, is often at odds with the strategies of other functional areas. As external environments become more volatile and internal resources become more scarce, anecdotal evidence increasingly points to one important conclusion: Executive parlays gravitating toward a single functional orientation, such as marketing or manufacturing, frequently evoke a significant inability of functions to work together. This lack of harmony engenders interfunctional conflict, which is believed by some to lead to less-than-optimal business performance (Hayes and Wheelwright, 1984; Hill, 1989).

This exploratory research subjects to empirical scrutiny a construct that we describe as *M/M interface harmony*, which represents the ability of manufacturing and marketing to work together in strategy implementation. We ask: given certain predisposing conditions, what is the influence of M/M interface harmony on M/M morale and business performance? To answer this question, we propose and empirically test a path model of M/M interface harmony. The variables and direction of relationships posited in our model and propositions concerning M/M interface harmony are built upon theoretical considerations and prior empirical studies drawn from the operations management, marketing, strategy, and organizational behavior literatures.

A common way of viewing manufacturing strategy is to distinguish between the process of strategy formulation and its implementation. In the context of overall business strategy formulation, the importance of iterating cross-functionally between manufacturing and marketing strategies is stressed (Andrews, 1971; Giffi et al., 1990; Hill, 1989; Karmarkar, 1993; Maruchek et al., 1990; Roth and Miller, 1992; Wheelwright, 1978). Underlying this logic is this: better harmony is possible if decision makers from

both functional areas are involved in formulating the strategic planning. Strong theoretical arguments for such cross-functional collaboration in the business strategy process are put forth by the resource based view (RBV), where the task of every organization is to create truly distinctive, inimitable competencies due to combinative firm resources (Barney, 1986, 1991; Penrose, 1959; Wernerfelt, 1984). Most recently, to compete in increasingly high velocity markets, business strategists emphasize the need for dynamic capabilities (Clark, 1996; Menor et al., in press; Porter, 1996; Roth, 1996). As defined by Teece and Pisano (1994, p. 537), these dynamic capabilities pertain to "management capability to effectively coordinate and redeploy internal and external competencies." Dynamic capabilities clearly connote cross-functional perspectives of how individual functions relate to one another and the overall "fit" between functional strategies and the overall strategy (Porter, 1996).

Despite the theoretical and normative prescriptions, the literature that specifically addresses the antecedents and consequences of M/M interface harmony in implementation is scant. M/M interface harmony has been under-emphasized in marketing strategy research and is absent in manufacturing strategy research. Although there is some evidence suggesting that marketing and manufacturing should work together, there has been little, if any, inductive research into the mediating influence (or lack thereof) of interfunctional harmony and M/M morale on business performance in the context of M/M strategy (Parente, 1998). Our research provides insights into the psycho-social or 'soft' aspects of M/M strategy implementation and is a stepping off point for future research on strategy implementation. Our exploratory approach is also conducive to further theory development and the fostering of new behaviorally oriented studies on the aspects of M/M strategy formulation and implementation, which have generally been understudied in M/M strategy research.

The paper is organized as follows. In Section 2 we review the relevant literature on the M/M interface and develop the model and a series of theory-driven propositions (expectations). Section 3 provides a description of the methodology used to test the model, while in Section 4 we present and discuss the results. The paper concludes with a summary of the findings and their implications for future research.

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