Introduction

Researchers suggest that marketing-orientation (MO) is an evolutionary process and companies can move from unawareness to complete acceptance of the importance of the marketing concept as a means of guiding the development of their business activities. Some companies are inward-looking and managers focus on internal aspects of their businesses. This stance is particularly evident in small manufacturing companies where employees spend their working day involved in the production process. The extent to which an SME firm adopts MO is likely to be influenced by a number of key drivers and/or barriers. There is a significant body of research covering this topic; as a result the literature review is a summary of the most significant works and significant issues. The paper is structured as follows: a literature review, which identifies key characteristics of MO adoption and its antecedents, brief discussion of the research methodology and data collection, followed by results of the case-based study and discussion of the findings, limitations and managerial implications.

Adoption of market orientation (MO)

According to Shapiro (1988) Market Orientation (MO) is an informed organizational decision-making process, which should be evident in every aspect of a firm’s activities in order to gain maximum benefit. The definition of MO has evolved and there are two distinct perspectives which offer further insight: 1) A cultural perspective, which conceptualises MO as a guiding business philosophy that focuses all firm’s activities towards creating and delivering superior value to its customers (Deshpande & Webster, 1989; Harris & Ogbonna, 1999; Carr & Lopez, 2007; Tokarczyk et al, 2007; Pena et al, 2012). Narver and Slater (1990) conceptualised MO in their MKTOR model which identifies 5 dimensions in adoption of MO by an organization (three core components (customer orientation, competitor orientation, inter functional coordination) and two decision criteria (long-term focus and profitability). 2) A behavioural perspective, which conceptualizes MO in terms of specific behaviours of the organization. ‘Market orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it’(Kohli & Jaworski, 1990, p.6). This perspective focuses on actions connected to market intelligence use and calls for the firm to develop the marketing skills by the staff and to make necessary changes in the marketing systems and organizational structure of the company. In the MO literature it is implicit that organisations differ in the degree they generate, disseminate and respond to market intelligence and the extent to which they are market–orientated. Thus it is more appropriate to conceptualize MO as one of a degree on a continuum, rather than being present or absent (Kohli & Jaworski, 1990). The major three groups of antecedents identified to influence the adoption of MO are top management factors, employee factors and organizational factors.

Top management factors include clear communications as top managers play a critical role in fostering MO in the organization and establishing employee commitment (Webster, 1988; Kohli & Jaworski, 1990). Political manoeuvring of senior managers can have a negative influence on the degree of MO adoption (Harris and Piercy, 1999). Furthermore, educational attainment, management skills, experience and capabilities have also been found to act as restricting factors in the adoption of MO (Liu, 1995). Additionally, management style makes a significant contribution to the extent to which an organisation adopts MO as senior managers provide leadership in developing strategies and tactics to meet the changing needs and wants of customers (Day, 1994; Narver & Slater, 1990). Harris and Ogbonna (2001) suggest the impact of senior management leadership style on MO development can involve one of three distinct styles: participative, supportive or instrumental leadership styles. The researchers discovered that the relations between measures of instrumental leadership style and dimensions of MO are consistently negative.

Employee factors include employee involvement and motivation based on market

**Organisational factors** affecting the adoption of MO are interdepartmental dynamics and organizational systems (Kohli & Jaworski, 1990). The degree of being awarded for short-term financial performance is another MO impediment (Kohli & Jaworski, 1990; Pulendran et al., 2000). Regarding organizational systems, Stampfl (1978) pointed out that a high degree of centralization and formalization would slow the responsiveness of the organization to the marketplace. This view is supported by Deshpande (1982), Kohli and Jaworsky (1990) and Harris (2000). A high degree of departmentalization restricts interfunctional coordination (Narver & Slater, 1990) and dissemination of information (Jaworski and Kohli, 1993). Liu (1995) researching organisational systems barriers discovered such barriers as ‘not enough time’, ‘technology’ and ‘difficulty in co-ordination’.

Liu (1995) also examined the effect of an organisation’s size on MO development. He found that larger organizations were more likely to adopt MO than medium-sized ones but he offered limited explanation of this effect. Harris (1998) found that ignorance of the MO concepts, limited resources, lack of competitive differentiation and contentment with the status quo impede MO adoption in SMEs. Blankson and Cheng (2005) concluded that the size of the firm ‘does not moderate the importance attached to and the application of’ MO (Blankson & Cheng, 2005, p.326). Their study confirmed the appropriateness and applicability of the MO concept to SME sector. The scholars (Narver & Slater, 1990; Blankson & Cheng, 2005; Reijonen & Komppula, 2010) argue that SMEs have their distinctive ‘marketing style’ which is characterized by informal collection of information, strong emphasis on customer care, motivation and employee welfare. The style is significantly influenced by the owner-manager personality, available resources and the operating environment. The research (Blankson & Cheng, 2005) identified four dimensions of MO adoption in SMEs: concern for staff, awareness of market environment, profitability and customer care.

Reijonen and Komppula (2010) suggested and described five levels of MO adoption. Their findings indicate that SMEs adopt MO but only to a certain degree. SMEs are more interested and active in gathering, analyzing and acting upon customer information rather than any other type of market information. Level 1 is the lowest level of MO adoption. Hardly any market intelligence is collected and gathered. Lack of interest in MO was explained by either a monopoly position or lack of resources. Level 2 SMEs gathered customer information from two or more sources regularly. Competitor information was collected through two or three sources. However, information was hardly shared. Level 3 SMEs gathered information about present and potential customers from four or more sources. Competitor intelligence was gathered from two or more sources regularly. They shared customer information, but they didn’t think it was important to share competitor information. Level 4 SMEs demonstrated interest in both customer and competitor intelligence gathering and disseminating. Level 5 SMEs gathered customer and competitor information regularly from three and more sources. They had both customer and competitor registers and shared information with employees.

**Research objectives**

The literature review has pointed to various factors which are most likely to have an influence on the adoption of MO in the SME context. The following objectives provide a broad focus for the case study research:

1) To identify the extent to which the case company recognises elements of MO.
2) To identify any drivers or barriers of the adoption of Marketing Orientation by a SME.
Methodology

Despite a number of quantitative research studies into MO adoption (Aggarwal, 2003; Blankson & Cheng, 2005; Kara et al., 2005), there is a need for in-depth investigations. Naidoo (2010, p.1313) suggests that a ‘longitudinal study might be more suited to a study on market-orientation given that the latter construct is considered a long-term endeavour which does not necessarily lead to short-term pay-offs’. Consequently, a case study approach has been chosen to understand and reflect on what impacts on the ability of an SME to improve its MO levels.

A case study is an extensive examination of a single instance of a phenomenon of interest and is an example of a phenomenological methodology (Collis & Hussey, 2003, p.68). The researchers state that a case study approach implies a single unit of analysis and it involves gathering information over a significant period of time. This study focuses on a soft furnishings manufacturer which agreed to be observed for a one year period from 09/2010 to 09/2011. The following results tell a real story about the SME and what stood in the way of its attempts to adopt MO.

Within the case study various qualitative methods (a multi-method approach) of data collection were adopted. According to Eisenhardt (1989) the use of too few cases can decrease validity and reliability of the collected data. That is why a multi-method approach was utilised to address these issues and to achieve triangulation (Denzin, 1970; Gillham, 2000). Methods used included participant observation, informal interviews with staff and the Managing Director (MD), a formal semi-structured interview with the MD and a documentary thematic analysis. They were deemed appropriate to achieve the objectives of this study.

Data collection and data capture

Gummesson (2000) argues that the main challenge for a researcher is access to reality. This study addressed this issue as the researcher was employed by the company for a year as a Marketing Associate and had an opportunity to observe the case from ‘inside’. Data collection involved formal and informal meetings with employees and the MD. Additionally, a semi-structured formal interview was conducted with the MD as the key informant and decision-maker at the end of the study, and this interview aimed to clarify emerging issues. The interview was audio-recorded, transcribed and analysed.

Throughout the study a Research Log Book was used for data capture and as a permanent record of evidence, observation notes and personal notes in participant observations. The results contain quotes from the Log Book, which aim to illustrate key factors affecting adoption of MO.

Lazar et al (2010) consider useful information can be found in documents, artefacts and archives. Records that describe past activities like letters, emails, and pictures can be valuable sources of information (Sapsford & Jupp, 1996; Gillham, 2000; Collis & Hussey, 2003; Kosciejew, 2010; Lazar et al, 2010). Such primary documentary sources as administrative records (minutes of the meetings) and email exchanges were analysed for this study. Meeting minutes were produced for regular planned meetings. Email exchanges were either addressed to a researcher or a researcher was copied into them, which again acted as a permanent resource of data. Moreover, the documents are original, genuine and accurate. All the documents and interviews were analysed and interpreted using thematic analysis and used to identify key themes influencing MO adoption.

The story of adoption of market orientation in a soft furnishings manufacturer

This section discusses the main results and findings of the case study. While the company wished to remain anonymous, permission was granted to disclose some company details. The case company is a family run soft furnishings manufacturer, which has 10 employees (SME). The company has an office with a showroom and a separate production unit in the same town.
The MD (the owner) realised the necessity to improve company’s existing level of marketing activity, if the business was to grow. Consequently he successfully sought funding to employ a Marketing Associate. The funding was a joint marketing project with a UK university.

As the key objective of the project was to improve the marketing function in the company, at the start of the project it was decided to assess and identify pre-existing levels of MO adoption. By applying Reijonen and Komppula (2010) 5 level classification of MO, analysis revealed that the company was Level 3 which is a medium level of MO adoption. In the case company the MD regularly collects information from informal talks with customers, interior designers, industry newsletters, trade magazines, trade exhibitions e.g., the SLEEP event and informal talks with suppliers’ representatives. The company knows its core markets and collects information about the competition from the same sources. This suggests a positive approach towards MO adoption but information is not collected systematically and the company does not assign much importance to this activity. Therefore, application of MO could be seen to be superficial. Additionally, information on competition is largely retained by the MD, who often does not share the information about customers or competitors and he alone makes all important business decisions.

During the year long project initiatives were implemented to improve MO levels in the company but the MD considered marketing as a sales-support function. This is potentially a key influence on why the MO was largely rejected as a guiding corporate culture. Furthermore, whilst staff had regular contacts with customers and built relationships with them it was observed that the purpose of these contacts was not to develop better understanding of customer needs but to improve sales efficiency. Accordingly, this approach can be referred to as a sales-orientated approach (Avlonitis & Gounaris, 1999). When asked about the company’s mission, the MD responded ‘to increase sales and profit. What else can it be?’ which again implies a leaning towards a sales-orientated approach.

The initial findings suggest that adoption of MO was stagnating and not progressing along the adoption continuum. Consequently, it was deemed critical to identify other factors which might influence MO adoption using the antecedents described in the literature.

**Top Management Factors** - from the interview with the MD it became clear that his lack of knowledge of MO affects clear communication of its advantages to the staff. He defined MO in the following way: ‘MO is being aware of good marketing practice across the board, a good website, social media, online PR and general local off-line PR and we are (the company) using those tools daily’. The MD’s sales-orientation is another factor affecting successful MO adoption: ‘Sales have to be made now and marketing needs to be done today/tomorrow to bring in increased sales tomorrow, next week, next month. This is a much higher imperative than longer term plans’. Environmental scanning and analysis is a major antecedent of MO and it should enable the company to take advantage of opportunities and plan for threats. The MD’s attitude towards this type of market research was expressed in the following way: ‘Can we take a break from research and report writing and have a period of implementation?’. Analysis of email content, an interview and informal talks with employees revealed the MD’s authoritative management style, which could be interpreted as Harris and Ogbonna (2001) instrumental leadership style. Adoption of this style of management has been found to have a negative affect on adoption of MO. Further evidence of this style of management occurs throughout the case evidence. For example, the MD made all marketing and business decisions and ignored employees’ suggestions and despite saying that ‘…we have paper systems and verbal communication methods to share information’, there is limited evidence of this ever occurring. For instance, evidence from meetings’ minutes contains a record about an employee’s suggestion to unite the office staff with production unit team in order to improve interdepartmental information sharing. This suggestion was dismissed because the MD is keen to retain absolute control and he gives very specific instructions to
production on ‘how to make (curtains), where to fit them and where to go, and how much time to spend with customers’ thereby stopping cross-fertilisation of ideas and sharing of information. On the positive side, MD’s attitude to risk could act as a driver of MO as the owner often takes risks by trying new ways of doing business: ‘Well, I have taken a number of risks, especially in the last year or two, like currently taking on a sales manager at a time when business is very slack. The risk is that it’s an investment in a future’.

**Employee Factors** - in order to become a MO company employees should be involved and support the company’s mission (Jaworski & Kohli, 1993). The MD’s leadership style restricts employees’ involvement in decision-making and they feel discouraged from making suggestions. For instance, when it was suggested to change the ambience in the showroom to make it more customer-orientated, the idea was dismissed by the MD as a ‘Bad idea’. He considered there was no value in ‘re-organising a shop to make it easier for customers to use’ solely based on a recommendation by the staff. Due to lack of investment in staff development and training there is a feeling of unease. Employees were not made aware of the potential benefits of MO adoption and they saw no advantage in changing their behaviour e.g., in informal conversations employees often said they did the job routinely: ‘I know exactly what I am going to say to customers. I did it so many times that I just pronounce it automatically’. On the positive side, the extent of team work (esprit de corps) is very high due to the family-like organisational climate created by the owners.

**Organisational Factors** - the study identified limited organisational systems and structures e.g., monthly staff meetings (only office staff) and the production unit was not involved. This situation regularly causes interdepartmental conflict. On the existence of reward systems, there is no indication of incentives except sales manager’s commission. If employees are evaluated on the basis of the short-term profitability and sales, they will mainly focus on these criteria and ignore market factors. One structural impediment that affects the adoption of MO in the company is centralization, but perhaps a more important influence in this case is low level of competence, knowledge, awareness and organizational readiness to adopt innovative approaches that can improve their interactions with customers (Mehrtens et al, 2001, Beckinsale et al, 2006). The MD’s email exchanges regularly affirm the lack of relevance of marketing research and a general attitude that MO was something that ‘is more suited to a large corporation rather than to our company.’ Furthermore, the company demonstrates inertia when using technological systems making excuses of lack of time.

**Further adoption of MO in the future**

In conclusion, from the key findings of the case, it might seem that there are too many barriers which are likely to prevent the company from fully embracing the MO concept. This study provides evidence of authoritative leadership style acting as a major impediment to MO adoption in a SME. The analysis of the needs for marketing information indicated low demand for information as well as unclear understanding of information needs. The company demonstrated low level of activity in disseminating and acting upon market intelligence. That is why the case company is at risk of taking uninformed decisions which makes it vulnerable to competition. However, on the positive side the company has a strong customer focus, one of the key behavioural elements of MO. The MD and staff feel it is important to listen and respond to customers and to have the required knowledge to answer queries. The company tries to predict future customers’ needs by ‘...listening to customers and finding of what they say’. Moreover, the findings presented in this study confirm the proposition of Blankson and Cheng (2005) that SMEs have their own way of developing MO via concern for the staff, awareness of market environment, profitability/objectives and customer service strategy. If the company manages to overcome the barriers towards MO adoption, it will be in a better position to compete and achieve the much desired growth.
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