The Market-oriented Contribution of Individuals: Translating Strategy into Action

by

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I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.

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Signature

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I am fortunate to have so many wonderful supporters whose actions demonstrated their faith. My husband Greg supported me with his love and understanding. He demonstrated his faith by taking a risk with his own career to “jumpstart” mine. My children, Paul, Mark, and Michael, kept me afloat with their hugs and respect. My thesis advisor, Rod McNaughton, rescued me from a difficult situation, and taught me much about how to be a great researcher and mentor. Other family members and friends sustained me with many, many symbolic and concrete gestures of help. Thank you – I could not have done this alone.

Abstract

This research explores the management problem of how individuals can influence the development of a strategic orientation within a firm. A market orientation strategy builds upon three dimensions: the organisation-wide acquisition, dissemination, and co-ordination of market intelligence (Jaworski & Kohli, 1993). Such management of market-based information requires a set of distinct dynamic capabilities or routines. Empirical research about the association between market orientation and performance shows that firms that develop these capabilities improve both their organisational and financial performance (Gray, Buchanan, & Mallon, 2003). This research attempts to understand the circumstances that prompt employees in all areas of an organisation to become accountable for the implementation of a market-oriented strategy. To date, studies have inadequately measured individual contribution to the market orientation of a firm and do not understand each employee's personal responsibility and willingness to act in a market-oriented way. In response, this thesis developed a dynamic, multi-dimensional scale of individual market-oriented behaviour. First-stage research used focus groups and extant literature to construct a measure of individual market orientation. Then, a cross-section of financial services employees completed a web-based survey measuring individual market-oriented behaviour and individual and interpersonal antecedents. Confirmatory factor analysis confirmed the presence of a single latent construct with three dimensions. Study results identified a strong and significant relationship between the performance of market-oriented behaviours and the perception of a high-quality fulfilled psychological contract with the employer. Employees who were agile learners and frequently in contact with customers were also more likely to practice market-oriented behaviours.

Table of Contents

List of Tables

List of Figures

1 Introduction

The marketing concept is the philosophical foundation of a market orientation (Jaworski & Kohli, 1993). Market-oriented firms "seek to understand customers' expressed and latent needs, and develop superior solutions to those needs" (Slater & Narver, 1999, p. 1165). A firm's market orientation builds upon three dimensions: the organisation-wide acquisition, dissemination, and co-ordination of market intelligence (Jaworski & Kohli, 1993). Market orientation is an important theme in the marketing literature, and there is a substantial literature on it. Although this literature is replete with theoretical and empirical studies describing the importance of market orientation to firm performance at an organisational level of analysis (e.g., Narver & Slater, 1990; Jaworski & Kohli, 1993; Han, Kim, & Srivastava, 1998; Farrell, 2000), few have studied the contribution of individuals. Such views of orientation as a firm level construct ignore the process of orientation formulation, that is, the underlying routines carried out by individuals that comprise the orientation (Nelson & Winter, 1982).

Nelson and Winter (1982) proposed that successful firms can be understood in terms of a hierarchy of practiced organisational routines, comprised of lower order co-ordination of organisational skills, and related higher order decision procedures. These practiced routines define the set of core organisational capabilities, or those things the firm is capable of doing confidently. However, simply producing a given set of products with a given set of processes does not ensure long-term competitive advantage. Dynamic capabilities are reflected in a firm's capability to innovate and to profit from innovation (Nelson, 1991).

Despite some discussion of market orientation as a firm capability (Day, 1994), the literature does not adequately reflect potential fit within the resource-based view of the firm (RBV), specifically as a dynamic capability. RBV assumes that firms can be conceptualized as bundles of resources, those resources are heterogeneously distributed across firms, and resource differences persist over time (Eisenhardt & Martin, 2000; Penrose, 1959; Wernerfelt, 1984). Wernerfelt (1984, p. 172) defines a resource as "anything which could be thought of as a strength or weakness of a given firm… those tangible and intangible assets which are tied semi-permanently to the firm".

To be market-oriented supersedes the capability to generate and understand the implications of market information, it also requires the dynamic capability to co-ordinate interfunctional strategic responses that reinforce a firm's competitive advantage in the marketplace (Rueckert, 1992; Jaworski & Kohli, 1993). When viewed as dynamic capabilities, individual behaviours or routines can set a benchmark for expected market-oriented behaviours across the firm.

Most instruments that measure market orientation include an assessment of organisation or department wide behaviours. Survey instruments solicit managers' responses as to whether their departments or organisations have instituted formal and informal market-oriented processes. Although researchers have viewed these routines from an organisational level, few consider the actions of individual employees, or attempt to understand the social-psychological drivers of market orientation within a firm. The principal reason underlying this omission is an overriding concentration on what constitutes a market orientation. Specifically, researchers debate whether a firm's market orientation includes a focus upon customer, competitor, profit, or other external market

indicators (Lafferty & Hult, 2001). Market orientation researchers are also divided in their definition of market orientation, alternatively explained as a managerial phenomenon (Kohli & Jaworski, 1990), an organisational cultural phenomenon (Narver & Slater, 1990), and an organisational systems phenomenon (Becker & Homburg, 1999).

This thesis is rooted in the assumption that a firm's market orientation depends upon expectations and obligations of market-oriented behaviours shared by management and its employees. In order to develop a market orientation strategy, firms must convince employees to "buy-into" the concept (Piercy, Harris, & Lane, 2002). If organisations are unable to build awareness, ability and motivation to act in market-oriented ways, they may face employee resistance and eventual failure of market-oriented initiatives (Harris, 2002). Thus, firms must understand how employees define and view market-oriented behaviours. This need shapes the first research question: **How do we measure market orientation at an individual level?**

Unwritten job expectations are communicated through relationships, or social exchanges between employer and employee, and are often studied within the theoretical framework of the psychological contract (Rousseau, 1989b). The psychological contract is an individual's perception of mutuality, defined as the "individual's belief in reciprocal obligations arising out of the interpretation of promises" (Rousseau & Tijoriwala, 1998, p. 681). It is an unspoken agreement between exchange partners regarding the terms and conditions of their relationship (Rousseau, 1989b; Robinson, 1996) and expected behaviours (Rousseau & Parks, 1993). The communication process is somewhat imperfect, and subject to individual interpretation. Consequently, employers and employees may perceive and perform their obligations differently, leading to a breach in

the psychological contract. A breach has implications for the development of market orientation, specifically, that employees may become unwilling to act in market-oriented ways. Thus, the second research question this research considers is: **how are market-oriented behaviours shaped by the mutual expectations and obligations within the psychological contract between the employee and employer?**

Market orientation is largely about knowledge management, acquiring information about customers and competitors and sharing it with others within the same firm (Darroch & McNaughton, 2003). Recently Hislop (2003) called for increased research in people management themes when investigating knowledge management strategies. If employees perceive a breach of the psychological contract, they may behave in ways that are counterproductive in terms of organisational goals and may be reluctant to be involved in organisational decision-making processes (Paul, Niehoff, & Turnley, 2000). For example, employees may hoard market information in anticipation of self-employment or for employment opportunities with competitors (Harris & Ogbonna, 2001a). Additionally, employees may not feel obligated to develop strong customer relationships if they believe that in general the company does not fulfill its obligations (Eddleston, Kidder, & Litzky, 2002).

To summarize, the dissertation can be divided into two areas, initially to understand the circumstances that prompt employees to consider market-orientation an obligation of their psychological contract, and then to determine whether this obligation is conducive to the market-oriented behaviour of employees. Although this research focuses upon obligation as a major interpersonal explanation for market-oriented behaviour, a third research question is investigated: **What other factors might influence**

market orientation at an individual level? Specifically, exploratory interviews and focus groups highlighted how the learning agility of an individual might shape the performance of market-oriented behaviours. Role-related issues may also complicate the measurement of individual market-oriented behaviours, such as how often a role entails customer contact. Therefore, the framework used to test the nomological validity of the measure was expanded to include the potential influence of learning agility and differences involving customer contact.

1.1 Research Contributions

1.1.1 Theoretical Justification for the Research

This dissertation seeks to resolve conceptual issues by viewing the knowledge management and inter-functional co-ordination characteristic of market orientation as a set of dynamic capabilities. Such an approach fills a gap in the literature by using strategic theory to explain why market-oriented behaviours lead to competitive advantage. Additionally, conceptualization of market orientation as a set of dynamic capabilities permits a strong relationship between the theoretical and empirical construct properties. When positioned theoretically as a set of routines, the leap from concept to measurement is much more clear. Behaviours are easier than attitudes to observe and quantify. This will better identify the boundaries of the construct through the measurement of actual market-oriented routines and permit greater understanding of its development.

This dissertation augments knowledge of individual contribution and behaviour to the strategic orientation of a firm (specifically, its market orientation) and creates a method for measuring an individual's market-oriented behaviours. Based upon

psychological research on attitudes and behaviours conducted by Fishbein and Azjen (1975), market-oriented behaviours are indicative of market-oriented attitudes, and yet provide a more direct link to performance. The identification of such behaviours provides a specific way for organisations to train employees in the performance of desired market-oriented behaviours.

The connection between the Resource-based view (RBV) (Penrose, 1959), dynamic capabilities and a strategic market orientation expands the view of market orientation to include a collection of individual level routines. This view of an orientation was chosen because it enhances understanding of how individuals act to build or undermine the development of capabilities within a firm. Such an approach synthesizes marketing and organisational behaviour knowledge, creating a more complete view of the external and internal foci of a firm's market orientation.

By analysing the interpersonal mechanics of market orientation, this research will refine understanding of how organisations can build competitive advantage. A firm strengthens its competitive advantage through strong employee relationships that increase employee retention and performance (Eddleston et al., 2002). Recruitment and retention of good employees is important to the realization of market based assets, such as intellectual and relational capital (McNaughton, Osborne, Morgan, & Kutwaroo, 2001) and underlines a need for employee market orientation and relationship management. Good-quality employee relationships also provide a base to develop strong customer relationships that foster customer loyalty (Day, 2000), and strong channel relationships that provide production and distribution advantages (Helfert, Ritter, & Walter, 2002).

This research seeks to remedy a gap in the current market orientation literature by increasing understanding of employee perspectives and behaviours. It contributes by testing the linkage between fulfilled psychological contracts and the accomplishment of market-oriented behaviours. Such a linkage indicates that more than a top-down market orientation strategy is required for an employee to perform market-oriented behaviours. Additionally, the employee must perceive a strong relationship with their employer, expressed through the psychological contract.

Prior research provides differing views of individual abilities to build market orientation at the level of the organisation. For example, Jaworski and Kohli (1993) suggested that market orientation is built through downward influence from employer to employee, whereas Farrell (2000) found that both planned and emergent change strategies can develop market orientation. Narver (1990) suggested firm market orientation requires internalization of core customer-oriented values by individual employees. When employees initiate market-oriented actions, they are likely to internalize market-oriented values through a process of cognitive dissonance and routine. Individuals contribute to organisation level market-orientation through actions such as:

- fostering internal and external relationships (Helfert et al., 2002)
- modeling behaviour and social influence (Wood & Bandura, 1989; Fulk, 1993)
- communicating tacit knowledge (Darroch & McNaughton, 2003)

Previous market orientation studies inadequately measure this individual contribution to the market orientation of a firm. Almost all scales measure market orientation at an organisational or SBU level of analysis and do not recognize the personal responsibility and willingness of employees to act in market-oriented ways. A

recent scale, the Customer Mind-Set scale (CMS), developed by Kennedy et al. (2002) assessed whether employees possessed a "customer mind-set". Although the CMS scale represents progress toward measurement of individual market orientation, it does not consider aspects of competitor focus and information sharing. The thesis will develop a broader, multi-dimensional scale.

With the exception of a few recent studies (e.g., Eddleston et al., 2002), examination of market orientation also lacks integration of social psychological literature and theory. This integration enriches marketing knowledge because we gain better understanding of individual behaviour in organisations, and how individual and interpersonal issues can shape strategic orientation. Additionally, social exchange theory (reflecting the exchange of resources characterized by unspecified obligations, reciprocity, self-interest, and reward/costs (e.g., Blau, 1964)) is the basis for most relationship theory, and should be involved in consideration of marketing relationships. The psychological contract is increasingly accepted as an explanation of why employees are motivated to contribute to organisational goals and initiatives (e.g., Paul et al., 2000).

This dissertation explores the management problem of how the state of the psychological contract between employee and employer influences the development of a strategic orientation within a firm. The particular orientation of interest is a market orientation because it involves the transfer of both tacit and explicit knowledge through interpersonal co-ordination and interaction. Although popular with social psychologists, the study of psychological contracts is largely overlooked by researchers in the marketing field. Notably, only a few articles exist that develop this concept theoretically, (specifically, Blancero, Johnson, & Lakshman, 1996; Blancero & Johnson, 2001;

Llewellyn, 2001; Eddleston et al., 2002). Few consider the role of psychological contracts from the perspectives of employees across the organisation, preferring to focus on those with close customer contract, such as sales.

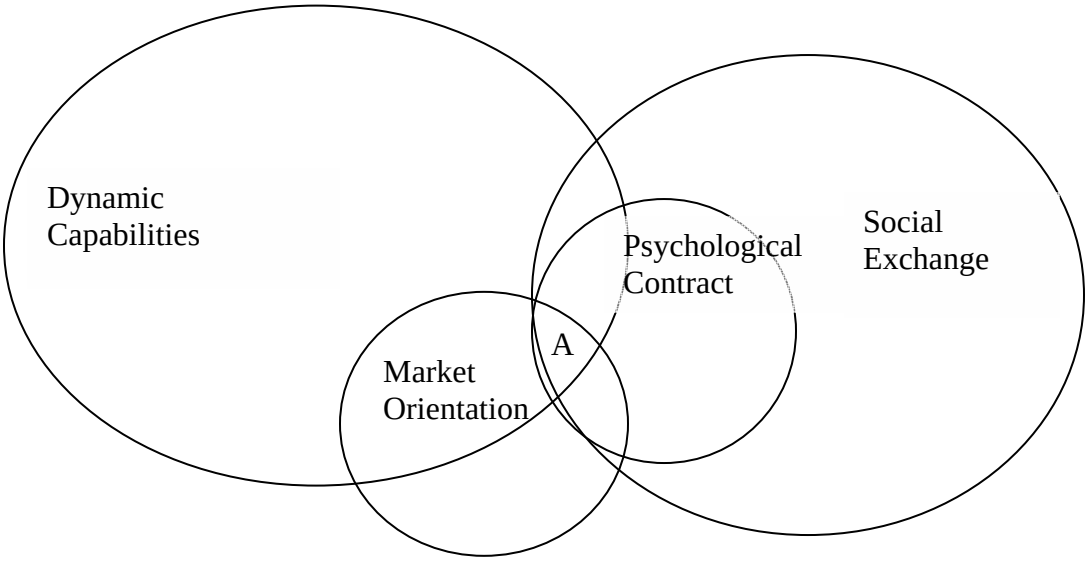
Jones, Busch, and Dacin (2003) recently considered social exchange and leader influence as antecedents of employee market-oriented behaviour. Inexplicably (and warranting more study), empirical results of this study indicated that the manager's perceptions of organisational market orientation, and the manager's own customer orientation, are not related to employees' perceptions and employees' customer orientation. Researchers also investigated other relationship-based constructs, such as trust and commitment (Farrelly & Quester, 2003). Thus, current market orientation research reflects interest in the understanding of individual perceptions and behaviours. This interest, accompanied by results that the researchers are unable to adequately explain, underscores the relevance of this research.

1.1.2 Theoretical Positioning

Figure 1 depicts the theoretical positioning of this dissertation. The concept of dynamic capabilities is significant because it enhances our knowledge of sustained competitive advantage. A firm possesses different knowledge-based capabilities that incorporate knowledge and skills, technical systems, management systems and values and norms (Leonard-Barton, 1992). Market orientation fits within this shopping list of capabilities because it can be considered a set of routines underpinning a market-oriented culture, which involve the acquisition and management of market information within the firm. Social exchange refers to the body of literature that concerns "the voluntary transference of some object or activity from one person to another in return for other

objects or activities" (Roloff, 1981, p. 21). Social exchange can be considered a set of dynamic capabilities because it represents interpersonal relationships between people that are not static, and evolve over time. Relationships between firm partners, employees, and customers contribute to long-term competitive advantage. The concept of the psychological contract has evolved from knowledge of social exchange and is connected in this dissertation to a relationship-based perspective of market orientation (Helfert et al., 2002). Thus, the area (labelled A) common to each of these circled perspectives visually depicts the theoretical positioning of this research. This area (A) represents the contribution of an individual (through his/her perception of the psychological contract), to the strategic orientation of a firm.

Figure 1: Theoretical Positioning



In addition to its theoretical contribution, the research will extend empirical knowledge of marketing orientation. Empirical market orientation research has reflected the opinions of only the senior marketing manager or quality control manager for each company (e.g., Kennedy et al., 2002). Although these senior managers drive a market-

oriented culture, this single opinion does not represent varying perspectives throughout the company. Management and employees may hold dissimilar viewpoints, and differences in training, responsibilities, and experiences. In addition to manager-employee differences, there may also be interdepartmental differences. Empirical research conducted by Kahn (2001) indicates that there may be differences across firm departments, specifically between R&D, manufacturing and marketing areas.

In short, there is little understanding of market-oriented perspectives and behaviours of either internal employees (employees who are in roles that are "removed" from the customer, that is, they do not direct interact with external customers) or customer contact employees (employees who are in roles that interface directly with the customer). This makes it difficult to assess the development of market orientation on an individual level and its connection to individual performance. The proposed research seeks to redress this shortcoming by interviewing and surveying both internal and customer contact employees in a variety of roles.

Most empirical market orientation studies gathered information from manufacturing companies, and only recently have studies considered the service sector (e.g., Harris & Piercy, 1999; Kennedy et al., 2002; Gray et al., 2003). The service sector provides an excellent forum to establish whether differences exist between customer contact personnel and other employees more distanced from the customer because by its nature, service work entails a significant amount of customer contact. Therefore, it is expected that this reflects similar numbers of internal and customer contact personnel throughout the firm. The increased importance of customer service also makes it important for a customer or market orientation to be present at all levels of the

organisation. Thus, this dissertation further extends understanding of market orientation in the service sector.

1.1.3 Practical justification for this research

Information gathering and its dissemination throughout the firm represent organisational capabilities. However, employees must recognize and use these informational capabilities to create sustainable competitive advantage. This is evidenced by the high failure rate in Customer Relationship Management (CRM) systems (Earley, 2002; Tehrani, 2002). Such systems are often implemented to improve market orientation by gathering customer information and disseminating it within the firm. The results of this thesis will benefit firms with a stronger understanding of the dynamic processes required for a market orientation.

The research will help firms to translate a conceptual recommendation (to become more market-oriented) to more concrete aspects of market orientation development. This includes an understanding of employee perceptions of market orientation and identification of obligated market-oriented behaviours. Additionally, a measure of employee market orientation should include behaviours valued by managers and customers because shared expectations contribute to the integrity of the psychological contract. Hence, the proposed involvement of employees, managers and customers in scale development will create a practical understanding and application of what it means to be market-oriented.

This approach also identifies tangible examples of individual behaviours that managers should model and expect from employees. Organisations can use this scale to measure individual employee market orientation when recruiting new employees, or

when evaluating pre and post-implementation of marketing initiatives. Furthermore, findings that connect interpersonal issues (such as shared expectations and modeling) with the performance of desired market-oriented behaviours, provides managers with a means to stimulate these behaviours in others.

1.2 Method

Building upon the strong theoretical base already in the literature, this research establishes the main areas included in an individual market orientation. Based upon an accepted scale development methodology developed by Churchill (1979), Figure 2 depicts research objectives and method.

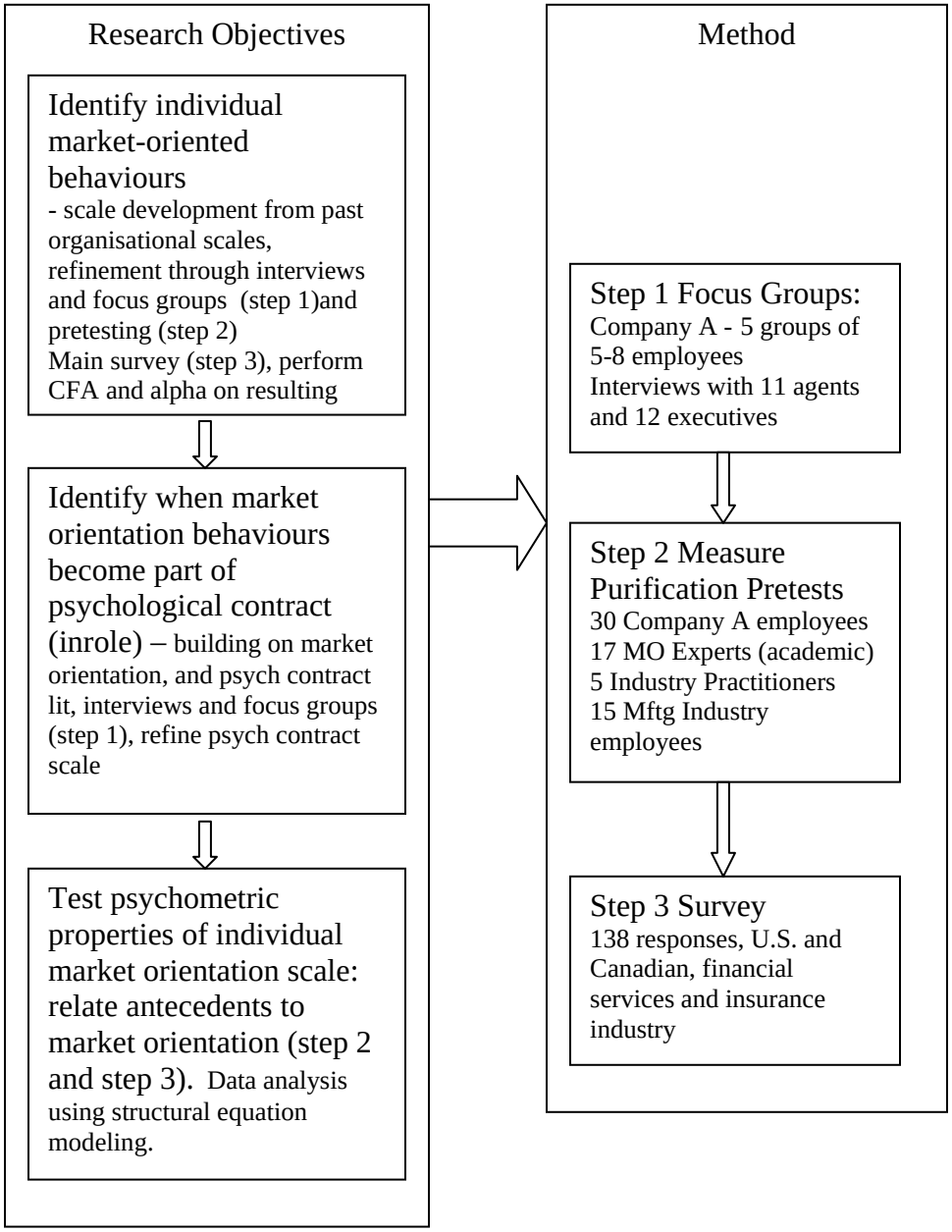
1.3 Conclusion

To summarize, this research enhances our understanding of how organisations can sustain competitive advantage through the development of market-oriented capabilities. These capabilities, usually assessed at an organisational level, in reality, rest in the attitudes and actions of the organisation's employees. A firm cannot develop a market orientation strategy without each employee's active understanding, willingness and ability to perform in a market-oriented fashion. Therefore, individual employees must experience a responsibility to gather and assess the value of market information, and a willingness to share it with other employees.

The dissertation develops this argument in the succeeding sections, first reviewing the market orientation literature in Chapter 2, then, positioning market orientation as a dynamic capability viewed within the Resource Based View (RBV) of the firm. Chapter 3 develops theoretical premises and a conceptual framework. Chapters 4 and 5 describe

the testing methods and results. Finally Chapter 6 discusses the academic and practical implications of the research, its limitations, contributions and suggestions for future research.

Figure 2: Research Method



2 Literature Review

A strategic orientation is a manifestation of strategic content, that is, the outcome of strategic decisions, also referred to as strategic fit, strategic disposition, or strategic thrust (Morgan & Strong, 2003). Strategy represents the direction or focus of management actions and provides a means for differentiation and competitive advantage. (Mintzberg, 1973) described managerial actions as being internally and externally focused. Internal foci might include concentration upon products and process, or organisational learning. In contrast, managers who pursue a market orientation strategy choose to identify and respond to external market conditions.

Market orientation is a central issue in marketing theory and stems from the philosophy of the marketing concept. Explaining the marketing concept, Drucker (1954) argued that creating a satisfied customer was the only valid definition of business purpose. Later, researchers described the orientation of a firm that focused on satisfying customer needs and staying ahead of competitors as being “market driven” (e.g., Kotler, 1977). However, the specific attributes and features of a market driven organisation were inadequately described nor tested until more recent research in market orientation (Kohli & Jaworski, 1990; Narver & Slater, 1990; Day, 1994). Thus, market orientation is described as the implementation of the marketing concept (Lafferty & Hult, 2001). Market orientation is “concerned with the processes and activities associated with creating and satisfying customers by continually assessing their needs and wants, and doing so in a way that there is a demonstrable and measurable impact on business performance” (Uncles, 2000, p. i). This is important to strategic management as a key

orientation, among several, identified as being associated with superior organisational and financial performance (Narver & Slater, 1990).

This chapter creates a picture of both trends and differences of opinion surfacing in the market orientation literature. The first part of the literature review concentrates upon the market orientation of the organisation. The market orientation to organisational performance linkage is established, then the debates surrounding both the "market" and "orientation" components are described. The second part of the literature review describes more recent research considering individual and interpersonal factors contributing to market orientation. Finally, the thesis introduces the Resource Based View of the Firm (Penrose, 1959) to clarify organisation-based market orientation theory and to emphasize the importance of market-oriented routines carried out by individuals.

2.1 Establishing the Market Orientation – Performance Linkage

Most marketing researchers support the view that market orientation is positively associated with firm performance. Table 1 describes studies linking market orientation with multiple financial and market indicators.

Supporting its link to innovation, market orientation also influences organisational performance by providing the capability for a learning orientation (e.g. (Baker & Sinkula, 1999; Farrell, 2000). Furthermore, Jaworski and Kohli (1993) identified a connection between a firm's market orientation and employee attitudes such as organisational commitment and esprit de corps. The market orientation phenomenon is culturally robust, as many of these outcomes are replicated outside of North America (Greenley, 1995; Shipley, Hooley, Beracs, Fonfara, & Kolos, 1995; Gray, Matear, Boshoff, & Matheson, 1998; Lafferty & Hult, 2001), albeit in mainly in westernized countries.

Table 1: Performance indicators positively linked to market-orientation

Category	Performance Measure	Studies
Financial	ROA or ROI	(Narver & Slater, 1990; Slater & Narver, 1994; Farrell, 2000)
	New Product Success	(Slater & Narver, 1994; Pelham & Wilson, 1996; Li & Calantone, 1998; Baker & Sinkula, 1999; Farrell, 2000)
	Profit	(Deshpande, Farley, & Jr, 1993; Han et al., 1998)
Market	Market Share	(Deshpande et al., 1993; Pelham & Wilson, 1996; Baker & Sinkula, 1999)
	Sales Growth	(Deshpande et al., 1993; Slater & Narver, 1994; Greenley, 1995; Pelham & Wilson, 1996; Farrell, 2000; Grewal & Tansuhaj, 2001)
	Customer satisfaction, Customer value and or Customer retention	(Farrell, 2000; Homburg & Pflesser, 2000)
Innovation	Product advantage (also referred to as "new to the market" and "new product introduction and introduction activity)	(Frambach, Prabhu, & Verhallen, 2003; Sandvik & Sandvick, 2003; Langerak, Hultink, & Robben, 2004)
	Innovation-marketing fit, product advantage, and inter-functional teamwork	(Atuahene-Gima, 1996; Han et al., 1998)
Quality	Product Quality	(Pelham & Wilson, 1996)

Market orientation clearly contributes to a firm's competitive advantage, through its demonstrated relationships with financial performance and innovation. For example, Langerak, Hultink, and Robben (2004) recently concluded that market orientation was related to product advantage (and through product advantage, indirectly to new product performance and organisational performance). By creating positional advantage, market orientation reveals its potential as a dynamic capability.

2.2 Reviewing Controversial Areas of the Literature

Review of the literature on market orientation indicates two controversial themes addressed in this dissertation. The first, a lack of theoretical clarity, presents itself in definitions of both "market" and "orientation". Differences exist in the way that researchers define "orientation". Some view orientation as a high-level tautological variable measuring culture (e.g, Dobni & Luffman, 2000) whereas others prefer to include more observable behaviours (e.g., Kohli, Jaworski, & Kumar, 1993). Researchers also differ in their definition of the "market", some restrict their research focus to customer information (e.g., Jaworski & Kohli, 1993), but others expand their focus to additional external market factors such as competitors (e.g., Narver & Slater, 1990).

The neglect of social-psychological dimensions and antecedents reflects a second theme. These dimensions concern the individual's contribution to market orientation, and the interpersonal antecedents of this contribution. The following sections review the literature relevant to these themes, followed by proposed theoretical solutions.

2.2.1 Lacking Theoretical Clarity in the "Orientation" Concept

Market orientation relates to other strategic orientations. Researchers differ in their concept of an "orientation". For example, Morgan and Strong (2003) discuss strategic orientation as a manifestation of strategic content, that is the outcome of strategic decisions, also referred to as strategic fit, strategic disposition, or strategic thrust. This perspective of an orientation, although providing a means for post-hoc comparison, lacks an understanding of what steps are necessary to achieve this orientation. Alternatively, Andrews (1980) described a strategic orientation as the

markets in which the firm competes and focuses its resources to develop competitive advantage. This definition creates ambiguity as it seems to include uncontrollable market factors.

Other related orientation literatures are problematic in their definition of orientation. For example, a learning orientation is described as a "set of values" by Baker and Sinkula (1999). This type of definition becomes complex to test, because it assumes that organisational entities can possess a value system. Researchers also link market orientation to the emerging concept of entrepreneurial orientation (Morris & Lewis, 1995). The literature in entrepreneurial orientation does not address the question of what an orientation represents.

The variety of opinion occurring in the strategic, learning, and entrepreneurial orientation research streams has also engulfed market orientation literature. A *market* orientation differs from a *marketing* orientation because it is cross-functional in character, involving decision making and organisational learning within the company and the understanding of changes in the external environment (Uncles, 2000). It involves business processes, which require decision-making and an understanding of both internal capabilities and changes in the external marketing environment. A *marketing* orientation involves only those in the marketing department, whereas a *market* orientation orients all employees toward the market (Kotler & Armstrong, 1996).

There are two seminal perspectives on market orientation, the first, Narver and Slater's (1990) espouses a cultural perspective; the second, Kohli and Jaworski's (1990), espouses a behavioural perspective. Viewing market orientation as a dimension of strategy, from a higher level cultural perspective Narver and Slater (1990, p. 21) defined

market orientation as “the organisation culture that most effectively creates the necessary behaviours for the creation of superior value for buyers and thus continuous superior performance for the business”. An organisational culture reflects “a shared set of fundamental beliefs and values (Varela & Río, 2003, p. 6)”. However, Narver and Slater (1990, pp 21-22) proceeded to operationalize market orientation with three behavioural components: customer orientation, competitor orientation and inter-functional coordination. Narver and Slater’s (1990, pp 21-22) model defines customer orientation as “the sufficient understanding of one’s target buyers to be able to create superior value for them continuously”. A competitor orientation indicates “a seller understands the short-term strengths and weaknesses and long-term capabilities and strategies of both current and potiential competitors (Narver & Slater, 1990, pp 21-22)”. Finally, inter-functional co-ordination is considered “the coordinated utilization of company resources in creating superior value for target customers (Narver & Slater, 1990, pp 21-22)”.

Narver and Slater’s (1990) operationalization is similar to the behavioural perspective described by Kohli and Jaworski (1990). Kohli and Jaworski (1990, p. 6) defined market orientation as “the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation-wide responsiveness to it.”

Both behavioural and cultural perspectives consider market orientation to be composed of specific behaviours, but differ in their interpretation and measurement of construct content. This ambiguity of definition makes it difficult to interpret empirical market orientation findings and derive concrete conclusions about market orientation and its relationship to performance. For example, in considering market orientation to be a

culture, rather than a set of behaviours, it becomes more difficult to specify and to understand its antecedents and consequences. This does not provide direction to practitioners seeking to encourage market orientation.

Varela and Rio (2003) and Lafferty and Hult (2001) conceived of further differences in the meaning of orientation. In addition to the cultural and behavioural dichotomy, they suggested that researchers had conceived of market orientation as a decision-making process (e.g., Glazer, 1991) and as a strategic focus incorporating business capabilities, based upon Day's (1994) conceptualization of market sensing and customer linking capabilities.

This lack of theoretical clarity was recognized by Homburg and Pflesser (2000), who attempted to clarify market orientation by describing it as a multi-layered cultural construct consisting of layers of shared values, norms, artifacts and behaviours. In doing so, they provide a specificity often lacking in other market orientation research, but also create confusion by categorizing behaviours as a level of culture. Their work implied that behaviour is a sub-dimension of culture, instead of a separable construct (Kohli & Jaworski, 1990) or an operationalization (Narver & Slater, 1990).

In general, the behavioural concept of market orientation is gaining acceptance. For example, Darroch and McNaughton (2003) considered market orientation to be a culture, and the existence of market-oriented behaviours to be a proxy for market orientation. The inter-organisational relationship perspective espoused by Helfert et al. (2002) also reflected behaviours, through the identification of four main relationship task bundles: exchange activities, inter-organisational coordination, utilization of constructive

conflict resolution mechanisms, and adaptation to the special needs or capabilities of each partner.

Although Helfert's (2002) view reflects the importance of behaviours to overall market orientation, it does not explain why these behaviours lead to competitive advantage. It also raises questions surrounding the types of behaviours that would be included in the construct. Should there be a focus on relationship behaviours, or are there others that are important to a market orientation? Researchers have answered this question by setting boundaries on market orientation and, upon its foundation, building other orientations such as learning and knowledge management.

Market orientation versus learning orientation: Baker and Sinkula (1999) defined market orientation as " a characteristic of an organisation that determines the priority that is placed on MIP [marketing information processes] activity and its use in the strategic process". (Dickson, 1996, p. 104, as cited in Baker & Sinkula, 1999) suggested that market orientation describes "a set of …processes that enable the firm to learn". Higher order learning is necessary to prioritize and act on important market information, discarding information that has become obsolete. Based on these definitions of market orientation, Baker and Sinkula (1999, p. 413) proceeded to differentiate market orientation from a learning orientation: "Market orientation is reflected by knowledge producing behaviours. Learning orientation is reflected by a set of knowledge-questioning values."

Market orientation versus knowledge management orientation: Darroch and McNaughton (2003) present knowledge management as conceptually broader than market orientation; developing knowledge about the marketplace, as well as collecting

internal information on firm financial performance, employees, processes and technological developments. A knowledge management orientation might also place more emphasis on the internal processes facilitating information dissemination. Thus, they consider market orientation to be a subset of a knowledge management orientation.

2.2.2 Lacking Theoretical Clarity in the "Market" Concept

The definition of "market" has a similar lack of clarity. Researchers debate whether a market orientation should include a focus upon customers or competitors. Should it include a consideration of profit? Is the market also reflected by customers who are internal to the company (for example, employees may be customers of the Human Resource Department)? The following section examines these perspectives.

Market orientation versus customer orientation: Narver and Slater (1990) specifically describe both a customer and competitor orientation as being a part of a firm's overall market orientation. In contrast, Kohli and Jaworski (1990) consider only customer information. These two influential research teams reflect a general disagreement by many researchers as to what a market orientation should include. The literature often refers to market orientation and customer orientation within the same articles (e.g., Kennedy et al., 2002). These inconsistencies create problems in synthesizing market orientation as a unified body of knowledge.

There are some indicators that market orientation should be broadly defined. For example, using a narrow, customer-concentric view of market orientation, Grewal and Tansuhaj (2001) found that market orientation is not an effective orientation after a crisis. The Grewal and Tansuhaj (2001) study demonstrates a need to minimize the influence of a single stakeholder (the customer) by balancing different aspects of market orientation.

The complexity inherent in real-life business strategy makes it essential to gain information about all of the external forces in the market. Despite concerns that competitor and customer orientations may not always be compatible (Deshpande et al., 1993), a firm can become myopic if it concentrates only on adaptive/reactive customer-oriented strategies. The value of a broader market definition is reflected by the strength of the competitor orientation – profitability linkage, which is higher than for customer orientation (Dawes, 2000). Day and Wensley (1988) also suggested a balance between customer and competitor perspectives as a focus on the competitor assumes that competitors excel at meeting the needs of customers, and may also obscure opportunities for differentiation. This potential lack of differentiation has been echoed empirically in studies that show a competitor focus inhibits new product activity (Frambach et al., 2003). In contrast, a sole focus on the customer may ignore opportunities for more efficient business processes (such as manufacturing and technological efficiencies). Thus, it is important to understand latent customer needs by responding to competitive pressures for cost-efficiency. This provides a persuasive argument that a market orientation should include gathering information about both competitors and customers. Indeed, most researchers seem to distinguish between market and customer orientation.

Market orientation versus internal marketing: Researchers have also examined internal marketing from a number of perspectives. Some consider internal marketing to foster relationships between internal customers and suppliers (Llewellyn, 2001), others use external marketing strategies to promote internal initiatives; thereby convincing employees in the same way they would convince customers (George & Gronroos, 1991). George and Gronroos' (1991) thoughts parallel the concept of an internal market

orientation involving internal market research, communication and response to the internal market of employees recently expressed by Lings (2004). The third perspective on internal marketing involves the promotion of a general customer mindset at all levels within the company (Kennedy et al., 2002). These internal marketing perspectives inform our knowledge of market orientation development. For example, Conduit and Mavondo (2001) found that internal customer orientation, or a culture where every employee is both a supplier and a customer to other employees in the organisation, is important to the development of a market orientation. However, in general, market orientation looks at how employees at different levels and in different functions of the company acquire and process external customer information. In contrast, internal marketing deals with internal customers as a way to reach desired external customers.

Market orientation versus a profit orientation: Some researchers also include facets of profit orientation (Narver & Slater, 1990; Deng & Dart, 1994) and long-term focus (Narver & Slater, 1990) as dimensions of market orientation. Narver and Slater suggested that both represented criteria for assessing market orientation initiatives, and later chose to discard them due to poor scale reliability. Most researchers view profit orientation as consequential to market orientation (Farrell, 2000), likely because both profit and long-term focus represent pragmatic reasons for assuming a market orientation. Organisations may not be willing to undertake a marketing initiative unless they view it as adding quantifiable financial value. Similarly, when viewed as a strategic orientation, a successful market orientation requires a degree of long-term planning and commitment.

2.2.3 Implications of Theoretical Ambiguity

Researcher differences of opinion regarding both “market” and “orientation” elements, highlight an overall lack of theoretical clarity in the market orientation concept. Implications of unclear theory include 1) inability to form strong conclusions as to the value of a market orientation, 2) confusion as to how to develop a market orientation, and 3) inconsistency in measurement. In addition to this issue, review of the literature indicates only recent progress toward an understanding of individual contribution to market orientation.

2.2.4 Overlooking the Contribution of the Individual

It is necessary to understand the views and behaviours of the employees who contribute to and benefit from the success of the firm. To date, researchers have not adequately examined the market-oriented behaviours of individual employees, nor attempted to understand how employees feel obligated to perform in a market-oriented fashion. The next section examines the relationship between individual market-oriented behaviours and a firm-level market orientation. A discussion follows of recent research signaling the importance of individual market orientation to a firm’s overall market orientation – performance linkage.

2.2.5 Contributing Individually to Market Orientation

Among the large volume of market orientation literature, there are a few theoretical articles considering individual behaviours. There exist two perspectives of the relationship between individuals and firm market orientation. The first suggests that organisational level market orientation influences individual level behaviours and

attitudes (e.g., Celuch, Kasouf, & Strieter, 2000; Langerak, 2001). A market-oriented organisation allocates resources to support individual market-oriented actions. For example, companies may initiate reward systems that benefit employees who acquire and share customer leads with appropriate people in the company. The second school of thought considers the influence of individuals on organisational level market orientation (Harris & Piercy, 1999; Noble & Mokwa, 1999; Harris & Ogbonna, 2001a; Hurley, 2002; Kennedy et al., 2002) or learning orientation (Hurley, 2002). Farrell (2000) suggested that both planned and emergent change strategies influence the development of a market orientation. Regardless of how a market-oriented focus originates in the organisation, this indicates a trend toward the acknowledgement of the market-oriented contribution of the individual. A discussion of these viewpoints ensues.

Some researchers consider the influence of organisational level market orientation on individual employee attitudes. For example, Celuch et al. (2000) studied aspects of perceived organisational market orientation on employee feelings of self-efficacy related to information use. Jaworski and Kohli (1993) identified a connection between a firm's market orientation and employee attitudes, such as organisational commitment and esprit de corps.

Other researchers ignore mediating attitudes, preferring to study the relationship between organisational market orientation and employee behavioural outcomes. For example, Langerak (2001) studied the influence of an organisation's market orientation on the behaviours of salespersons and purchasers, channel relationships and manufacturing performance. The results can be compared to those of an earlier study by Baker et al. (1999) because, in both studies, obstacles encountered in competing

relationships (suppliers and buyers) were overcome through trust and cooperative norms inherent in the relationship.

The multi-layered construct conceptualized by Homburg and Pflesser (2000) also required an awareness and acceptance of a market-oriented culture on the part of individuals. They described the development of values and norms embodying open internal communication and employee responsibilities, shared by the organisation. These values and norms are reflected by artifacts (such as stories, arrangements, rituals, and language) and market-oriented behaviours (such as generation, dissemination, and response to market intelligence).

Others hypothesized that the individual influences organisational level market orientation. Empirical research by Kennedy et al. (2002) and Brown et al. (2002) supported the importance of the individual employee's disposition toward customers. Noble and Mokwa (1999) studied how the behaviour of midlevel managers shaped the development of organisational level marketing strategies. They noted that role factors, such as involvement, autonomy and significance, shape role commitment, influencing role performance, and the development of a market orientation. Harris and Ogbonna (2001a) described the role played by a participative leadership style on market orientation development. In their consideration of barriers to the development and sustenance of a market orientation, Harris and Piercy (1999) found that a market orientation is fostered when a manager communicates frequently and without conflict with subordinates.

These studies reflect the important role played by individuals, specifically managers. However, the researchers do not build upon previous social-psychological

studies of these relationships (e.g., Hackman & Oldham, 1980). Such oversight indicates a general lack of integration between the social psychological and marketing literatures.

2.2.6 The Influence of the Individual on the Market Orientation - Performance Linkage

This research contends that the individual employee can contribute to organisational market orientation. A group is defined as "two or more individual, interacting and interdependent, who have come together to achieve particular objectives" (Robbins & Langton, 1998, p. 238). Therefore the attitudes and behaviours of individuals form the collective attitudes and behaviours of the group. Viewed within our current knowledge of the market orientation – firm performance relationship (Table 1), this individual contribution must play a role in determining organisational performance. Fundamentally, the actions of individuals comprise organisational market orientation, and indirectly influence firm performance through this collective market orientation.

Although the extant literature contains reference to market orientation as an implementable strategy (Narver & Slater, 1990), recent research reflects a more pragmatic understanding of the necessity to develop a culture supported by market-oriented behaviours. For example, Harris (2000a) described the organisational barriers to market orientation development. Homburg and Pflesser (2000) implied that a market orientation consists of interwoven, synchronized layers of values, norms and behaviours. In order to create a market orientation, it is necessary to understand the role of individuals and the interpersonal processes that shape values, norms and behaviours. The social-psychological literature explains these processes, thus providing a platform for understanding the contribution of individual employees to a firm's strategic orientation.

2.2.7 Definition of Individual Market Orientation

Existing market orientation literature does not define the market orientation of individuals. However, differences between strategic and individual level definitions of customer orientation can inform our understanding of the market orientation of individuals. Customer orientation, when viewed as part of organisational market orientation (a strategic orientation), is an emphasis placed by the organisation on the collection and processing of customer information (Slater & Narver, 1994).

In contrast, the customer orientation of individual employees was described as the disposition to meet customer needs (Brown et al., 2002). The concept of individual disposition is trait-based and reflects "enduring characteristics that describe an individual's behaviour" influenced by heredity, environment (culture, early conditioning and norms), and situation (Robbins & Langton, 1998, p. 81). Consideration of traits potentially limits the promotion of market orientation within an organisation to the hiring and retention of individuals with market-oriented attitudes. If organisations wish to develop market-orientation through interpersonal means (such as relationships, modeling or training), organisations must also find ways to encourage and develop employee market-oriented behaviours. This dissertation adapts the definition provided by Kohli and Jaworski (1990) as follows:

> *The market orientation of individuals reflects the attitudes and behaviours of employees as they acquire, share, and respond to market intelligence.*

This definition uses the word "market" in its broadest sense, and includes an understanding of customers, competitors and other environmental forces.

2.2.8 Neglecting Interpersonal Antecedents

The antecedents of individual level market orientation differ from those at an organisational level. Because the literature largely neglected the contribution of the individual, there was little discussion of its antecedents. Individual, organisational, and interpersonal level variables influence individual market-oriented behaviour. A review of these mechanisms of influence follows, that demonstrates a need for greater understanding of interpersonal antecedents.

Individual traits influence the degree of an employee's customer orientation. Brown et al. (2002) discovered that three basic personality traits (emotional stability, agreeability, and the need for activity) accounted for 39% of the variance in the customer orientation of employees. This implies that the nature of the individual limits behavioural aspects of market orientation or customer orientation. Therefore, training programs or market-oriented support initiatives may not be completely successful in developing individual level market orientation. Additionally, there may be other personality, academic, and experience differences reflected in individual employment choices such that customer contact employees, administrative staff, and management may differ in their advocacy of market orientation.

At the organisational level, different processes and structures influence the market orientation of individuals. These differences include industry-based processes (Yau et al., 2000), technology-mediated processes (McNaughton, Quickenden, Matear, & Gray, 1999; Min, Song, & Keebler, 2002), and evolving firm or market structures (Pelham & Wilson, 1996). An organisation may introduce information databases or communication systems that facilitate market-oriented behaviour. The existence and use of these systems

may create a belief in the company's ability to process information, thereby promoting the employees' own feelings of self-efficacy (Celuch et al., 2000).

At an interpersonal level, relationship development precedes individual market-oriented behaviours. Firms must communicate their expectations to individuals to encourage market orientation at all levels. This communication often reflects development of relationships between individuals. The relationship perspectives espoused by Day (2000) and Helfert et al. (2002) consider the influence of relationships on marketing strategy. As per discussion earlier in this chapter, this influence can be attributed to interpersonal factors forming the basis of the relationship, such as trust and cooperative norms (Baker et al., 1999; Langerak, 2001) and vertical communication patterns between managers and subordinates (Harris & Piercy, 1999).

2.2.9 Conclusion

To summarize, previous research indicates that individual employee attitudes and behaviours relate to an organisation's market orientation (e.g., Celuch et al., 2000; Harris & Ogbonna, 2001a; Langerak, 2001). This raises two important conclusions:

1) As individual attitudes and actions help to shape and develop an overall market orientation, organisations must clearly understand interpersonal factors that influence attitudes and behaviours.

2) Organisations must appreciate that a strategic orientation itself consists of individual actions. Therefore, the actions of each employee contribute to a market orientation.

2.3 Resolution of Conceptual Issues: The Contribution of the Theories of the Firm

This review of market orientation literature highlights a lack of clarity in the theory explaining a market orientation. Considered a key strategic orientation, it is appropriate to ground market orientation in the strategy literature by reviewing its fit with theories of the firm. Classical theory of the firm "asserts that the objective of the firm is to maximize net revenue in the face of given prices and a technologically determined production function. The optimal mix of outputs (products) and inputs (factors) at equilibrium will maximize profit (Cyert & March, 1963, 1992). Although it considers firm resources, this traditional, neo-classical theory does not contribute much knowledge of strategic, decision-making differences that create competitive advantage for some firms. In contrast, the Behavioural Theory of the Firm (Cyert & March, 1963, 1992), the Evolutionary Theory of the Firm (Nelson & Winter, 1982), the Resource-based View (Penrose, 1959), and Dynamic Capabilities (Teece, Pisano, & Shuen, 1997) significantly contribute to our understanding of strategic orientations because they consider the competitive impact of differences in managerial decision-making.

Each of these theories (described in Table 2) builds upon the concept that differences in routines, or "patterns of interactions representing solutions to particular problems resident in group behaviour" (Pierce, Boerner, & Teece, 2002, p. 87) explain firm competitive advantage. Using slightly different terminology, all explain firm heterogeneity in terms of differences in human decision-making processes.

Behavioural Theory and Evolutionary Theory provide a strong base for more recent research into the RBV and Dynamic Capabilities concepts. Cyert and March (1963, 1992) suggested that dimensions of organisational goals, organisational choice and

organisational expectations shape the firm's decision-making processes. These constructs are influenced by relational processes that will resolve goal conflict, reduce or avoid uncertainty, search for solutions to problems and create organisational learning. Thus, this framework considers the ability of managers to make decisions to be a competitive advantage, and anticipates later research on firm capabilities.

Evolutionary Theory (Nelson & Winter, 1982) builds upon the Behavioural Theory of the Firm. Nelson and Winter (1982) viewed organisational decision-making processes and behaviours as a set of interdependent operational and administrative routines that develop based on performance feedback.

The lines between the theories are not definitive, and there is notable conceptual overlap and inter-theory contribution. Although each contributes to our understanding of market orientation, RBV (and in particular, its branch of Dynamic Capabilities) explains how the dynamic nature of market orientation fosters competitive advantage.

In the following section, the theoretical framework of the Resource-Based View of the Firm (e.g., Penrose, 1959) is used to describe how competitive advantage is derived from the dynamic capabilities specific to a market orientation. Then, this thesis seeks to resolve conceptual issues by viewing the knowledge management and inter-functional co-ordination representative of market orientation as a set of dynamic capabilities. Such an approach fills a gap in the literature by using strategic theory to explain why market-oriented behaviours lead to competitive advantage. Additionally, conceptualization of market orientation as a set of dynamic capabilities permits a strong relationship between the theoretical and empirical construct properties. When positioned theoretically as a set of routines, the leap from concept to measurement is much more

clear. This will better identify the boundaries of the construct through the measurement of actual market-oriented routines and permit greater understanding of its development.

2.3.1 Understanding the Resource-Based View of the Firm

The Resource-Based View of the Firm (RBV) looks inward at the firm, in order to provide understanding of what makes a firm uniquely capable of sustaining competitive advantage. Adherents of the RBV conceptualize firms as bundles of resources, heterogeneously distributed across firms, with persistent differences (Eisenhardt & Martin, 2000; Penrose, 1959; Wernerfelt, 1984). Wernerfelt (1984, p. 172) defines a resource as "anything which could be thought of as a strength or weakness of a given firm… those tangible and intangible) assets which are tied semi-permanently to the firm".

RBV theorists consider strategy to be "a continuing search for rent" (Bowman, 1974, p. 47, as cited in Mahoney & Pandian, 1992) where rent is "return in excess of a resource owner's opportunity costs" (Mahoney & Pandian, 1992, p. 364). Rents can be classified as Ricardian (owning a scarce and valuable resource), monopoly (achieving protection through government or alliance barriers to entry), or entrepreneurial or Schumpetarian (risk-taking in uncertain or complex environments). Firms generate rents through differences in information, luck, and/or capabilities (Mahoney & Pandian, 1992).

Many researchers consider Penrose (1959) to be the seminal work on RBV. However, she was extremely critical of firms' continuing search for rents, and the social and economic inequities arising out of the capitalization of underdeveloped countries. She also suggested that competitive advantage was a temporary result of market disequilibrium. Thus, as Rugman and Verbeke (2002) noted, RBV has evolved to become much more prescriptive than Penrose originally seemed to intend.

Table 2: Theories of the Firm: Choice and Contribution

Theory of the Firm	Authors	Unit of Analysis	Tenets	Assumptions	Contribution
Behavioural	(Cyert & March, 1963, 1992)	routines	• Dimensions of organisational goals, organisational choice and organisational expectations shape the firm's decision-making processes	• Bounded rationality (unsystematic search for info, satisficing, imperfect communication)	Provides behavioural base – human decision-making and strategy explain competitive advantage Base for RBV
Evolutionary	(Nelson & Winter, 1982)	routines	• Learning occurs with dynamic routines, although static ones will also mutate through repetition • Organisations learn by doing Knowledge stored in routines of firm (organisational memory)	• Bounded rationality • Learning and path dependence	Base for RBV Firms react to external information flow, but danger if they react with static routines. Supports market orientation as dynamic capability
Resource Based View	(Penrose, 1959; Wernerfelt, 1984; Peteraf, 1993; Eisenhardt & Martin, 2000)	routines	• Maximize long-run profits through exploiting and developing firm resources • "sticky" resources heterogeneously distributed across firms • differences persist over time • Resources are valuable, rare, inimitable, non-substitutable	• Bounded rationality • Learning and path dependence • Static with focus on existing resources	Market orientation as a set of routines that involves transfer of tacit information
Dynamic Capabilities (usually considered branch of RBV)	(Teece et al., 1997; Eisenhardt & Martin, 2000)	routines	• Firms must recognize, adapt to, and exploit critical opportunities	• Bounded rationality • Learning and path dependence	Firm must have information processing routines capable of recognizing, adapting to and exploiting critical opportunities Emphasizes role of management in reconfiguring resources
Derived from (Nelson & Winter, 1982; Teece et al., 1997; Pierce et al., 2002)					

Although there is a significant body of research on RBV, some researchers criticize it as conceptually vague and tautological (Eisenhardt & Martin, 2000). RBV is a static theory that has failed to develop an understanding of how resources are transferred into competitive advantage especially in dynamic environments fostered by rapid technological change (Williamson, 1999; Eisenhardt & Martin, 2000; Priem, 2001). In response to these concerns, the capability, competencies, and dynamic capability approaches were developed.

The literature reflects different opinions, definitions and terminology for capabilities and competencies. The term, "core competencies" was coined by Prahalad and Hamel (1990, p. 81.), when they explained that competitive advantage was "… found in management's ability to consolidate corporate wide technologies and production skills into competencies that empower individual businesses to adapt quickly to changing opportunities". Most researchers distinguish capabilities from competencies. Competencies are firm-specific technologies and production related skills and collective learning whereas capabilities are firm specific business practices, processes and culture (Day, 1994; Marino, 1996; Walsh & Linton, 2001).

2.3.2 Identifying the Value of Dynamic Capabilities

Teece et al. (1997) extended the study of RBV to dynamic markets. Their dynamic capabilities framework examined the sources and methods of value creation when firms operate in a dynamic and fast-changing environment. Nelson (1991, p. 68) discussed why firm differences mattered in terms of dynamic capabilities: "Simply producing a given set of products with a given set of processes well [sic] not enable a firm to survive for long. To be successful for any length of time a firm must innovate".

Hence, a dynamic capability is reflected in systematic learning processes within the organisation (Winter, 2000) and represents the ability to renew competencies in response to changing market conditions (Teece et al., 1997).

In contrast, Zollo and Winter (2002) observed that firms also integrate, build and reconfigure competencies in more stable environments. They suggest that a dynamic capability is "a learned and stable pattern of collective activity through which the organisation systematically generates and modifies its operating routines in pursuit of improved effectiveness" (Zollo & Winter, 2002, p. 340). These definitions characterize very different views of dynamic capabilities: Teece et al. (1997) seem to envision the dynamic capability-competitive advantage link as spontaneous and generative whereas Zollo and Winter (2002) characterize it as a deliberate and planned process.

Although all researchers agree that resources, capabilities and competences create value, they differ as to whether any of these concepts created sustainable competitive advantage. Lei, Hitt, and Bettis (1996) described dynamic capabilities as being inimitable, unsubstitutable and firm specific. However, Eisenhardt and Martin (2000) contested this view of dynamic capabilities because it was possible to develop an understanding of best practices by observing the commonalities that exist across effective firms. In noting the existence of best practices, Eisenhardt and Martin (2000) suggested that the functionality of dynamic capabilities can be duplicated, so value for competitive advantage lies in the arrangement of resources. Based on these assumptions, Eisenhardt and Martin (2000, p. 1107) defined dynamic capabilities as "The firm's processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match and even create market change. Thus, dynamic capabilities are "the

organisational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die".

2.3.3 Viewing Market Orientation as a Set of Dynamic Capabilities

Earlier, this section described varying opinions surrounding market orientation. What is an orientation? Is it a set of values or is it a culture embedded in a set of routines? Or both? This thesis responds by defining market orientation as a dynamic capability, that is, a set of routines/ behaviours underpinning a firm's culture. This response builds upon the perspectives espoused by Narver and Slater (1990), Homburg and Pflesser (2000), and Darroch and McNaughton (2003) who describe market-oriented behaviours as a manifestation of market-oriented culture. Furthermore, this thesis views market-oriented routines as the set of behaviours identified by Kohli and Jaworski (1990), that is, 1) organisation-wide generation of market intelligence, 2) dissemination of the intelligence across departments, and 3) organisation-wide responsiveness to it. Finally, the market is broadly defined as including customer, competitor and other external market factors.

Market orientation can be positioned within RBV, which focuses on internal resource arrangements and firm value creation. Essentially, the focus of market orientation on internal information-sharing contributes to firm value by integrating resources through inter-functional co-ordination and information sharing routines. Market-oriented behaviours also provide information and knowledge that Bell (1973) has argued are important to a firm's success.

A market orientation fosters an awareness of the external market, which requires response at appropriate levels and functions of the firm. Therefore, the value of market

orientation lies in its ability to prompt reconfiguration of resources. The value lies in the processing, use and value of this market information: 1) in the information, or the recognition by employee of the information's value to the firm, 2) in the resulting information sharing and inter-functional coordination and finally, 3) in the employee/employer's use of the information to shape reactions. The value of market orientation as a dynamic capability rests in the combined effect of customer orientation and information sharing.

Furthermore, in high velocity markets, dynamic capabilities rely more on real-time information, cross-functional relationships and intensive communication among those involved in the process and with the external market (Eisenhardt & Martin, 2000). Again, these information acquisition and dissemination behaviours are the focus of market-oriented activities. Market-oriented routines create a sensitivity and response to the market by providing superior market information and understanding, so decreasing uncertainty and increasing the probability of proper response to market changes. Therefore, it is logical that market orientation is an important capability in high velocity markets, that is, highly uncertain environments. Although the market orientation construct appears robust across different environmental conditions (Jaworski & Kohli, 1993), the link between market orientation and performance in turbulent markets is moderated by additional variables, such as the swiftness of market-oriented actions (Varela & Río, 2003), strategic flexibility (Grewal & Tansuhaj, 2001) and potentially firm size (Pelham & Wilson, 1996). Slater and Narver (1994) did not find a significant relationship between market orientation and performance in turbulent markets but recent research has identified a connection (Homburg & Pflesser, 2000).

Researchers note synergies between market orientation and learning orientation. Market orientation reflects innovation and dynamism through increased information acquisition and dissemination as a stimulus for new ideas, learning and market reaction. Accordingly, prior research has indicated that innovation and market orientation are related (Atuahene-Gima, 1996; Han et al., 1998; Hurley & Hult;, 1998). Innovation is a natural outcome of a learning-oriented company, but a firm requires a market-oriented base to build a learning orientation. Although a learning orientation provides a more sustainable competitive advantage, market orientation is an important cultural and behavioural base for a learning orientation and leads naturally to learning (Slater & Narver, 1995; Farrell, 2000), interacting with learning orientation (Baker & Sinkula, 1999).

The introduction of policies to recruit and retain employees provides a formalized means for an organisation to strengthen the market orientation – performance linkage (Gray, Buchanan, & Mallon, 2003; Harris & Ogbonna, 2001; McNaughton et al., 2001). Organisations foster market orientation informally when individuals are encouraged to exchange resources. In this way, the reciprocity inherent in interpersonal exchanges becomes a compounded source of dynamic value.

2.3.4 Specifying Market Orientation Routines

Generally accepted market-oriented behaviours include the acquisition and dissemination of market information, and the interfunctional coordination of a response to the information (Kohli et al., 1993). Zollo and Winter (2002) distinguished between regular operating routines, and dynamic capabilities, that is, those routines that modify operating routines. They considered experience accumulation, knowledge articulation,

and knowledge codification processes as different ways of modifying operating routines. As a company builds and manages its customer knowledge, this repository of knowledge must be continually developed and changed to reflect information from other stakeholders.

These behaviours, or learning mechanisms, also form components central to market orientation. Essentially, they are dynamic because the correct way of acquiring information necessary to task completion will vary with the frequency, heterogeneity and causal ambiguity of the task (Zollo & Winter, 2002). For example, sometimes it is appropriate to learn by doing, whereas at other times it is more appropriate to share and to formally record the information.

2.3.5 Viewing the Market within a Web of Capabilities

Viewing market orientation as a set of dynamic capabilities also provides a means to clarify the theoretical ambiguity of "market" definition. Some researchers conceive of the firm's external environment as an eco-system (e.g., Agarwal, Sarkar, & Echambadi, 2002; Burgelman, 2002). Each part of this eco-system inextricably relates to other parts. Thus, events influencing one area of the environment also influence other areas. Similarly, a firm's dynamic capabilities renew and reconfigure its operating capabilities. Therefore, as the firm reshapes its resources in response to customer information, this reshaping must also consider how other capabilities and market factors may be influenced. Accordingly, this process is better viewed as a web of capabilities, dynamically changing in response to changes in the environmental web. This necessitates a broad definition of "market" in the term market orientation.

2.3.6 Assessing Individual Contribution to a Firm's Dynamic Capabilities

The research considers an individual's market-oriented behaviours as contributing to the organisation's dynamic capabilities. An individual behaviourally-based perspective of capabilities was endorsed by Dobni and Luffman (2000, p. 911) who suggested that "Capabilities emanate from individual employees and include complex bundles of skills and accumulated knowledge that enable firms to coordinate activities and make use of their assets." In short, it is imperative that firms harness these capabilities in order to develop more sustainable competitive advantage.

2.3.7 Connecting Marketing and Psychological Knowledge

The second controversial theme identified in Sections 2.2 rested with a neglect of the interpersonal antecedents and individual dimension of market-orientation. Such neglect has shaped a poor understanding of interpersonal antecedents of market-oriented practices. This dissertation addresses this weakness by developing and testing hypotheses regarding the influence of employees' perceptions of workplace relationships on their market-oriented behaviours. The inclusion of behavioural knowledge grounded in social-psychological theory presents an opportunity to advance knowledge of marketing and strategy development.

2.3.8 Summary

The literature section highlighted the concept of market orientation as a set of dynamic capabilities using RBV. This alignment addresses theoretical ambiguity in both

the “market” and the “orientation” terms. Additionally, this review has identified a gap in the literature regarding individual contribution and interpersonal antecedents. Relating to this, the value of relationship development with both internal (employees) and external (customers) stakeholders has been identified. Such relationships develop over time and are viewed within the framework of the psychological contract. The next section further explains this concept and hypothesizes relationships.

3 Interpersonal Antecedents to Individual Market-Oriented Behaviours

Chapter Two discussed the importance of studying the market-oriented contributions of individual employees. However, when considering individual factors contributing to a market orientation, previous research has focused upon either a customer-oriented disposition (e.g., Brown et al., 2002) or alternatively on various interpersonal and individual antecedents or outcomes of a market orientation strategy (e.g., Celuch et al., 2000). This is problematic because the customer oriented disposition narrowly targets the customer and does not identify trainable actions. The other stream identifies important individual or interpersonal issues, but does not test them in the context of market-oriented behaviours performed by each employee. To fill the void, this dissertation creates a scale to measure the market orientation of an individual employee, and models hypotheses to test its psychometric value.

This chapter builds upon the mainly organisational-level market orientation literature reviewed in Chapter Two, to model and develop hypotheses of interpersonal antecedents to individual market-oriented behaviours. At the organisational level, researchers relate market orientation to learning orientation, to channel relationships and to inter-functional differences. These contributing factors at an organisational level provide some rationale for further investigation at an individual level.

3.1 Explaining Antecedents to the Market Orientation of Individuals

This dissertation posits several reasons for market-oriented actions at the individual level, based upon the psychological contract, individual learning agility and customer contact.

3.1.1 Inclusion of the Psychological Contract

The theoretical foundation of communication, relationships and the psychological contract can be found in Social Exchange Theory (Roloff, 1981). Social Exchange Theory explicates the interpersonal processes involved in a non-economic transaction. Strong interpersonal exchanges develop organisational capabilities because people exchange resources and learn from each other, thus reconfiguring and renewing their own knowledge-based routines (Zollo & Winter, 2002). By this exchange of resources, social exchange theory provides an understanding of why employer-employee relationships are important to shaping desired market-oriented behaviours.

Positioned within this theoretical base, the psychological contract explains how role expectations shared by the employee and employer can shape the employee's market-oriented practices. "The psychological contract is individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organisation." (Rousseau, 1995, p. 34). These beliefs reflect the promises made, accepted and relied on between themselves and another (employee, client, manager, organisation). Here, the concept of psychological contract obligations is extended to consider employee perceptions of their market-oriented obligations.

3.1.2 Inclusion of Learning Agility

In this thesis, individual learning agility is connected to market-oriented obligations. The learning orientation of an individual (future references in this dissertation will refer to it as "learning agility" to distinguish it from organisational level learning orientation) "is characterized by a desire to increase one's competence by developing new skills and mastering new situations" (Bell & Kozlowski, 2002, p. 498). Social psychologists have largely studied individual learning agility with respect to 1) goal-setting and motivation (e.g., Harackiewicz & Elliot, 1993; VandeWalle, 1997) and 2) personality (e.g., Phillips & Gully, 1997; Williams, 1997).

Learning agility was included as an antecedent in the confirmatory study because focus groups in the exploratory study identified "curiosity" and "a desire to learn" as important reasons why employees chose to practice market-oriented behaviours. The inclusion of learning agility in the model is important because such personality traits are widely used by practitioners to predict performance (Bernardin & Bownas, 1985).

At the organisational level, learning orientation has also been connected to market orientation (Slater & Narver, 1995; Baker & Sinkula, 1999; Farrell, 2000; Liu, Luo, & Shi, 2002). In theory, this supports a connection at the individual level because a learning organisation is built upon the interaction between individuals within the organisation (Cho, 2002), and the exchange of knowledge (West & Meyer, 1997). Indeed, a learning agility or mindset has been noted as essential to the evolution of organisations and people (Perkins, 1994; Williams, 1997).

3.1.3 Inclusion of Customer Contact

Additionally, the degree of customer contact experienced by employees is anticipated to influence the extent of market-oriented actions. Its inclusion is pivotal to understanding how market-oriented behaviours translate throughout an organisation. Previously, few studies included such a focus, preferring to target marketing and senior management teams. The few that considered differences across business functions contrast marketing with operations in manufacturing firms (e.g., Kahn, 2001) or focus on those with close customer contact in studies of sales force and customer orientation (e.g., Harris, 2000b; Langerak, 2001).

To sum, the study of the psychological contract between employee and employer, the learning agility of the employee and level of customer contact may influence whether employees choose to behave in a market-oriented fashion. The following sections anchor these constructs in social-psychological theory and connect them to market-oriented actions.

3.2 Using Social Exchange Theory to Understand Workplace Relationships

This section establishes the importance of Social Exchange Theory (Roloff, 1981) as a foundation for understanding the psychological contract between employer and employee. Specifically, this discussion considers how the provision of resources and ensuing obligations are matched with the interests of each party and characterize the psychological contract between managers and subordinates.

Many researchers view communication as a social or symbolic exchange. (Roloff, 1981) integrated previous theories of social exchange, to arrive at important principles of social exchange, summarized in Table 3. Discussing the principle of

interdependence, Thibault and Kelley (1959) suggested that outcomes are influenced by both the personal needs of the individual and the actions of the other party in the relationship. Individuals in relationships must make choices that consider expected behaviours of their relationship partner, but also accept a certain degree of outcome uncertainty. People can evaluate the quality of relationships through a comparison process based upon prior relational experiences. This may lead to actions reinforced by previous rewards (Homans, 1961). People may place so much value on the relationship, that they will act in a way that they previously believed to be disadvantageous, for example, employees may forgo an opportunity for promotion so that they can continue to work with certain coworkers (Blau, 1964). Throughout this comparison process, both parties act in ways to ensure that the relationship fulfills their own individual needs, or self-interests (Walster, Berscheid, & Walster, 1976). To meet these individual needs, individuals exchange valued resources, creating reciprocal feelings of obligation (Foa & Foa, 1974).

Table 3: Integration of Social Exchange Theories

Theorists	**Theoretical orientation**	**Theoretical basis**	**Basis for Social Exchange Concept**
Thibault and Kelley (1959)	Game Theory analogy	Outcomes arise from interdependence and fulfilment of personal needs	Interdependence
Homans (1961)	Operant exchange	Stimulus leads to behaviour, reinforcement creates exchange	Rewards
Blau (1964)	Economic exchange	Emergent properties, e.g. behaviours occur in spite of negative reinforcement because relationship worth it	Costs
Foa and Foa (1974)	Resource Theory	Developmental, rule-based process leads to exchange	Resources, obligation, reciprocity
Walster et al. (1976)	Equity Theory	Behaviour depends on how rewards are distributed	Self-interest

Integrating the social exchange theories identified in Table 3, Roloff (1981, p. 21) arrived at a definition of social exchange as "the voluntary transference of some object or activity from one person to another in return for other objects or activities". Augmenting this concept of a social exchange, Roloff and Campion (1985) discussed norms of reciprocity that are central to social exchange. Reciprocity involves the obligation to return similar resources. This notion of equivalence implicitly acknowledges that members may differ in judgement of what constitutes a resource, and awareness of the obligation. Consequently, relationships are not always balanced from the perspective of each member. Roloff and Campion (1985) also suggested that exchanges occur gradually, with increased intimacy and frequency of communication. Over time, increased information shapes shared behavioural expectations that allow each partner to predict the other's behaviour.

Blau (1964) distinguished a social exchange from an economic exchange on a variety of dimensions. Consideration of the differences between economic and social exchange (summarized in Table 4) highlights the tacit nature of information exchange. Market-oriented behaviours involve the ability to recognize and share information within the firm. The exchange of information is social in nature, and requires a level of trust and obligation not required in a simple economic exchange of resources.

Table 4: Social Exchange versus Economic Exchange

Economic Exchange	**Social Exchange**
Specific obligations	Unspecified obligations
Specified time frame	Unspecified timeframe
Bargaining	No bargaining
Belief in the legal system	Trust
Impersonal	Create feelings of personal obligation, gratitude and trust
Rate of exchange well-defined	Rate ill-defined (how to measure "tit for tat")
Value of exchange can be detached from individual	Cannot separate value of exchange from individual

This summary of social exchange theory provides a basis for the development of theory surrounding the nature of the psychological contract between employers and employees. Social exchange theory and its parent exchange theories (described in Table 3) pose practical research problems (Anderson & Schalk, 1998). For example, they require an understanding of the needs and expectations of both relationship members and their level of agreement. Additionally, social exchange constructs are anchored in the present, and do not capture potential future treatment by the employer (Rousseau, 1989a; Coyle-Shapiro, 2002). Rousseau (1989a) narrowed the concept of exchange to a one-sided perception of the psychological contract, based upon an individual's beliefs about mutual obligations. The psychological contract considers both present inducements and future obligations (Coyle-Shapiro, 2002). The following sections describe this view of the psychological contract and highlight implications for development the market orientation of an individual.

3.3 Exchanging Promises and Obligations through a Psychological Contract

The psychological contract reflects expectations of role boundaries, shared by employer and employee, creating obligations to each other. Rousseau (1995) notes that the psychological contract is characterized by:

- subjective perceptions (individuality and uniqueness),
- a dynamic nature,
- mutual obligations, and
- a situated reality (contractual meaning is tied to the context of the relationship).

Psychological contracts may be transactional, which bear some similarities to economic exchange, or relational. The differences between these two perspectives are summarized in Table 5.

This dissertation focuses upon the relational contracts between employees and employer. The long-term nature of relational contracts permits a focus upon long-term strategic implications for firm-value. Employees who experience a fulfilled relational contract are less likely to seek employment elsewhere (Cavanaugh & Noe, 1999), and are more likely to produce higher performance outcomes, including organisational citizenship behaviour (Organ, 1988; MacKenzie, Podsakoff, & Ahearne, 1998; Coyle-Shapiro, 2002). Organisational citizenship behaviours are discretionary behaviours on the part of an employee that promote the effective functioning of an organisation.

Table 5: Transactional versus Relational Contracts

Dimension	**Transactional**	**Relational**
Focus of contract	Extrinsic (economic)	Extrinsic and intrinsic (economic and emotional)
Inclusion	Partial	Whole person
Time frame	Specified	Open-ended
Formalization	Written	Written, unwritten
Stability	Static	Dynamic
Scope	Narrow	Pervasive
Tangibility	Public, observable	Subjective, understood

Source: Adapted from Figure 4.1 A continuum of contract terms in Rousseau (1995, p. 92).

The psychological contract reflects an obligation in response to a promise. The individual's perception is key to understanding this promise (Rousseau & Tijoriwala, 1998). The employee experiences multiple contracts, with different stakeholders in the organisation. For example, a different psychological contract exists between employee and customer and employee and management. This may create competing demands upon the employee (Eddleston et al., 2002). An employee's customer orientation reflects the

psychological contract between the employee and the customer, as opposed to the psychological contract between employer and the employee. The reciprocal influence of the employer on the employee represents a psychological contract, moderated by factors external to the parties. This dissertation focuses upon employees' perception of their psychological contracts with the employer (communicated through the relationship with a manager).

Rousseau (1995, p. 34) theorized that the psychological contract is a product of both "external messages and social cues from the organisation or social setting and the individual's internal interpretations, predispositions, and constructions". These messages are communicated through behaviours such as overt statements, observation of the treatment of others, expressions of organisational policy, and social constructions (references to history or reputation). Social cues are received from coworkers and managers, and reflect the influence of modeling or observational learning (Bandura, 1986).

The psychological contract envisions the exchange of promises between employee and organisation. The organisation provides inducements in the form of wages, fringe benefits, nature of the job, and working conditions (March & Simon, 1958). These inducements are realized when employers fulfill their obligations, and can be differentiated from anticipated or future obligations (Coyle-Shapiro, 2002). Obligations require that the employee trust the employer to deliver them at some point in the future. When that trust is present, the employee responds with increased involvement (Paul et al., 2000; Coyle-Shapiro, 2002).

3.4 Developing Market Orientation Obligation within Psychological Contracts

Anderson and Schalk (1998) described renewed research interest in the psychological contract, noting observable changes in both content and context. The contract has shifted, becoming more flexible and unstructured. Employees must assume responsibilities previously considered to be outside of normal job expectations, such as innovation, entrepreneurship, training and career development. Extra responsibilities are studied within the framework of organisational citizenship or extra-role behaviours (Organ, 1988). Researchers demonstrate links between fulfillment of the psychological contract and extra-role behaviours (Blancero et al., 1996; Blancero & Johnson, 2001; Coyle-Shapiro, 2002) and conversely, between contract breach and anti-citizenship behaviours (Kickul, Neuman, Parker, & Finkl, 2001).

Anderson and Schalk's (1998) discussion of the changing contract reflects the shared expectation of these responsibilities, and indicates a re-categorization of behaviours from extra-role to in-role. Rousseau (1995) maintains that individuals voluntarily enter into a psychological contract, and choose whether they will fulfill an obligation. However, although there may be a voluntary element about the process, a feeling of "obligation" implies no choice for a conscientious person. The rationale for this viewpoint can be found in research on attitudes and cognitive dissonance (Festinger, 1957; Salancik, 1977). Cognitive dissonance occurs when a person's beliefs, feelings and behaviour are inconsistent with each other. Consequently, tension or dissonance occurs that can only be resolved by aligning these perceptions. If behaviours are not market-oriented, yet employees feel obligated to be market-oriented, then the employees are

likely to reframe their belief so that they rationalize why they are, in fact, not obligated to be market-oriented.

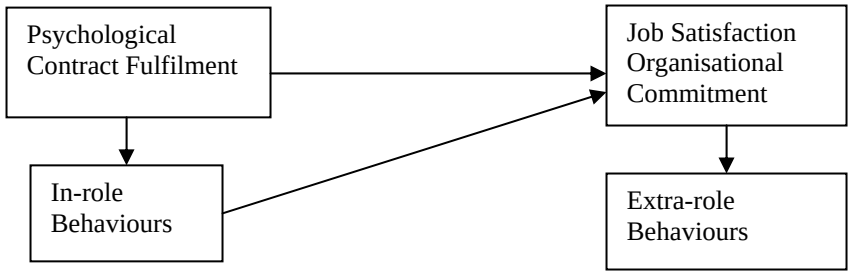
This argument is relevant to the market orientation – firm performance linkage. In many positions, market orientation may be considered to be extra-role behaviour, reflecting employees who exceed organisational expectations by actively seeking out market information, disseminating it to relevant people in the organisation, and facilitating a reaction to it. In contrast, market-oriented behaviour is an explicit part of sales and marketing roles. Consequently, the expectation of market-oriented behaviour might differ according to distance from customer and job function. However, it is important for successful firms to consider market orientation every employee's responsibility (Vorhies & Harker, 2000), and to create shared expectations of market-oriented behaviour. These shared expectations may be based on the culture or the general strategic orientation of the firm (Farrell, 2000; Harris & Ogbonna, 2001b; Gray et al., 2003).

Shared expectations clarify the employee's understanding of market-orientation, introduce obligation into the content of the contract, and elucidate a reciprocal relationship between the actions of the employee and employer. Employees who are satisfied with their jobs and committed to the organisation are more likely to perform extra-role behaviours (MacKenzie et al., 1998). In contrast, if tasks are viewed as expected in-role behaviours, employees are more likely to become more satisfied and committed upon task completion. (MacKenzie et al., 1998). For example, in order to carry out their core job, sales and marketing employees must actively canvass for market information whether they feel satisfied or not. The fulfillment of this job duty will

increase their satisfaction. However, employees in areas such as finance or operations who are dissatisified or uncommitted are unlikely to perform discretionary behaviours with regard to market information. Figure 3 demonstrates these relationships.

The fulfillment of psychological contracts relates positively to job satisfaction and organisational commitment (Robinson & Rousseau, 1994; Turnley & Feldman, 2000; Coyle-Shapiro, 2002). However, when managers communicate high expectations of market-oriented behaviours in all job functions, they more directly influence an employee to practice market-oriented behaviours. Thus, theoretically, employers more easily stimulate individual market-oriented behaviour through the realignment of the psychological contract. There is no need to try to influence intangible outcomes such as job satisfaction and organisational commitment.

Figure 3: Psychological contract – employee outcome linkage



The connection between market-oriented attitudes and behaviours can also be informed by other psychological theories of attitude. For example, the Theory of Reasoned Action has connected attitudes to behaviours (Fishbein & Ajzen, 1975). Fishbein and Ajzen (1975) discuss how an individual's salient beliefs are integrated to form an overall attitude. They argue that general attitudes will predict only general behaviours, but specific attitudes will predict specific behaviours. This dissertation builds

upon previous research in attitudes and proposes that market-oriented attitudes are connected to behaviours and both are important to understand and measure. More specifically,

> **H1: Employees who feel obligated to be market-oriented will exhibit more market-oriented behaviours than employees who do not feel obligated to perform market-oriented behaviours.**

3.5 Psychological Contract Fulfillment

The psychological contract explains the reciprocal feeling of obligation sparked when an individual does a favour for someone else. A favour implies obligation: "I scratch your back, you scratch mine". Therefore, my action creates your obligation. For example, when an employer exhibits a tendency to share information with the employee and other employees, the employer creates a reciprocal obligation, so that the employee is more likely to respond by sharing information. This obligation, combined with the object of the action, (sharing information with each other) demonstrates market orientation resulting from the psychological contract.

This reciprocity also supports the notion of equity or fairness, that is, the expectation of an "equal" give and take creating a balanced equity ratio (Adams, 1965). Using this equity ratio, Adams (1965) described how perceptions of fairness strongly affect attitudes and behaviours. Fairness provides a cognitive explanation for different causes and outcomes of psychological contract breach (Pate, Martin, & McGoldrick, 2003) and thus is essential to perceptions of psychological contract fulfillment.

A fulfilled contract indicates a match between the expectations and obligations of each party. However, this might mean that neither party places much value on the

relationship and although it is fulfilled, it is not a very successful relationship over the long-term. Therefore, a high quality, fulfilled contract might better represent a successful relationship. A high-quality relationship requires a foundation of trust (e.g., Lewicki & Bunker, 1996; Robinson, 1996; Flaherty & Pappas, 2000) and has been connected to market orientation in customer relationships (Helfert et al., 2002) and manufacturer-retailer relationships (Bigne & Blesa, 2003). Trust supports the willingness of the employer to delegate to the employee thereby creating an atmosphere of increased autonomy. When given autonomy, employees are more likely to act in market-oriented ways (Harris & Piercy, 1999).

The psychological contract can also be connected to market orientation when fairness, trust and fulfilled employee expectations create higher organisational commitment (Guest & Conway, 1997). Commitment resulting from fulfilled contracts is linked to employee knowledge sharing attitudes and behaviours (Hislop, 2003) and more specifically, market-oriented behaviours (Zhang, Delbaere, Bruning, & Sivaramakrishnan, 2004). Recent empirical work, both quantitative (Zhang et al., 2004) and qualitative (Llewellyn, 2001), demonstrates this link between employee knowledge sharing and contract fulfillment. The qualitative study, conducted in a large telecommunications company, found that fulfilled psychological contracts encouraged the provision of internal customer services whereas breached contract precipitated service delivery problems (Llewellyn, 2001).

These arguments and research support the following hypothesis:

H2: The higher the quality and fulfillment of employees' psychological contracts, the more likely employees feel obligated to perform market-oriented behaviours.

3.6 Individual Learning Agility

An organisational learning orientation is composed of three dimensions: shared vision and experience, commitment to learning and open-mindedness (Sinkula, Baker, & Noordewier, 1997; Baker & Sinkula, 1999; Liu, Luo, & Shi, 2003). The most basic form of organisational learning, adaptive or single loop organisational learning, "occurs within a set of recognized and unrecognized constraints (i.e., the learning boundary) that reflect the organisation's assumptions about its environment and itself" (Slater & Narver, 1995, p. 64), based on (Argyris, 1977; Senge, 1990). Even such basic adaptive learning will produce incremental innovation when combined with a strong market orientation (Baker & Sinkula, 1999). Organisational level market orientation reflects innovation and dynamism because it stimulates new ideas, learning and market reaction through increased information acquisition and dissemination. Similarly, an organisational learning orientation sustains competitive advantage through innovation (Atuahene-Gima, 1996; Han et al., 1998; Hurley & Hult;, 1998). There are synergies between the two orientations because higher order learning is necessary to prioritize and act on important market information and to discard information that has become obsolete.

Levitt and March (1988) outlined four traditional sources of organisational learning: 1) learning by direct experience; 2) interpretation of history (reflecting shared perspectives); 3) retrieval of knowledge from organisational memory (using established communication channels and routines); and 4) learning from the experience of others.

Farrell (2000) found that top management emphasis and value placed on learning-oriented behaviours of individuals developed the learning orientation of a company. This indicates that organisational learning orientation builds upon the learning agility of individual employees. An additional source of organisational learning arises as individuals with learning agility pursue mastery goals (Bell & Kozlowski, 2002; Cho, 2002).

An extension of organisational level theory to the market orientation of individuals reflects the dynamism of the individual learning process. The correct way of acquiring information necessary to complete a task varies with the frequency, heterogeneity and causal ambiguity of a task (Zollo & Winter, 2002). For example, sometimes it is appropriate to learn by doing, whereas at other times it is more appropriate to share and to formally record the information. Individuals with a learning agility tend to persist in spite of failure, pursue more challenging tasks, and use more complex learning strategies (Bell & Kozlowski, 2002). These adaptive learning behaviours and mechanisms are important factors shaping the dynamic knowledge-management capabilities required for an individual to be market-oriented. Managers who value learning approach key events as opportunities to learn (Perkins, 1994), but only about 10% of the organisational population is believed to display a learning agility that produces colossal results (Williams, 1997).

The learning agility of an individual also involves openness to experience and commitment to learning. The psychology literature connects individual learning agility to personality traits or disposition. Personality is studied extensively using the Five-Factor Model of extraversion, conscientiousness, agreeableness, neuroticism and openness to

experience (Digman, 1990). The factor of "openness to experience" includes intellectual curiosity and is related to learning (e.g., Salgado, 1997). Learning agility at the individual level prompts individuals to set goals based on mastering and obtaining knowledge (Bell & Kozlowski, 2002). This knowledge-seeking disposition should aid in the completion of market-oriented tasks, such as acquiring information. Thus,

H3: The more employees demonstrate a high learning agility, the more likely they feel obligated to perform market-oriented behaviours.

3.7 Role-based Differentiation in Individual Market-Oriented Practices

Employees fulfill various job duties in organisations. Roles require different skills and abilities, some narrowly focused, some broad. Therefore, some employees may have access to more market information than other employees do, and this shapes their degree of information generation. Other employees work in coordinating roles that enable them to develop strong inter-functional networks and enhance their response capability. These differences in job duties shape differences in their expectations and practice of market-oriented behaviours.

The degree of closeness to the customer or other external market forces may create differences in employee psychological contracts. Internal, administrative staff functions may consider themselves quite removed from the external market, and be unable to translate external meaning to their own jobs. Managers may unconsciously support this inference if they emphasize how internal employees with a market orientation exceed job expectations. In response, internal employees may be more likely to consider market-oriented behaviours as extra-role, and beyond the expectations of their psychological contracts.

Role-related differences in the perceptions of market-oriented obligations might also stem from the type of people drawn to various organisational roles. In the Five Factor Model of Personality (Digman, 1990), extroversion reflects an individual's tendency to draw energy through interaction with external sources. Researchers conclude that extroversion is strongly related to success for people in managerial and sales positions (Barrick & Mount, 1993). A market orientation depends upon the acquisition of external information and indicates that an individual who draws personal energy from external sources would be more likely to exhibit market-oriented behaviours. Therefore, the type of people who excel in job functions with frequent customer contact may be predisposed to adopt market-oriented behaviours.

Additionally, front line customer contact and sales employees are more likely to believe that market-oriented behaviours form an expected part of their jobs because acquiring and disseminating market information also form extrinsic (economic) parts of their psychological contracts. For example, sales people are often compensated through sales commissions that directly relate to the ability to compete for and meet customer needs.

In sum, Hypothesis 2 suggests that employees will feel more obligated to perform market-oriented behaviours when they experience high quality fulfilled psychological contracts. The psychological contract is partially based upon the employees perceptions of both in-role and extra-role obligations, and these perceptions are grounded in their position and experiences within the organisation. This supports the moderating influence of closeness to the customer. Additionally, an argument exists for a more direct relationship between closeness to the customer and market-oriented behaviours.

Regardless of the state of the social contract, the employee is still a party to an economic contract with the employer (differences between social and economic contracts are highlighted in Table 4). Obligations to interact with customers form a part of the economic contract for some front-line employees but not for other, more administrative roles. Thus,

H4: The higher the direct customer interaction, the stronger the proposed relationship between the quality and fulfillment of employees psychological contracts and their perceptions of obligations to perform market-oriented behaviours.

H5: The higher the direct customer interaction, the more employees feel obligated to perform market-oriented behaviours.

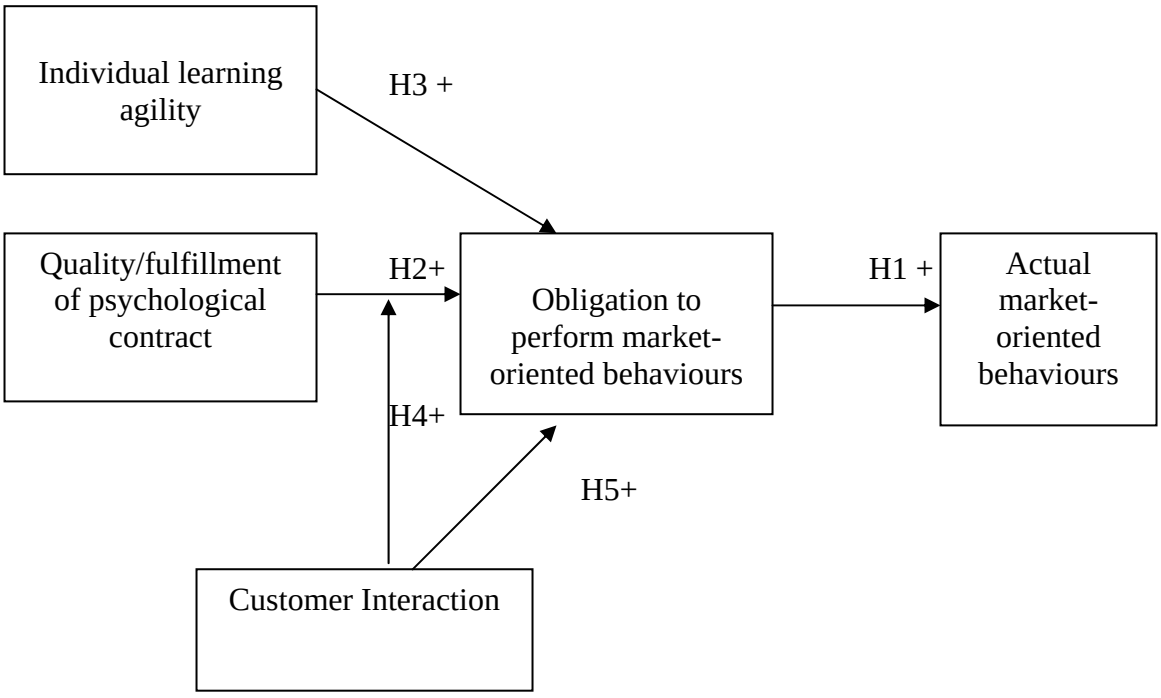
3.8 Shaping Market-Oriented Behaviours through Interpersonal Influences

Figure 4 depicts the research model of interpersonal behaviours and individual market orientation. The model indicates social influences that shape employee market-oriented behaviours. An important element of this model is the emphasis on employee perceptions. Although this emphasis creates challenges for empirical testing by increasing the possibility of bias, perceptions are key to understanding attitudes and behaviours arising out of the psychological contract (Rousseau & Tijoriwala, 1998).

In the framework, employee market-oriented attitudes (feelings of obligation) and behaviours are dependent variables. The model implicitly assumes that individual market-oriented behaviours will lead to outcomes of value for the firm, such as contributing to the firm's overall market orientation and consequently to the firm's

performance. As noted previously, the literature has demonstrated these outcomes (e.g., (Celuch et al., 2000; Harris & Ogbonna, 2001a; Langerak, 2001).

Figure 4: Conceptual Framework of Interpersonal Influences on the Market Orientation of Individuals



3.9 Conclusion

This chapter described how employee perceptions of the fulfilled psychological contract, learning agility, and employee expectations of market-oriented behaviours are connected to actual market-oriented behaviours. The development of hypotheses with this dependent variable, market-oriented behaviours, allows us to make a practical, more testable connection. Such a focus on behaviours, as opposed to a general market orientation of the individual, will provide answers to companies wishing to positively influence market-oriented behaviours throughout their organisation. It broadens potential

firm and management actions promoting market orientation, to the consideration of intentional management actions and employer fulfillment of psychological contract conditions. In this way, the limitations associated with trait-based individual market orientation (limiting the organisation's influence to recruitment processes) are minimized. The creation and validation of an individual market orientation measure follows in the next chapter.

4 Method

4.1 Research Objectives

The research method considers four main research objectives. That is, to

1. Identify the market-oriented behaviour of individuals,
2. Develop and test the psychometric properties of a scale of individual market-oriented behaviours,
3. Understand the circumstances that prompt employees to consider market-orientation an obligation of their psychological contract, and
4. Determine whether this obligation is conducive to market-oriented behaviours.

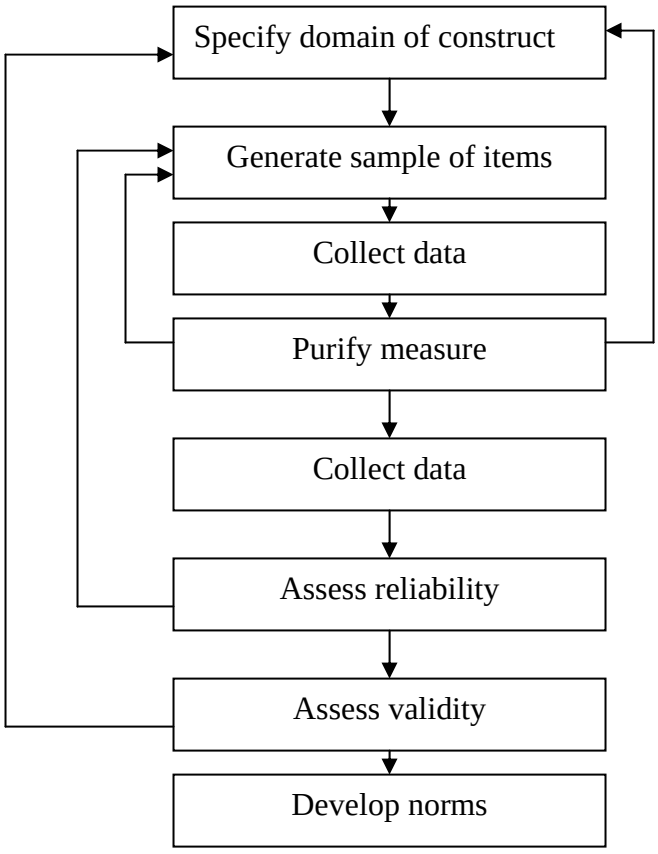
In this chapter, a measure of market orientation at an individual level is developed using procedures recommended by Churchill (1979). First, this research describes current market orientation scales used in the literature and how they relate to the domain of the market orientation construct. Then the qualitative and quantitative methods used to develop a measure of the market orientation of an individual are described.

4.2 Developing a Measure of Market Orientation at the Individual Level

This research develops a scale measuring the market-oriented behaviour of the individual using Churchill's (1979) measure development process. Figure 5 depicts Churchill's suggested procedure for developing better measures. Encouraged by the greater use of structural equation modeling in data analysis, Churchill's approach is widely used in the marketing literature in spite of its heavy reliance on data over theory (Rossiter, 2002). However, Churchill's focus upon Cronbach's Alpha creates problems when developing a multidimensional, emergent construct (Rossiter, 2002). Therefore

other researchers advocate even greater use of factor analysis and structural equation modeling (e.g., Gerbing & Anderson, 1988). Per Flynn and Pearcy (2001), in this thesis, Cronbach's Alpha and exploratory factor analysis are used simultaneously to make more complete decisions about item retention or elimination. The scale is also reviewed for validity by practitioner and academic experts, as recommended by Hardesty and Bearden (2004). Thus, this research builds upon Churchill's method and includes improvements in the process recommended by others.

Figure 5: Suggested procedure for developing better measures



Source: (Churchill, 1979)

Initially, a search of the literature identified the domain of the construct and generated a sample of items. This sample was refined through interviews and focus group discussions. Subsequently, using methods advocated by Hardesty and Bearden (2004), financial services industry practitioners who participated in focus groups were asked to appraise item appropriateness. Academic experts who had actively researched in the field of market orientation were asked to validate the scale. Upon making a decision to focus the research on the financial services industry, this new version was vetted with five financial services industry practitioners. In order to understand whether the instrument was generalizable outside of the financial services industry, the instrument was passed to 20 employees working for a manufacturing company. Subsequently it was determined that the questionnaire was better suited to the financial services industry than to manufacturing. The final test of the measure was a cross-sectional web-based survey across the North American financial services and insurance industry. This research plan is reflected in Table 6.

4.3 Specify the Domain of the Construct

Kohli and Jaworski (1990) defined market orientation as "the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation-wide responsiveness to it" (Jaworski & Kohli, 1993, p.54). At the individual level, this definition is adapted to reflect characteristics of individual employees. The market orientation of individuals reflects the attitudes and behaviours of employees as they acquire, share, and respond to market intelligence. As described earlier, there is little consideration of market orientation from the perspective of the individual employee.

Thus, discussion of the construct domain will build upon definitions and measures at the organisational level.

Table 6: Summary of data collection and analysis

Stage	Sample Size	Sample composition	Purpose
General Scale Development	n/a	Literature review	Establish Construct Domain (Churchill, 1979; Hinkin, 1995; Rossiter, 2002)
Interviews - Executives	12	Company A	Establish Construct Domain (Churchill, 1979) (Creswell, 1998)
Interviews - Distributors	10	Company A Independent Agents	Establish Construct Domain (Churchill, 1979) (Creswell, 1998)
Focus Group - Employees	5 groups (2 supervisory, 2 non-supervisory, 1 mixed)	Company A	Establish Construct Domain (Churchill, 1979) (Creswell, 1998)
Review of Aggregated Survey Instrument	28	Company A	Purify Measure (Churchill, 1979) Face and content validity (Hardesty & Bearden, 2004)
Pre-test – expert validation	17	Marketing orientation academics	Scale purification (Churchill, 1979) Face and content validity (Hardesty & Bearden, 2004)
Pretest – expert validation	5	Customer Practitioners (distributors)	Scale purification, face and content validity
Pretest – generalizability	20	Packaging Industry	Scale purification, face and content validity
Main Test –web survey	100 Canadian 60 U.S.	Cross-sectional financial services industry	Purification and dimensionality: EFA, CFA Scale reliability: Cronbach's alpha Convergent validity: correlations Nomological validity: structural equation modeling

4.3.1 Market Orientation Construct Domain at the Organisational Level

Current scales, measuring market orientation at the organisational level, inform this research. The literature contains diverse definitions and measures of market orientation (described in Table 7). Table 8 includes a description of advantages and disadvantages of each scale. The two most prominent measures are Kohli et al. (1993) and Narver and Slater (1990). Both are more than ten years old. As noted in the previous

chapter, there seems to be general agreement that market orientation should include aspects of customer and competitor orientation, and a sharing of information. However, the MKTOR measure (Narver & Slater, 1990) reflects a strong customer orientation although it in theory it purports to measure competitor orientation as well (Gauzente, 1999).

Table 7: Market Orientation Domain (Statements in italics are examples of scale items)

Authors	**Dimensions and Scale Item example**
Narver and Slater (1990) 15 items	Customer orientation *We closely monitor and assess our level of commitment in serving customers' needs.* Competitor orientation *In our organisation, our salespeople share information about competitor information.* Interfunctional coordination *We share resources with other business units*
Deng and Dart (1994) 33 items	Customer orientation Competitor orientation Interfunctional coordination Profit emphasis
Helfert et al. (2002) 12 items	Relationship Management Tasks 1. exchange activities (fulfillment of relationship partner needs, either product/service related or person-related) 2. inter-organisational coordination (either through formal rules or informal influence), 3. utilization of constructive conflict resolution mechanisms (to settle exceptional situations), and 4. adaptation (to meet special needs or capabilities of partner).
Kohli et al. (1993) 20 items	Intelligence generation: *We are slow to detect changes in our customers' product preferences.* Intelligence dissemination: *Marketing personnel in our business unit spend time discussing customer's future needs with other functional departments*. Responsiveness: *For one reason or another we tend to ignore changes in our customers product or service needs*.
Homburg and Pflesser (2000) 78 items	Values supporting market orientation Norms for market orientation Artifacts indicating high and low market orientation Market-oriented behaviours (12 items adapted from (Jaworski & Kohli, 1993)

Subsequent scale development relied substantially on these two seminal scales and did not reflect significant advancement of the theory (Farrell, 2000). This inertia may actually reflect a general consensus amongst researchers on the domain of the construct.

That is, the market orientation construct may be viewed as a combination of both the breadth of its coverage (including general market focus) and the depth of its coverage (the three behavioural dimensions of collecting, disseminating and sharing/responding to information).

Table 8: Comparison of Market Orientation Measures

Author, Market orientation Measure	**Advantages**	**Disadvantages**
MARKOR (Kohli et al., 1993)	• 20 items • behavioural • broadly used • best used to assess organisational phenomenon (Gauzente, 1999) • temporal language, so can be used to assess firm's potential (Gauzente, 1999)	• Poor psychometric properties (Gauzente, 1999; Farrell, 2002)
MKTOR (Narver & Slater, 1990)	• More generalisable across cultures, countries, groups, industries (Mavondo & Farrell, 2000) • 14 items • behavioural • broadly used	• content analysis indicates checklist approach, strong CO focus that doesn't match theory • does not consider stakeholder or cultural dimension (Gauzente, 1999)
Deng and Dart (1994)	• Wider scale – includes profit orientation, but is this valid theoretically?	• Profit orientation is a consequence of market orientation (Farrell, 2002) • Long scale (33 items)
MORTN (Deshpande & Farley, 1998)	• 10 item (most parsimonious)	• Items focus on customer, ignore critical behaviours for creating superior value for customers (Farrell, 2002)
Gray et al. (1998)	• 20 items	• Empirical development instead of theoretical • Order effects, demand bias
Rueckert (1992)	• Behavioural • Seems to be the broadest in terms of cross functional application (Farrell, 2002)	• Not broadly used

Researcher consensus has helped to differentiate market orientation from other related strategic orientations. In general the research community considers a profit orientation to be an outcome of a market orientation (Farrell, 2000). Most researchers do not accept Deng and Dart's (1994) extension of the domain of the construct to include a profit emphasis. A profit orientation is more of an internal focus of the company, focusing upon the internal play of resources and rents. Additionally, the market orientation domain does not extend to a learning orientation because it does not focus upon new learning and evolution of strategies, nor to a knowledge management orientation and internal relationship marketing because market orientation focuses upon acquisition of knowledge external to the firm. Thus, the domain is well-bounded from those of allied concepts in the literature.

Researchers have attempted to create more parsimonious scales. For example, Jaworski and Kohli's (1993) original 32-item scale was later trimmed to 20 items (Kohli et al., 1993). To test their multiple-layer model of market orientation organisational culture, Homburg and Pflesser (2000) refined the Kohli et al. (1993) 20-item MARKOR measure to a 12-item uni-dimensional measure ($\alpha = .71$). This allowed them to discriminate behaviours from other levels of culture. There are also multiple attempts to progress by combining scales, such as Gray et al. (1998) and Dobni and Luffman (2000). However, the Dobni and Luffman (2000) combination resulted in a 61-item measure that is impractical to administer.

The most frequently used operationalisations of market orientation are behaviourally based (e.g., Narver & Slater, 1990; Kohli et al., 1993) or at least contain

subcomponents of behaviours (e.g., Homburg & Pflesser, 2000). Recent construct development has also focused upon behaviours, or more specifically, relationship management tasks (Helfert et al., 2002), although measured with low reliability ($\alpha = .68$).

The relationship management tasks included in Helfert et al. (2002) reflect the value marketing places in customer and inter-organisational relationships. Market orientation is a construct measuring external focus, and internal coordination of such externally-focused values and behaviours. Thus, relationship management skills represent an important part of the inter-functional coordination or knowledge sharing, and contribute implicitly to the firm and employee's abilities to acquire and disseminate information.

4.3.2 Individual Level Construct Domain

The individual level market-orientation construct builds from the domain established for the organisational level. There is a need to measure behaviours at an individual level because employees must take responsibility to build firm market orientation through their own actions. Internalization of values comes with recognition and fulfillment of obligations, demonstrated through the links between the psychological contract, and organisational commitment and intention to remain employed at the firm (Rousseau & Schalk, 2000).

Individual level boundaries must reflect the ability and motivation of each employee to contribute in a market-oriented way. These contributions may include their dispositions, attitudes and most tangibly, their behaviours. The customer orientation literature was reviewed to identify scales that would enhance organisational level market orientation scales. The customer orientation scale (Brown et al., 2002) and customer

mind-set scale (Kennedy et al., 2002) describe individual level attitudes and behaviours directed at the customer, although a number of these items are arguably "motherhood statements". For example, respondents might find it socially unacceptable to answer negatively to "It is critical to provide value to my company's customers" (Kennedy et al., 2002). Additionally, the interpersonal demands of the individual level domain warrant a consideration of customer-based relationship management tasks (Helfert et al., 2002).

4.4 Generating a Sample of Items for the Individual Level Measures

Initially, a search of the literature identified the domain of the construct and generated a sample of items. Based on the conceptualization discussed previously, market orientation at an individual level consists of practices oriented toward the customer, competitor and other aspects of the external market. According to Hinkin (1995), sound measure development is contingent upon a clear link between the scale items and the theoretical domain. Thus, initial items were generated with guidance from the extant market and customer orientation literatures, as well as knowledgeable academics and practitioners. Items from the two seminal organisational-level market orientation measures (Narver & Slater, 1990; Kohli et al., 1993) and individual level customer orientation (Brown et al., 2002; Kennedy et al., 2002) and relationship measures (Helfert et al., 2002) were included. Table 9 depicts these input sources. Appendix B contains the unrefined list of scale items, and the reliabilities for the original scales.

Items were modified if they contained terms that might present interpretational problems across operations and divisions. Items from the scales were rephrased to reflect individual level market orientation. For example, **"**In this business unit, we do a lot of in-

house market research." was replaced with "My actions stimulate in-house market research." The adapted list of items is attached in Appendix C.

Table 9: Input Scales used to derive Individual Measure of Market Orientation

Scale	Contribution	Limitation
MKTOR (Narver & Slater, 1990)	Breadth of coverage	Requires further content analysis, organisational level
MARKOR (Kohli et al., 1993)	market orientation, behaviours	Organisational level
Customer Orientation (CO) (Brown et al., 2002)	CO, individual level behaviours	CO only, specific to customer contact staff
Customer Mind-Set of Employees (Kennedy et al., 2002)	CO, individual level behaviours	CO only
Relationship (Helfert et al., 2002)	Relationship management tasks augmenting acquisition, dissemination and responsiveness dimensions	Provides only partial understanding of dimensions, organisational level, specific to mgmt of inter-organisational relationships

4.4.1 Context of the Exploratory Research

The exploratory study was undertaken with a large Canadian-based financial services company highlighted as one of the top 50 workplaces in Canada. A financial services organisation was chosen because the elevated importance of the consumer makes it important for a customer or market orientation to be present at all levels of the organisation. "As an active participant in the service "performance" the consumer interacts with personnel, the service script and supporting tangibles in a manner that does not occur in a product marketing context. (McNaughton, Osborne, & Imrie, 2002)" Therefore, competitive advantage is more likely to come from intangible factors that contribute to the firm's unique capabilities (McNaughton et al., 2002). A service organisation relies heavily upon all frontline service employees to provide service quality (Zeithaml, Berry, & Parasuraman, 1988). Although frontline service employees may be in either marketing or non-marketing roles, much of the research has focused on the marketing area. Financial services organisations combine an interesting mix of marketing

and non-marketing frontline service employees. Additionally, the services sector accounts for up to three-quarters of the GDP of developed countries (Gray et al., 2003).

Using an aggressive acquisition strategy, Company A has become one of the largest insurance companies in Canada, exhibiting superior earnings capabilities. Previously, the company was known for its strong connection to distributors (independent financial services representatives). However, this image suffered as the company experienced many strategic and operational changes subsequent to its mergers and acquisitions.

Many of its competitors had discontinued a distribution strategy involving independent agents and increased control over distributors through the employment of "captive" agents. The subject company decided to distribute its product solely through independent agents. As agents were free to sell the products of competitors, it was crucial to maintain strong ties. In this industry, agents play an important part in the consumer buying decision because consumers rely on the agents' expert advice to make product and company choices.

A year prior to the study, senior executives decided to re-launch a market-oriented relationship strategy targeted at their distributors. Unique in the industry, and viewed by senior management as a competitive advantage, the Agency Call Program (ACP) provided a good context for the current research. The strategy had been a building block of the company's objectives to stay in touch with customer and distributor needs. It was designed to facilitate the exchange of market-based information through the development of relationships with important distributors. This program required selected employees throughout the organisation to make regular phone calls to selected distributors.

Following the phone call, the employees relayed information via email to senior executives.

4.4.1.1 Interviews and Focus Groups

Information obtained through interviews and focus groups augmented the content of the list of items. This research stage involved 42 employees at all levels of this large national financial services company and 10 of its distributors/customers.

First, one hour interviews were conducted with twelve executives from various functional areas. Polkinghorne (1989) recommends that a sample of 5 to 25 informants should be interviewed to provide adequate qualitative information. Through interviews, an understanding developed of the expectations and support for market-oriented behaviours in each functional area (i.e., marketing, underwriting). Executives varied in their support of the agency call program (ACP), giving mixed messages regarding the tradeoff between "core" duties and market-oriented duties. Later, this knowledge of intra-organisational culture and dynamics helped the focus group facilitator to understand the perspectives of employees who participated in the focus groups.

Five focus groups (30 management and non-supervisory employees in total) were conducted in the two Head Offices of the company (located in Eastern and Central Canada). The focus groups occurred over a two-month period, and were evenly split between Eastern and Central Canada. Where possible, management were separated from non-management employees to avoid pressure on employees. Two researchers facilitated the focus groups, directing the discussion and noting intra-group verbal and non-verbal communication. Each two-hour session was audio-taped or videotaped and later

transcribed. In total, the sessions generated about 150 pages of transcripts. Table 10 profiles focus group demographics.

Participants were chosen who differed in their participation in and commitment to the program, including those actively making calls or not making calls, vocal or not vocal, long-term or short-term, and differing tenure and companies of origin. The gender distribution in each group roughly reflected the gender distribution of these positions in the company and the industry as a whole (four women for each man in the employee focus groups). Although many participants were underwriters, others were claims adjusters, customer service representatives, support services representatives, training and development co-ordinators, actuaries, and marketing representatives. They came from all business streams, including individual, group, life insurance, pensions, disabilities, investment products.

Similar scripts were used to direct the discussion in the focus groups and interviews (attached in Appendix D).

Table 10: Composition of Focus Groups

For All Groups	Group 1	Group 2	Group 3	Group 4	Group 5
Employee Level	1 manager 1 supervisor 2 underwriters	4 managers, 3 supervisors	3Underwriters, Mkt research specialist, IP CSR, Training Coord	5 managers 2 supervisors	3 underwriters, 2 very senior professionals
Areas	National Accounts	Customer service, new business, IP, administration,	Market research, underwriting, HR/Mktg, customer service	Retail new business, life customer service, cash mgmt	Underwriting, actuarial, new buisness
Region	Toronto	Toronto	Halifax	Halifax	Toronto
Level	Mixed	Management	Non-management	Management	Non-management
Number of Words	7948	9348	9142	6298	4727

The data were analysed to identify issues that were important to stakeholders. The data were transcribed, and then manually re-sorted into categories. These categories included the three dimensions of market orientation (information acquisition, dissemination and interfunctional co-ordination of response), expectations of callers, agents and senior management, value assessments such as when was a call effective, and why/why not would employees make the calls, or perform other market-oriented activities. Review of verbal (word frequencies and streams of conversation surrounding the use of common words across groups) and non-verbal communication patterns in the focus group discussion revealed other, more spontaneous themes.

In addition to quantitative observations relating word frequencies, more qualitative aspects were considered with respect to group dynamics, length of time spent on a vein of discussion, revival of topics upon the entrance of new participants and the level of agreement/disagreement on the topic. These were recorded and discussed by the facilitator(s) after the session. The primary facilitator was also responsible for transcribing the audio and video-taped recordings and was able to note additional group dynamics. Table 11 highlights examples of group dynamics observed in each session. These group dynamics were important to the interpretation and weighting of focus group discussion. For example, group one exhibited symptoms of Groupthink (Janis, 1982) that appeared to suppress open co-operation. Consequently, the discussion videotape was carefully scrutinized to pick up muted signals.

Focus group discussions provided information regarding the views of both middle management and non-supervisory employees. Word context and frequencies were tabulated from the employee focus group data. Analysis of the interview data was

approached using methods generally accepted by psychologists in the phenomenological tradition, by sorting into common processes and content (Polkinghorne, 1989; Creswell, 1998). Opinions of executives in the interviews were compared to opinions of their staff participating in focus groups. Later, data from agent/distributor interviews were compared to the data from the focus groups.

Table 11: Group Dynamic Assessment

Focus Group	Group Composition	Non-Verbal
1	The manager of the area and 3 direct reports. Three women, one man.	Manager – strong presence, introduced each discussion and summed each discussion point for group. Few disagreements in the group. The group felt isolated from the rest of the organisation, felt they should be treated differently. Common dislike of the ACP – newest employee expressed some belief in its value but was quickly silenced by the others.
2	Combination of supervisors and managers. All report to same operational executive responsible for the ACP. All women.	All knew each other, but were in different areas of the business. Appeared to work closely together and know what each other's responsibilities were. Supervisors were quite outspoken. Differing views between supervisors and managers, but amiable.
3	Varied corporate functions and some underwriting. Most report to different executives and not to the executive responsible for the ACP. Five women, one man.	Most did not know others in the group. Free discussion but much agreement. As a check, when one participant entered halfway through a discussion, she was asked her opinion prior to hearing what the others had discussed. Her opinion was not influenced by prior group dynamics but still matched.
4	Managers and supervisors – different lines of business. Most report to different executives and not to the executive responsible for the ACP. Six women, one man.	Many knew each other and were used to inter-functional coordination. Full participation in group discussion by all members.
5	Senior professionals and underwriters. All report to same operational executive responsible for the ACP. Four women, one man.	Three underwriters worked closely together. Sat together in the session. Expressed united views on topics. Other two professionals did not know each other, nor the underwriters. Expressed individual views. Very diverse, often bipolar views among the entire group on every topic.

As focus groups provide a rich source of verbal and non-verbal interaction between participants, it was important to establish word context. Streams of discussion

were analysed in order to understand level of agreement and interest levels (length of time spent discussing topic). Length of time was assessed as the interviews were transcribed, in terms of time/number of words. Issues significant to employees emerged from these streams.

Market-oriented behaviours identified in the focus groups and interviews reflected both formal (proscribed and scheduled) and informal behaviours within the control of the individual. This list was compared and integrated with the list generated from previous research.

The final stages of qualitative data collection involved interviews with 10 agents across Canada. Their input established the value of different market-oriented behaviours to target "customers", who were in this case, external agents/distributors. Agents were asked to provide examples of employee behaviours that provided value, their expectations of executive and other employees. They were also asked to comment about the content and competitiveness of the company's service and products. They provided opinions regarding the specifics of the Agency Call Program (caller, content, value and receiver issues).

The Vice President, Operations, selected a stratified convenience sample of 15 agents. The sample included independent agents who either represented or had the potential to represent large blocks of business. Because of the increased importance of relationships with these agencies, they were officially targeted by the Agency Call Program. However, the sample was chosen to reflect both agencies who actively responded to these calls, and those who did not. Multiple attempts to reach these agents resulted in seven telephone interviews, two face-to-face interviews and one email

interview. Of the 10 agents interviewed, nine were principals (the owner of the agency) and one was an administrator. There were eight men and two women. The agents were located in western, central and eastern Canada.

4.5 Scale Purification

The original list of scale items was reviewed to ensure that it captured items and topics raised in these interviews and focus groups. This reinforced content validity, or the degree to which the items of the measure represented a proper sample of the theoretical content domain of the market orientation construct (Nunnally & Bernstein, 1994). The review did not result in a larger measure because the 71-item measure (Appendix C) already encompassed the behaviours discussed by focus groups. However, as no items were discarded in this stage, the measure remained quite large and potentially non-discriminating. Therefore, the scale was exposed to various purification procedures.

Research conducted by Hardesty and Bearden (2004) found that expert judges enhance scale reliability and validity and indicated that any research using new, changed or previously unexamined scale items, should at minimum be judged for face validity (the degree to which items reflect what they are intended to measure) by a panel of experts. Thus, scale development includes the opinions of industry practitioner experts who perform these behaviours, followed by researcher experts who publish in the field of market orientation.

4.5.1 Purification Pretest #1: Industry Practitioners

The 71 scale items noted in Appendix C were screened by the original employee focus groups and interviewees. Participants included 28 representatives from various

sales and support functions and many different jobs and levels. At the close of each focus group session, participants were presented with the list of scale items and asked: “If you were trying to measure a person’s market orientation, which items would you include? Maybe include? Not include?” Respondents were given 20 minutes to note their preferences on the hard copy of the list. They were also encouraged to note suggestions to improve wording or include additional items.

Responses were entered into an Excel spreadsheet and analysed for inter-rater agreement. Hardesty and Bearden (2004) suggested that the opinions of all judges (“sumscore”) be used to identify scale items. This eliminates the need for complete agreement on inclusion or exclusion of the item. Converting the “include, maybe include, and don’t include” to numerals, average ratings were calculated to establish items of agreement. All items with averages of “do not include” were discarded. Response variances for averages reflecting “maybe include” were examined. Items were included that reflected greater heterogeneity of response, that is where participants disagreed; some strongly including the item, some excluding it. This added discriminatory value to the scale by avoiding motherhood statements and focusing upon items that contained high response variation.

The scale was further refined by 1) keeping existing scales together where possible, 2) excluding items from different scales that overlapped in coverage, 3) maintaining the theoretical domain of the construct (acquisition, dissemination of information and inter-functional coordination of response), and 4) ensuring items reflected personally accountable behaviours.

Information was collected from executive, middle management and non-supervisory employees. This diversity of the sample shaped a similar variety in their views. Although executives guided corporate culture with their expectations, they were removed from the daily job behaviours of the people below them in the hierarchy. In contrast, non-supervisory employees were often frontline employees who dealt with business partners and customers but lacked an understanding of the "big picture". Middle managers were closely in touch with the activities of the people they supervised and were more likely to understand both the "big picture" and the specific activities needed to achieve it on an individual level. Thus, averages were calculated for different positions, but with special consideration of the opinion of middle management. The three perspectives also provided the ability to triangulate the data.

The next iteration included items if they were viewed as actions within the control of participants and discarded items that were not phrased clearly at the individual level, or items that reflected department level responsibilities instead of personal responsibilities. The purification process (explained in detail in Appendix E) resulted in the retention of 26 items, and the deletion of 45 items from the original list of 71 items.

4.5.2 Purification Pretest #2: Academic Researchers

A second pretest of the scale considered the opinion of market orientation researchers. Email contact information for 64 internationally published market orientation researchers was compiled. These researchers were solicited via email for their advice on the face and content validity of the 26 remaining items. Seventeen responses (27%) were received, from researchers spanning eight countries and four continents. Four researchers

were from Europe, four from Australia and New Zealand, eight from North America, and one from Asia.

The type of feedback solicited and received was open-ended. The experts were sent a formatted scale that reflected perceptions (do) and expectations (should) and applicable anchors. They were asked to provide open-ended feedback on the appropriateness of the instrument. The scale and their feedback is noted in Appendix F.

The expert feedback was sorted by item, and aggregated. General, higher level feedback was categorized into themes surrounding the development of the instrument, and the data collection process. Although attention was focused upon these themes, all feedback was carefully considered and responded to. This resulted in the elimination of 6 items, and created a 20 item scale (Appendix G).

4.5.3 Purification Pretest #3: Second Practitioner Review

After the comments of academic experts were incorporated into the scale wording, five industry practitioners reviewed the instrument. The five were a convenience sample of agency principals, and had not yet been exposed to the scale items. They distributed products for a number of companies, three operating as independent agents, and two as captive agents. As they were unfamiliar with previous iterations of the scale, they confirmed its clarity and meaningfulness to financial services employees. A distributor perspective also provided valuable insights because as marketers and sales people, they were focused upon the customer.

This review resulted in the rephrasing of the scale response categories for more meaningful discrimination as recommended by Viswanathan (2004). Original response anchors were: 1) not at all; 2) slightly; 3) somewhat; 4) moderately; 5) to a great extent

Participants suggested five meaningful categories: 1) never; 2) almost never; 3) sometimes; 4) often; 5) almost always. The same response was used for both obligated and actual market-oriented behaviours.

4.6 Review of Generalizability

Although the Financial Services industry plays a key economic role and provides ample opportunity for practical research contributions, a preliminary assessment of the generalizability of the scale outside financial services industry was conducted. Twenty employees from a large international beverage company reviewed the instrument. Similar to firms in the Financial Services Industry, this company also sold its products through an external distribution network to the end consumer. The sample represented most of the management team for the plant, who agreed to participate in exchange for team development workshops facilitation.

These employees were supervisors and managers at a water bottling plant. Sixteen were male, four were female and their levels of education differed, with 20% achieving post-secondary education, and 80% with high school education. Respondents supervised shift lines for packaging line workers, forklift drivers, and filling line workers. Therefore they were all in non-marketing functions, and most rarely interacted with distributors. However, it was crucial for this company to maintain strong relationships with and meet the needs of its distributors. The organisation also involved all employees in the promotion of their bottled water by sponsoring local events and providing discounted product to employees.

Respondents were asked to assess the 20 item measure and note any areas of confusing or inappropriate terminology. In response to their input, a paragraph was added

to the final scale with specific instructions on scale use and clarification of the terms "customer" and "distributor".

4.7 Confirmatory Study: Assessment of Validity and Reliability

In the final stages of this research, data were collected to assess scale validity and reliability. Diverging slightly from Churchill (1979), a domain sampling approach was not undertaken in the earlier studies of this dissertation. Instead, earlier item retention decisions were made using input from practitioner and academic experts, resulting in the deletion of 45 items. This approach resulted in a theory driven construct and built upon the dimensions established in the market orientation literature. The process also relied heavily on both content and face validation.

The final measure development stages utilized one sample for both factor analysis and structural equation modeling. The small size of the sample precluded the ability to split the sample, although it meets power requirements and provides sufficient observations for factor analysis and structural equation modeling techniques. The following section describes the sampling procedure, the attempts to increase the response rate, and analysis of response bias.

4.7.1 Context of the Study

The main empirical test of the measure involved a cross-section of North American insurance and financial services companies. As noted earlier, the services sector plays a significant economic role. This choice provided the opportunity to evaluate differences between customer contact employees and administrative staff and between front line employees from non-marketing and marketing areas. Additionally, the service

sector sample enhanced knowledge of market orientation, as many of the original market orientation studies used samples drawn from the manufacturing sector (McNaughton et al., 2002). There is evidence that market orientation is central to the competitive success of service organisations (McNaughton et al., 2002) and has a significant impact on the success of a service innovation project performance (Atuahene-Gima, 1996).

4.7.2 Sampling Frame

Online insurance association membership lists provided contact information for a cross-section of employees across many financial services organisations and functional areas. Initially limited to Canada, the solicitation was expanded to the United States to increase the number of responses. The Canadian sampling frame included 656 members of the Canadian Life Underwriters Association (CLU) and LOMA (FLMI Society). The U.S. sampling frame included 1260 members of the North American Health Underwriters Association (NAHU), Insurance Accounting and Technology Professionals (IATP), Group Underwriters Association of America (GUAA), and the Society of Financial Service Professionals (SFSP). Approximately 400 members of the U.S. societies were discounted because they were insurance brokers or health insurance company employees. 500 U.S. surveys and 200 Canadian surveys were undeliverable because they were blocked by company and network spamguards and other delivery restrictions or because the mail address was incorrect. Therefore, the real sampling frame size was estimated at 456 Canadian individuals and 360 U.S. individuals.

4.7.3 Measurement

The independent variables measured include the psychological contract (employer inducements, employee promises), learning orientation, and distance from the customer The dependent variables are employees' expectations of their obligation to perform market-oriented behaviours and their perceptions of their actual market-oriented behaviours.

4.7.3.1 Psychological Contract Fulfillment

The state of the psychological contract was measured using a shorter version of Rousseau's (1990) widely accepted scale, adapted by Gallo and McNaughton (2003) In their study, participants were asked to 1) rate the extent to which the employer has made obligations with respect to the participant's job (12 items, $\alpha = .8620$) and 2) to assess the extent to which the participant has made obligations to the employer (12 items, $\alpha = .9210$). Additionally two composite items assessing the overall fulfillment of commitments from each perspective are used in this study to validate the results of the first and second sections of the scale. The scale wording is attached in Appendix H, items coded PCER 1 to 12 and PCEE 1 to 12.

Researchers measure psychological contract fulfillment in a variety of ways. Some choose to consider expectations and obligations as continuous variables and calculate the difference between them (e.g., de Vos, Buyens, & Schalk, 2003). This approach considers the mutuality of the construct (Dabos & Rousseau, 2004: the level of agreement on specific contract terms) and the need to consider equity in the measurement of relationships. There is some support for this operationalization, because previous researchers have linked perceptions of employer inducements to employee promises (de

Vos et al., 2003). However, this assumes that the behaviours noted in the scale form reciprocal parts of the same social exchange. This assumption may not reflect the expectations of all employees. Although it considers the match between employer and employee contributions, it does not provide practical insights into the desired level of employer and employee behaviours. Additionally, this gap may not measure longer-term strategic behaviours. It might be short-term because if high level employment relationship perceived to be unequal, then employee will seek to iron out the inequality in some way (Adams, 1965), potentially by leaving the organisation.

In contrast, a different approach separates responses into a quadrant and considers both the match and the level of contributions and promises (shown in Figure 6). This approach was previously used in the study of psychological contracts, for example by Wang, Tsui, Zhang and Ma (2003). In their study, Wang et al. (2003) found that it was the combination of high rankings for both employer and employee contributions that was critical for firm performance.

Figure 6: Psychological Contract Fulfilment

		Employee Promises	
	HI	LO	HI
Employer Contributions		HI/LO	HI/HI
	LO	LO/LO	LO/HI

By separating cases into these quadrants using indicator coding, it is still possible to evaluate the match between employer expectations and employee contributions. Additionally, a better understanding of the level of each behaviour is achieved. In this dissertation the parameters for high and low expectations and contributions were divided

at the sample median. The median ratings for employer contributions (median = 3.83) and employee promises (median =4.33) were calculated.

1. MEDHILO = unfulfilled contract, employer contributions > 3.83, employee promises < or = 4.33
2. MEDLOHI = unfulfilled contract, greater employee contributions, employer contributions < or = 3.83, employee promises > 4.33
3. MEDLOLO = fulfilled low rated contract, employer contributions < or = 4.33, employee promises < or = 4.33
4. MEDHIHI = fulfilled highly rated contract, employer contributions > 3.83, employee promises > 4.33

4.7.3.2 Market-oriented Obligations and Actual Behaviours

Fishbein and Ajzen (1975) argued that general attitudes will predict only general behaviours, but specific attitudes will predict specific behaviours. The more components (action, target, context, time) match, the higher the projected correlation between attitude and behaviour (Worchel, Cooper, Goethals, & Olson, 2000). Therefore this research uses matched and continuous measures of market orientation obligations and actual market-oriented behaviours. Employee perceptions of their obligations to perform market-oriented behaviours were assessed by asking participants to rate the level of their agreement with items on the individual market orientation scale, preceded by "I should…." The items are noted in Appendix H, coded as MO 1 to 20 (should) and MOB 1 to 20 (do).

This approach required simultaneous measurement of employee expectations and perceptions of actual market-oriented behaviour. Although questions of bias may arise,

this is a method that has been commonly used in marketing scales such as with SERVQUAL, a widely used measure of service quality (Parasuraman, Zeithaml, & Berry, 1988; Parasuraman, Zeithaml, & Berry, 1994).

Continuous measures are more useful in the context of the present research than a comparison of the gap between them. Their usefulness is explained using the Theory of Cognitive Dissonance (discussed in Chapter Three), which describes the inevitable alignment of a person's beliefs, feelings and behaviour (Festinger, 1957; Salancik, 1977). When behaviours are not market-oriented, yet employees feel obligated to be market-oriented, then the employees are likely to reframe their beliefs so that they rationalize why they are, in fact, not obligated to be market-oriented. Consequently, the gap might represent only short-term motivational issues, or possibly ability (resources and skills) in the longer term. The gap provides a diagnostic tool for organisations to identify areas where additional resources are needed, but may not represent employee individual differences, such as learning agility and distance from the customer.

4.7.3.3 Validation Items

The averages of two items measuring relationships with customers and distributors were used to validate the market orientation scale. An example is "I am primarily interested in satisfying my company's customers." These items are coded as REC 1 to 2 and RED 1 to 2 in Appendix H.

The psychological contract measure of employer responsibilities was validated using the average of two items measuring how much employers had lived up to their promises. For example, "Overall my employer had fulfilled his promises to me". The measure of employee responsibilities was validated using the average of two items

measuring how committed employees were to the organisation. A sample item is: “In general I don’t live up to my promises to my employer.” These items are coded as PC 2 to 3 and PB 1 to 2 in Appendix H.

4.7.3.4 Individual Learning Agility

Individual learning agility was measured using a 7-item learning agility instrument used to screen masters degree applicants at the Centre for Business, Entrepreneurship and Technology, at the University of Waterloo. This instrument was adapted from (Perkins, 1994) and is noted in Appendix H (items coded LO1-LO7).

4.7.3.5 Distance from the Customer

Both distributors and premium payers are considered customers within the Financial Services Industry. Therefore distance from the customer was measured in two ways:

1) The question: How often do you interact with customers? (multiple times daily, daily, weekly, monthly, rarely, never)
2) The question: How often do you interact with distributors? (multiple times daily, daily, weekly, monthly, rarely, never).

A dichotomized variable representing the hypothesized moderator, distance from the customer, was created. This involved averaging the results for customer contact and distributor contact frequencies into one variable (CONTACT). Then the variable was dichotomized at the median of the distribution (median = 2). As the parameters were 1-multiple times daily, 2 – daily, 3 – weekly, 4 – monthly, 5 – rarely, and 6 –never, this created a logical splitting point in the construct. The first two categories represented

frequent contact, whereas the last 4 categories represented infrequent contact. In this way, each respondent's value for CONTACT was categorized as either frequent or infrequent.

This dichotomy simplified the analysis without compromising the utility of the measure. When translating results for practical use in the workplace, the specification of the number of contact times in a period is very contingent on specialized circumstances, and it is sufficient to distinguish between frequent and infrequent contact. However, it was important for respondents to note the number of times when surveyed, to decrease potential perceptual differences in response (as recommended by Rossiter (2002))

4.7.4 Data Collection

An email summarized the objectives and benefits of the research, provided contact information, confirmed that the research adhered to university ethical standards (e.g., assuring that it was anonymous and voluntary), and urged potential respondents to participate by clicking on a link to the data collection website. The entire survey instrument is attached in Appendix H. Participants entered their responses online and the data were uploaded electronically to a data repository.

This method was chosen because previous researchers found that data collection using the Internet results in fewer missing values than paper and pencil data and provides a similar covariance structure (Stanton, 1998). Anonymous web-based data collection safeguards against coercion and forced responses. Other advantages to using web-based technology include lower costs, wider distribution, automated data entry and faster turnaround times (Roztocki & Morgan, 2002). Response style bias linked to social desirability and shared method bias may result from the collection of self-reported

measures. A web-based survey mitigates these biases because participants are presented with only a few items at a time, with constrained ability to move backward.

4.7.5 Response Analysis

The survey data were collected on the website over an initial period of two weeks. As the survey response rate was less than 40% (refer to Tables 13 and 14), actions were undertaken to eliminate concerns of potential non-response bias (Lambert & Harrington, 1990). Specifically, the response rate was increased by a follow-up email. Unfortunately, a number of companies and employees raised concerns about unsolicited emails, and it was clear that follow-up phone calls would be intrusive. This prompted expansion of the survey to include U.S. companies.

In view of the low response rate, the effect of non-responses on survey estimates, was clearly of concern. Wave analysis provides a way to assess response bias (Creswell, 1994). This analysis assumes that the way that later, second wave respondents answer a survey will be similar to non-respondents. Building on a method suggested by Lambert and Harrington (1990), the composition of the complete sample was compared to first and second wave respondents and (where possible) non respondents in terms of gender, level, region, company. The demographics of the first group of Canadian respondents mirror the second wave of responses.

Additionally the means between the two waves of responses were compared. Combined first wave responses for U.S. and Canadian (80 responses) were compared to combined second wave responses (66 responses) for all indicators on the survey. As there were no significant differences in means (Alph = 0.05), results for the first wave and the second wave are very likely to belong to the same population.

The response rates of 21% Canadian (Table 12) and 15% U.S. (Table 13) were further explored in correspondence with non-respondents. Emails from non-respondents provided varying reasons for the decision to abstain. These reasons (listed in Table 14) are generally comparable between the U.S. and Canadian sample. The two main areas of difference lay in suspicion of researcher motives (much higher in Canada than the U.S.) and language issues (due to French non-respondents in Quebec). This difference reflects the high level of merger and acquisition activity faced by the financial services industry in Canada, and was unavoidable given the nature of an unsolicited email survey. There were also a large number of emails that were blocked by Internet services providers and by corporate IT departments. Overall, the wide variety of reasons given for not filling out the survey mitigates concern for non-response bias.

4.7.6 Missing Data

There were 20 cases missing a large amount of data in the items meant to measure market orientation. There was a smaller amount of other missing data scattered throughout the instrument. The patterns of missing data were examined for randomness by comparing the observations with and without missing data for each variable on the other variables (Hair, Anderson, Tatham, & Black, 1998). Dichotomous variables were formed by replacing valid values with a value of one and missing data with a value of zero. The resulting significant correlations between the dichotomous market orientation variables indicated that the missing data related in pairs of variables. However, most pairs involving other variables (such as learning orientation, psychological contract and demographic indicators) were not significantly correlated. This indicated that the data

Table 12: Canadian Sample Demographics

	Total Responses		Male Responses	% Responses	Female Responses	% Responses	# Companies	East	Ont	Que		West	Other	
1st response	55		24	0.44	31	0.56	12 + indep	1	47	2		4	1	
2nd response	34		13	0.38	21	0.62	16 + indep	3	25	1		5	0	
Total sample	**89**		**37**	0.42	**52**	0.58		**4**	**72**	**3**		**9**	**1**	
Untraceable	9	*												
Total sample	97													
Population	656	**	196	0.30	460	0.70	30 + indep	21	490	64		63	18	
Response rate	0.15	**						0.19	0.15	0.05	***	0.14	0.06	!
Real population (less 200 undeliverable)	456													
Real response rate (prior to missing data)	0.21													
1st no's !!!	23	!!	5	0.22	18	0.78	10 + indep	0	20	2		0	1	
2nd no's !!!	23	!!	10	0.43	13	0.57	10 + indep	2	14	3		3	1	

* Note that 9 more responses were received but demographics not traceable (used "francine" password)
**This includes 200 non deliverable - have not traced male/female split here.
***low - perhaps language issues
! Positioned this survey as Canadian
!! The reasons for not responding varied: time, wrong person, company disapproval -- no consistent reason
!!! “no’s” indicate tally of employees who emailed their reasons for not participating in the survey

Table 13: U.S. Sample Demographics

	Total	Men		Women	
1st Response	25	21	0.84	4	0.16
2nd Response	32	18	0.56	14	0.44
Sample	57	**39**	0.68	**18**	0.32
Untraceable Responses	5*				
Total Sample	**62**				
Original Sampling Frame, less:	1260				
Known undeliverables	200				
AOL restrictions	100				
Earthlink restrictions	100				
Wrong hits (brokers) and health insurance	400**				
Spam control	100				
Real Sampling Frame	**360**				
Real Response rate (prior to missing data)	**0.17****				

* Note that 5 more responses were received but demographics not traceable (used "francine" password)
**The reasons for not responding varied: time, wrong person, wrong industry, wrong role
***Responses are from different companies and many States

were not missing at random for the market orientation indicators, and that there was a potential bias involved in including those cases.

The 20 cases missing large amounts of market orientation data were eliminated from the analysis, decreasing the sample size from 158 to 138 observations. As the rest of the missing data appeared to be randomly distributed and the data set was not large, missing metric data were imputed using a mean substitution. Non-metric missing data were replaced with the most frequent values. This overall substitution rate was at 2%, affecting 45% of the cases. Upon taking all of these issues into account, the overall response rate for the sample was 138 useable responses out of a real sampling frame of 814 or 17%.

Table 14: Reasons for Non-Response

Reason	Canadian Mailings	U.S. Mailings
Time	3	5
Suspicion of or problems related to the electronic data collection process	1	3
Employee suspicion of research Motives (includes inquiries about how contact information was obtained)	31	11
Wrong person		21
No reason	5	7
Ill	1	1
Not allowed by organisation	2*	2
No longer with company	1	8
Culture or language reasons	2	
Complexity of questions	1	1

* correspondence from representatives of 2 companies that actively blocked employee completion of this survey (resulted in 100 blocked)

4.7.7 Examination of the Data

Examination of the data revealed a generally normal appearing distribution with a slightly negative skew for all dependent and independent variables. Data descriptives are shown in Table 15. This skew could not be improved upon through various transformations of the data, and analysis proceeded without transformation. The mean age of the sample was between 30 and 55 years of age. Seventy per cent of the sample were women. The mean tenure with the organisation was approximately five years. More than ninety per cent of the sample were found in 1) underwriting (60 observations) and 2) marketing (39 observations) and 3) other (30 observations). There were 29 executives, 49 middle management, and 60 non-supervisory respondents. More variation existed for contact with customers than distributors but most respondents maintained some level of contact with distributors.

Table 15: Data Descriptives

	Independent	Independent	Independent	Dependent	Dependent
	PCRAV= Average perceived employer contributions to psych contract	PCEAV= Average perceived employee contributions to psych contract	LOAV= Average level of learning orientation	MOAV= Average level of market-oriented obligations	MOBAV= Average level of market-oriented behaviours
Mean	3.74	4.19	4.22	3.74	3.58
Median	3.83	4.33	4.29	3.88	3.70
Mode	5.00	5.00	4.57	3.7	3.55(a)
Std. Deviation	1.01	.70	. 50	.87	.88
Skewness	-.74	-.97	-.90	-.76	-.70
Std. Error of Skewness	.20	.21	.21	.21	.21
Kurtosis	-.09	.44	.84	.23	.04
Std. Error of Kurtosis	.41	.41	.41	.41	.41

4.7.8 Dummy Variables

Indicator coding was used to create dummy variables for the non-metric variable of country (NATCOD) and to simplify the items measuring contact frequency. Indicator coding was also used to represent the psychological contract groupings described earlier. The coding is described in more detail in Chapter Five.

4.8 Factor Analysis

Using SPSS software, Exploratory Factor Analysis reduced the Market Orientation construct into a clearer factor structure (Hair et al., 1998) and identified items with common variance (Rossiter, 2002). The sample size of 138 observations was sufficient to pursue Exploratory Factor Analysis as it exceeds the 100 observations recommended by Hair et al. (1998), and has more than five times as many observations as the 20 items analysed in the measure of individual market orientation.

Examination of Bartlett's test of sphericity (approx Chi-Square 1734.437, df 190, sig. 0.00) indicates statistical probability that the correlation matrix has significant correlations among at least some of the variables. The sampling adequacy was determined to be meritorious, interpreting the Kaiser-Meyer-Olkin Measure (0.925) (Kaiser, 1970) as cited in (Hair et al., 1998, p. 99). Additionally, the Measures of Sampling Adequacy (M.S.A.) for each item were all greater than .86 and the inter-item correlation values were not too high. These findings with regard to the correlation matrix, indicated that further exploration with the factor analysis was warranted.

As previous researchers of organisational level market orientation had identified a multidimensional construct with inter-correlated factors (e.g., Kohli et al., 1993), factors

were extracted using Principal Axis Factoring and an oblique rotation. Three criteria were used to determine the number of factors to rotate: the a priori hypothesis that the measure was composed of the three dimensions found at the organisational level, the scree test, and the interpretability of the factor solution.

Confirmatory Factor Analysis was used to confirm then three-factor solution identified in the exploratory phase. Using AMOS software, different factor solutions were entered and analysed. In addition to methods recommended by Churchill (1979), Confirmatory Factor Analysis (CFA) (using maximum likelihood) was also undertaken to examine the stability of the theorized factor structure, to provide information for measure refinement (Hinkin, 1995) and to establish the uni-dimensionality of the construct (Hair et al., 1998). The small sample size limited the ability to use different portions for EFA and CFA. However, for similar reasons, other studies analysed one sample using both exploratory and confirmatory factoring (e.g., Brashear, Brooks, & Boles, 2004).

Additionally, as the composite market orientation measure was multi-dimensional, Cronbach's Alpha was assessed for each dimension (Hair et al., 1998; Flynn & Pearcy, 2001). As Hinkin (1995) noted, reliability is a pre-condition for validity. Inter-factor correlations and item-to-total correlations were examined to guard against multi-collinearity and ensure that the item and factor solution could not be improved upon.

4.9 Examination of the Relationship Patterns

As discussed earlier, face and content validity of the market orientation construct was established through exploratory studies. Additionally, its convergent validity was examined through its correlations with single item measures of customer and distributor focus and through its relationship with other related constructs (Churchill, 1979).

Structural Equation Modeling (using AMOS software) explored the relationships between the independent and dependent variables. A two way ANOVA was conducted to evaluate the relationship between customer contact, the psychological contract and market orientation. Table 16 summarizes the method of hypothesis testing.

Table 16: Nomological Validation

Hypothesis	**Method of Testing**
H1: Employees who feel obligated to be market-oriented will exhibit more market-oriented behaviours than employees who do not feel obligated to perform market-oriented behaviours.	Test significance of parameters in path analysis of employee perceptions of self-reported behaviour on individual market orientation scale and a) their obligations to perform market-oriented behaviours and b) employee promises to the employer.
H2: The higher the quality and fulfillment of employees' psychological contracts, the more likely employees feel obligated to perform market-oriented behaviours.	Test significance of parameters in path analysis of employee perceptions of their obligations to perform market-oriented behaviours and employee perceptions of psychological contract quality and fulfillment.
H3: The more employees demonstrate a high learning agility, the more likely they feel obligated to perform market-oriented behaviours.	Test significance of parameters in path analysis of employee self-reported learning agility and employee perceptions of their obligations to perform market-oriented behaviours.
H4: The higher the direct customer interaction, the stronger the proposed relationship between the quality and fulfillment of employees psychological contracts and their perceptions of obligations to perform market-oriented behaviours.	Conduct 2-way ANOVA of the differences between customer and distributor contact, psychological contract fulfillment and perceptions of market-oriented obligations.
H5: The higher the direct customer interaction, the more employees feel obligated to perform market-oriented behaviours.	Test significance of parameters in path analysis of employee perceptions of their market-oriented obligations and frequency of customer and distributor contact.

4.9.1 Conclusion

This chapter has explained the methods used to develop and test a measure of individual market orientation. Using Churchill's (1979) measure development method,

development began with an analysis of construct domain, involved several data collection and measure purification stages, and culminated with factor analysis and psychometric testing of the measure. Confirmatory factor analysis and structural equation modeling were used to establish its dimensionality and relationships with other constructs. The next section describes the results of measure development methods.

5 Results

This section describes the results of the various statistical tests used to develop and test the measure of individual market orientation. First, exploratory research is described, consisting of qualitative development of the measure. The next stages in the research utilize quantitative methods of data collection and analysis used to validate the measure.

5.1 Exploratory Research

The exploratory qualitative study conducted with the national financial services organisation provided an opportunity to assess the implementation of a market orientation strategy. This strategy, "the Agency Call Program" was masked as a volunteer effort, but in reality was a program formally mandated by the CEO; eventually becoming connected to employee performance evaluations. This created some resentment among the employees responsible for making telephone calls to agencies, and the phrase "I was volunteered" was a frequent sarcasm. In any case, the program provided a forum to stimulate discussion on all the types of market-oriented behaviours expected and performed by employees throughout an organisation. Although the agency call program consisted of proscribed behaviours, participants were also prompted for other, less formalized ways that they practiced market-oriented behaviours. The following discussion highlights executive views of program objectives and expected employee behaviours. Then a personal profile of successful market-oriented employees is presented. These insights are linked to the constructs discussed in Chapter Three. Specific market-oriented behaviours are discussed and integrated into the scale development process.

5.1.1 Proscribed Market-oriented Behaviours: The Agency Call Program

Most participants agreed that the agency call program (ACP) had value but that significant changes were required. Despite the value perceived in the program, ACP calls occurred inconsistently or not at all. The participants identified problems related to multiple program objectives, implementation, and ongoing procedures. Underlying issues were a mismatch between program objectives and implementation, inconsistent top management support, and inefficient information flows. Table 17 includes quotes that highlight the different executive level objectives for the program. This demonstrates that the implementation of a market-oriented strategy might be coupled with other strategic objectives and expectations in a real-life business situation. All executives viewed the relationship development between the organisation and the agency, and the agency callers and the agent principals/administrators as critical to success. However, they differed in who should be cultivating that relationship. Most believed that it was necessary in principle for employees to be market-oriented. However, the marketing executives still believed that marketing was the best equipped to interact directly with agency/distributors, and in this, were seconded by the operational areas not responsible for the implementation of this program. These traditional views of a "marketing" orientation indicated a need for education as to the benefits associated with a broader "market" orientation strategy.

Table 18 includes the differences in expectations of employees who were participating in the market orientation program. As these employees (also referred to as "agency callers") were from all areas of the company, the executives responsible for each

area were interviewed. The quotes highlight the personal differences in the ways each executive responded to agency call queries and information.

Table 17: Executive Views of Agency Call Program (ACP) Objectives and Value

Executive Area	Program Objective and Value (Quotes from Executive Interviews)
Sales and Marketing Ontario	ACP program as a way to introduce consistent treatment and understanding of customer/distributor across company. Useful, only if it doesn't take time away from core responsibilities
National Accounts Ontario	Usually it becomes a conduit for a problem, now that I have you on the line, can you solve this. We fix that for you – that's great –good. It's redundant because the structure is there to do it. But I don't think there's any thought about what the end result should be. Not a useful program. It's there to make mgmt look good – asking wrong distributors for opinion
Marketing Strategy, Head Office	Provide continuity with agency through caller
Sales and Marketing Ontario	To create consistent customer understanding across company Suggest reduce role conflict by separating agency caller into separate position
Sales and Marketing Western Canada	Increase versatility and confidence Increases knowledge of other jobs and functions Increases knowledge of the challenges of the marketplace Plus Program builds relationships with brokers And gives opportunity to get unbiased feedback without filtering – best feedback when don't have indepth experience and knowledge.
Sales and Marketing, Eastern Canada	What call program does, gives a warm fuzzy - We are the only company to take the time to make calls – shows we care Centers around administration issues rather than sales issues How is the level of service to agency as opposed to how our product stacks up against the competition. So, it can't deal with competition. Marketing can deal with competition and we do a good job.
Sales and Marketing (Quebec)	Tries to ensure that all employees have access to market information
Operations Administration (Head Office B)	It can be helpful to give us an advance warning of something that is going wrong systemically. So you can use the program to appeal to their egos [distributors] by allowing them to talk to people they don't usually get a chance to talk to. It's important that the people in the companies making the decisions are contacting distributors on a regular basis.
Retail Pricing and Design (Head Office B)	I guess the goal of the program is to create familiarity and ease of doing business with between our company and our advisor partners, so the familiarity is by having someone who you talk to regularly, who you have a bit of a relationship with I'm an actuary, so I'm innately skeptical about the ACP to be able to gather market information in its current form, because the ACP is mostly about documenting some of the last sales that they didn't make, as opposed to scientific research in terms of capturing all the sales that they did make. It seems to be a flag more than anything, and a pipeline. I've used it to identify product concerns.
Operations (Head Office A)	This program ensures that we stay close to the agencies that are important. The agents have someone to approach with questions outside the formal loop.
Operations (Head Office B)	If you believe that it's only a relationship tool then intuitively it becomes more uncomfortable because it's really building the relationship between the company and the distributor and they don't have a personal stake. The program helps develop employees.

Table 18: Executive Expectations of Market-oriented Behaviours related to ACP

Executive Area	Executive Expectations of Market-oriented Behaviours related to Agency Call Program (quotes from interviews with different participants)
Sales and Marketing	1. If … it's apparent they've dug a bit deeper and that they have something pertinent to Sales in their report I may respond to that. 2. I think it has to be completely a discovery process, delivered with a lot of empathy and understanding and never losing sight that where the customer is at (that's the distributor) that's the place we need to adjust to. 3. The caller doesn't own solution but they own the communication [they pass it to others for strategic response] no authority to champion major issue 4. For anybody to think they can sit in a tower and turtle, I don't have to worry about the market because the marketing department is down the hall and they'll take care of it, they're just not in the real world. Callers should contact VP directly with questions 5. Callers should contact marketing prior to call to understand specific agent issues. Most people know the West [division] can't achieve greater success on our own - in isolation, so they are empowered to solve the issue. I expect them to go to people directly (resolve issues) unless there's a road block. 6. People who work on inside, their understanding of what happens in outside world. Have to be in the field and experience it to understand it, have to live on commission to understand 7. ACP callers don't know enough to make call. Not enough to ask about what's on the distributor's mind – need a list of issues we want to detect. Callers should have more insights about what's happened with agents so can assess what are the topics most important to agenda
Head Office and Operations Functions	1. The call is not supposed to be a survey, it's supposed to be a two way communication that makes both parties walk away feeling good about the whole thing. So, not much in the way of resolution ….impressions are created. Callers should go directly to the people, they can't add any value by coming to me talk to them about it 2. I expect callers to have an understanding of how the work they do directly influences the advisor. So often here at HO you're so busy making up reports and stuff like that that you sort of think of your job as being related to report numbers. So it's important to have that tied, so how does what I do impact people in real life on the street.Identification only of issues - but unless we want to elevate the amount of effort and resources that are put to the project, I don't think it's fair and that the current allocation environment to expect that they would then have to follow-up on all of these action items. 3. If they are uncomfortable with that question, I expect they'll do some research.

Data suggested that the "response" part of the construct is the most debated part of the program. Callers were expected to obtain information and to share it through the dictated email channels. However, there was less agreement on the type or responsibility for response. In spite of these differences in specifics, executives, employee callers and agencies unanimously agreed that to have value, the program must include a strategic or administrative response to concerns voiced by agencies.

Agency callers, executive, and agencies viewed their time and effort in the Agency Call Program as a valuable investment when the calls reflected the following caller characteristics:

1. Self-efficacy: Employees who participated in market-oriented behaviours believed in their own effectiveness and ability to meet distributor needs. Conversely employees who did not participate, or participated unwillingly, frequently noted that they did not feel comfortable discussing issues outside of their expertise.
2. Curious disposition: Active callers knew how to ask probing questions and had a broad understanding of the organisation (the "who, what, where, and how" extend beyond normal job boundaries)
3. Market orientation of the individual employee: Callers understood that information was important, were willing to share it or even push it through the company, and took some responsibility for responding to the agency.

These characteristics reinforce the importance of dispositional (trait-based) factors when examining market-oriented behaviours at the individual level. In particular, the "curious disposition" prompted the inclusion of a "learning agility" in the nomological testing of the construct.

5.1.2 The Identification of Market-oriented Behaviours

Table 19 indicates market-oriented behaviours identified in the focus groups. Common market-oriented behaviours are separated into tasks that fall within the three dimensions of market orientation (information acquisition, sharing and response). These

behaviours reflect both formal (proscribed and scheduled) and informal behaviours within the control of the individual. The formal behaviours were dictated by the role or organisation and were compensated in that way (for example, the agency call program), whereas the informal behaviours were discretionary. It was important to understand informal behaviours because there has been increased recognition of their value in developing customer relationships (Leek, Turnbull, & Naude, 2004).

As expected, the list of behaviours was complicated by differences in core role responsibilities. Employees could easily offer examples of activities that acquired or disseminated information. However, many did not appear comfortable with behaviours reflecting ownership of strategic response. Even in proscribed activities, such as agency calls, employees resisted the responsibility of championing an issue and resented it when other areas did not follow-up on issues they identified.

Market orientation at the individual level involved many different employee behaviours. Distinguishable from behaviours at the organisational level, they were quite specific to a task or role. When assessing the market-oriented aspects of each behaviour, respondents often offered examples that could fit within multiple dimensions of market orientation. To illustrate, in some cases effective completion of agency calls demanded information acquisition, sharing and response behaviours. This differed from organisational level behaviours because responsibility was not diffused throughout the organisation. Other market-oriented actions, such as access and review of secondary market information, were more easily classified into one category. These classification differences emphasize the different ways that individuals might customize market-oriented behaviours to their

Table 19: Market-oriented Behaviours – Financial Services

Market Orientation	**Type**	**Information Acquisition – what type**	**Information Sharing – with whom and how**	**Strategic Response – individual participation**
Daily interaction with agencies	Informal	Answer directed questions from agency Obtain time sensitive information (breaking news) through grapevine	Share with department and supervisor	Employees respond in their own fields of expertise
Scheduled Agency calls – special program - special information requests	Formal – pull information from agent	Obtain company specific information on: Market Developments Service Customer Needs New Product Reception Obtain personal information from broker to build relationship Obtain competitor information Directed or open-ended questions	Able to reach right person – 1) Need to know organisational contacts/network 2) Need to work outside company hierarchy Transparency of information sharing – 1) Employee willing to enter information into a common repository across functions 2) Employee builds upon previous information	Employee becomes champion Employee experiences need to follow-up with agents Employee experiences need to follow-through with intercompany contacts
Scheduled Agency visits	Formal – primarily push information to client	Build relationships with agents – face to face Give agents a contact person (no black hole) Receive feedback on organisational products and services Obtain personal information about agency	Interfunctional sharing between front-line employees (marketing, claims, underwriting) Interfunctional sharing at all levels	Answer directed questions from agency
Secondary market information – surveys	Informal	Obtain information on general industry developments, market needs Reads environmental scan regularly distributed to all employees	Provides a summary newsletter to employees	
In house paper surveys	Formal	Agent/customer Feedback on organisation specific current products and services		
Participation in industry task groups	Formal	Obtain competitive information informally Exchange wider market information	Communicates larger industry picture to organisational decision-makers	Helps to develop specific organisational platform (where does the company stand) Work together with other organisations to launch coordinated industry response to market event
Networking in professional associations	Informal	Develops relationships with contacts at competitors Obtains competitive based information – not always time-sensitive	Shares information at department meetings Shares information upward to manager	

positions. The underlying similarities noted by grouping them into these common behaviours might hint at the existence of a common latent market orientation construct.

This list was compared and integrated with the list generated from the market orientation literature. The tasks that made up each behaviour were too specific to include, but enhanced understanding of how the behaviours might translate to different roles. Instead, the main categories of behaviours were considered when integrating with the list of items. The importance of the distributor to financial services success was apparent from this study. As a result, the distributor and the customer were both referenced in the list.

5.1.3 Triangulation of data

The final stages of qualitative data collection from practitioners involved interviews with 10 agents across Canada. Their input established the value of different market-oriented behaviours to target "customers", who were in this case, external agents/distributors. The inclusion of customer opinion in the development of items is a key element of a "market-oriented" approach to measure development (Harris, 2003). Distributors were asked how the company compared to its competitors in its market orientation. Nine of the ten participants believed that the company was superior to its main competitors at maintaining relationships and open channels of communication with distributors. However two of the agents noted that it was less aggressive at obtaining information than its competitors in the investment funds markets. All interviewees described frustration with the poorly integrated legacy information systems of the company. These systems were important to the effective dissemination of knowledge throughout the company.

Agents noted that it was important for company representatives to build relationships by practicing market-oriented behaviours, such as sharing information, displaying sensitivity to agent needs, and aligning policies and procedures that reflected these needs. If agent principals (owners of the agency) did not see value in the relationship, then they responded, either asking office administrators to assume responsibility, or by refusing altogether to deal with the company. Effective acquisition of external information relied upon the individual employee's ability to reciprocate by giving internal information to the agent. The following quotes from three of the agents reinforced the need to incorporate items to assess channel relationships, and in particular, relationships with distributors.

> *I don't need friendship, but want to work in tandem, with sympathetic people that see themselves as your friend in the company. They know who you are and what you like.*
>
> *Being kept up-to-date with what's happened and enhancements – marketing materials – this is value*
>
> *Value to me is correct information on the service side: policies, timely information, correct spelling of names. Relationships – it's always good to put a face to a voice, you relate better*

The list of 71 items (Appendix C) was reviewed to ensure that behaviours discussed in focus groups and interviews were integrated. It was determined that the list of items adequately reflected the discussions and no new items were added.

5.2 Purification of the Scale

5.2.1 Purification Pretest #1: Industry Practitioners

Participants in focus groups and interviews were presented with the list of 71 items gleaned from the literature and verified by the qualitative discussions. Appendix E includes the reasons for specific item retention or discard.

5.2.2 Purification Pretest #2: Academic Researchers

A second pretest of the scale considered the opinion of market orientation researchers. Email contact information for 64 internationally published market orientation researchers was compiled. These researchers were solicited for their advice on the face and content validity of the individual market orientation measure. The advice of seventeen researcher respondents helped to anchor the measure in previous and current streams of market orientation research. Their comments are noted in Appendix F.

Feedback was used to remove or alter items that were worded vaguely or appeared to be motherhood statements. In particular, the last section, adapted from Kennedy, Lassk and Goolsby's (2002) Customer Mindset Scale, prompted comments about motherhood statements and the potential for social desirability bias. For example, few people would disagree with items such as "I must understand the needs of customers/distributors", "It is critical to provide value to customers/distributors" and "I am primarily interested in satisfying my customers/distributors". Therefore, although two were retained for validation purposes most of these items were removed from the scale.

Terms specifying a frequency of behaviour (i.e., once per year) were also removed because item wording varied, with only some using specific time frames. Frequencies were usually artifacts of previous scales, and appeared arbitrary in this research because they did not distinguish between more or less market-oriented actions. For example, “Ask advisors at least once a year to assess the quality of our products and services” was changed to “Ask distributors to assess the quality of our products and services.” In this example, the act of talking to agencies was more crucial in determining market orientation than the number of times per year. Thus, based upon the suggestions of many of the researchers, frequencies in item wording were removed.

The comments of academic experts also highlighted choices, such as the risk of being industry specific. For example, industry jargon specific to practices of the company participating in the exploratory stage (such as “advisors” risked making the instrument too company-specific. These terms also specified different financial services distribution channels that could change the interpretation of the items. In response, “advisors” “MGAs” and “agents” were changed to “distributors”. However, examples of situations were retained in the instrument to ensure that employees throughout the organisation, many of whom were not involved in the strategy setting process, would be able to relate and understand question context.

Some experts questioned the methodological issues that might arise by asking for expectations and perceptions of actual behaviour in the same instrument. A recommendation was made to rephrase the expectations and perceptions in completely different ways, but the comparison of differently worded constructs might introduce different meanings and change the the attitude-behaviour relationship (Fishbein & Ajzen,

1975). Additionally, the order of the questions (listing the "should" immediately before the "do") was questioned because respondents spontaneously answer questions based upon their answers to previous questions (Simmons, Bickart, & Lynch, 1993). However, the use of insulator items was considered and discarded because 1) the instrument would become too lengthy and 2) recent empirical research (e.g., Teas & Laczniak, 2004) has not supported the use of insulator items to reduce context effects. Thus, questions were retained in order and worded in the same way for greater clarity.

Finally, suggestions to both discriminate from, or to include other measures were considered. In this area there was the most diversity of opinion. Some experts questioned the appropriateness of current organisational level market orientation instruments because of the theoretical ambiguities described in the literature review of this thesis. Other experts suggested that existing individual level scales might be adequate. Many of the suggested scales had already been reviewed when assembling the questionnaire. Although some scales incorporated aspects of customer orientation, there was no scale that measured all dimensions of market orientation at the individual level. However, at this stage, items from the Selling Orientation – Customer Orientation scale, developed by (Saxe & Weitz, 1982) were compared and some concepts integrated into the final scale. For example, "Try to help distributors achieve their goals" was added to the scale (Appendix G).

5.2.3 Second Practitioner Validation

After the comments of academic experts were incorporated into the scale wording, five industry practitioners reviewed the instrument. The content of the measure

was viewed as useful to practitioners with only scale anchors changed to enhance meaning (described in Chapter Three).

5.2.4 Review by Employees External to Financial Services

A final review was conducted to assess the generalizability of the scale outside financial services industry. Managers provided insights that helped to clarify references to "customer" and "distributor" and the following paragraphs were added to the final instrument:

> *The following questions refer to customers and distributors. In this survey, a "customer" refers to the individual that pays the premium, whereas a "distributor" refers to an independent or captive sales agency, managing general agent, producing general agent, or other business partners that deal directly with the customer.*
>
> *For each item in the following section please answer first whether you feel obligated to do this (I should) and then whether you actually do this (I do). For example, when your manager or company has informally communicated this expectation, or your own experiences have highlighted its importance, you would reflect this by ranking the item highly on "I should". However, if you don't actually do this action (perhaps because you don't have enough resources, time, or just have personal reasons for not wanting to do it) then you would answer "I do" relatively lower on the scale.*

Similar to the Financial Services industry, this company also sold its products through an external distribution network to the end consumer. Both managers and supervisors found the wording of the measure awkward and limited. In particular, supervisors were unsure of the meaning of many items. This might reflect a lack of market orientation in the firm, or less educated participants than Financial Services professionals. It also indicates that the supplier-distributor relationship differed from that in Financial Services. In any case, this highlighted the need to define distributors and

customers and to provide directions about how to fill out the expectations and perceptions part of the survey.

5.3 Establishment of Scale Validity and Measurement of Theorized Relationships

The main empirical test of the measure involved a cross-section of North American insurance and financial services companies. The sample was factor analysed using Exploratory and Confirmatory Factor Analysis, and then patterns of relationships with other constructs were modeled using Structural Equation Modeling. The key to the Construct Coding is found in Table 20. Items are coded on the final version of the questionnaire in Appendix H.

Table 20: Construct Coding

Construct Operationalization	**Code**
Learning agility Scale	LO
Market Orientation Behaviours	MOB
Market Orientation Obligations	MO
Relationship with Customers - Validation	REC 1 - 2
Relationship with Distributors - Validation	RED 1 - 2
Psychological Contract – employer contributions	PCR
Psychological Contract – employee contributions	PCE
Psychological Contract – relationship validation (employer)	PB 1 - 2
Psychological Contract – relationship validation (employee)	PC 2 - 3

5.3.1 Exploratory Factor Analysis

Both market-oriented obligations and behaviours reflect a structure dominated by the first factor, information acquisition. However, Exploratory Factor Analysis revealed different factor structures for the scales of market-oriented obligations (“should”) and the market-oriented behaviours (“do”). Three factors were identified for the market-oriented behaviours “do” scale (Table 21). These factors closely mirrored factors observed at the organisational level. In contrast, EFA identified two factors in the “should” scale; the first incorporated aspects of information acquisition and sharing, the second involved strategic

response. A third potential factor was identified for the item: "Ask distributors to assess the quality of our products and services." Although this "third" factor had an Eigenvalue over one, it was discarded for systematic and structural reasons. From a structural perspective, its reliability is questionable because only one item with a structural coefficient greater than .4 in the pattern matrix represents the third factor. The content of the item emphasized systematic differences between roles and functions. Table 22 reflects the results of the EFA for the "should" scale.

5.3.2 Confirmatory Factor Analysis

In addition to methods advocated by Churchill (1979), Confirmatory Factor Analysis (CFA) (using maximum likelihood) was also undertaken to examine the stability of the factor structures identified in the EFAs and to provide information for measure refinement (Hinkin, 1995). The small sample size disallowed the splitting of the sample for different statistical testing and validation, making it necessary to use the same sample for EFA and CFA. However, for similar reasons, other studies analysed one sample using both exploratory and confirmatory factoring (e.g., Brashear et al., 2004).

5.3.2.1 Actual Market-oriented Behaviours

In analyzing actual market-oriented behaviours with CFA, the expected three-dimensional model was compared to the two factor model (based on the EFA for market-oriented obligations), to a single-factor first order model, and to a single-factor second order model with three dimensions. The fit statistics for each model are shown in Table 23.

Table 21: Three Factor Market-oriented Behaviour (Pattern Matrix)

Item	Factor		
	1 Information Acquisition	2 Strategic Response	3 Information Dissemination
MO2 Ask distributors to assess the quality of our products and services.	.928		
MO1 Interact with agencies to find out what products or services customers will need in the future.	.816		
MO6 In my communication with distributors, periodically review the likely effect of changes in our business environment (e.g., company mergers and acquisitions) on customers.	.812		
MO5 Take responsibility to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my communication with distributors.	.744		
MO3 Talk to or survey those who can influence our customers' purchases (e.g., distributors).	.697		
MO12 Review our product development efforts with distributors to ensure that they are in line with what customers want.	.647		
MO7 Participate in informal "hall talk" that concerns our competitor's tactics or strategies.	.642		
MO4 Collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).	.583		
MO18 Try to bring a customer with a problem together with a product or person that helps the customer to solve that problem.		.779	
MO17 Try to help distributors achieve their goals.		.776	
MO19 Respond quickly if a distributor has any problems with our offerings		.671	
MO15 Take action when I find out that customers are unhappy with the quality of our service.		.598	
MO20 Jointly develop solutions for customers with members of our customer / advisor relationship team.		.422	
MO8 Participate in interdepartmental meetings to discuss market trends and developments.			.693
MO10 Let appropriate departments know when I find out that something important has happened to a major distributor or market.			.678
MO14 Coordinate my activities with the activities of coworkers or departments in this organisation.			.585
MO13 Pass on information that could help company decision-makers to review changes taking place in our business environment.			.563
MO16 Communicate market developments to departments other than marketing.	.404		.506
MO11 Communicate with our marketing department concerning market developments.			.488
MO9 Try to circulate documents (e.g., emails, reports, newsletters) that provide information on my distributor contacts and their customers to appropriate departments.			.442

Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization

Table 22: Two Factor Market-oriented Obligations (Pattern Matrix)

Item	Factor		
	1 Information Acquisition and Dissemination	2 Strategic Response	3
MO5 Take responsibility to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my communication with distributors.	.876		
MO6 In my communication with distributors, periodically review the likely effect of changes in our business environment (e.g., company mergers and acquisitions) on customers.	.821		
MO11 Communicate with our marketing department concerning market developments.	.819		
MO16 Communicate market developments to departments other than marketing.	.798		
MO8 Participate in interdepartmental meetings to discuss market trends and developments.	.784		
MO4 Collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).	.782		
MO12 Review our product development efforts with distributors to ensure that they are in line with what customers want.	.774		
MO1 Interact with agencies to find out what products or services customers will need in the future.	.761		
MO13 Pass on information that could help company decision-makers to review changes taking place in our business environment.	.734		
MO2 Ask distributors to assess the quality of our products and services.	.713		-.439
MO10 Let appropriate departments know when I find out that something important has happened to a major distributor or market.	.698		
MO7 Participate in informal “hall talk” that concerns our competitor’s tactics or strategies.	.693		
MO3 Talk to or survey those who can influence our customers’ purchases (e.g., distributors).	.669		
MO9 Try to circulate documents (e.g., emails, reports, newsletters) that provide information on my distributor contacts and their customers to appropriate departments.	.625		
MO14 Coordinate my activities with the activities of coworkers or departments in this organisation.	.397		
MO18 Try to bring a customer with a problem together with a product or person that helps the customer to solve that problem.		.880	
MO15 Take action when I find out that customers are unhappy with the quality of our service .		.752	
MO17 Try to help distributors achieve their goals.		.732	
MO19 Respond quickly if a distributor has any problems with our offerings		.648	
MO20 Jointly develop solutions for customers with members of our customer / advisor relationship team.		.421	

Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.
a Rotation converged in 6 iterations.

Table 23: Fit Statistics for Actual Market-oriented Behaviours

Model	χ^2	df	CMIN	p	CFI	RMSEA
2nd Order One Factor with Three Dimensions	287.804	167	1.72	.000	.926	.073
Two Factor	396.66	169	2.34	.000	.862	.099
Three Factor	287.804	167	1.72	.000	.926	.073
1st Order MO Factor	507.14	170	2.98	.000	.792	.120

Fit indices confirmed that the three factor model and the second order one factor models fit the data better than the first order one factor model. The second order factor and the three factor model have identical fit statistics. The Generalized Likelihood Ratio, χ^2 (CMIN) provides a statistical test of the lack of fit due to overidentifying restrictions in a model. The CMIN/df for the three factor and second order latent factor falls below 2, as recommended by Hair, Anderson, Tatham, and Black (1998). The Comparative Fit Index (CFI) indicates a well-fitting model for the three factor (CFI >.9). Similarly, the RMSEA for the three factor model meets the requirements for a reasonable fit to the population (RMSEA less than .08).

These results support the presence of a latent construct with three dimensions. The measurement model (depicted in Figure 7) demonstrates that actual market-oriented behaviour explains a large amount of the variation in the three factors of information acquisition (IA, r^2 =.79), information sharing (IS, r^2 =.81) and strategic response (SR, r^2 = .48). The standardized regression weights for each item are also indicated in Table 24.

Table 24: Standardized Regression Weights for Market-oriented Behaviours

			Estimate	P Value
IA	<---	Market_Orientation (MO)	.887	.000
IS	<---	Market_Orientation	.899	.000
IC/SR	<---	Market_Orientation	.692	.000
MO1B	<---	Information Acquisition (IA)	.825	.000
MO3B	<---	Information Acquisition	.793	.000
MO4B	<---	Information Acquisition	.684	.000
MO5B	<---	Information Acquisition	.805	.000
MO6B	<---	Information Acquisition	.805	.000
MO7B	<---	Information Acquisition	.684	.000
MO12B	<---	Information Acquisition	.788	.000
MO9B	<---	Information Sharing (IS)	.706	.000
MO10B	<---	Information Sharing	.800	.000
MO11B	<---	Information Sharing	.800	.000
MO13B	<---	Information Sharing	.780	.000
MO14B	<---	Information Sharing	.476	.000
MO16B	<---	Information Sharing	.788	.000
MO15B	<---	Strategic Response (SR)	.724	.000
MO18B	<---	Strategic Response	.760	.000
MO17B	<---	Strategic Response	.695	.000
MO19B	<---	Strategic Response	.716	.000
MO20B	<---	Strategic Response	.672	.000
MO2B	<---	Information Acquisition	.850	.000
MO8B	<---	Information Sharing	.722	.000

*** significantly different from 0 at the .001 level (two-tailed)

5.3.2.2 Market-oriented Obligations

To analyse market-oriented obligations with CFA, the expected two-dimensional model was compared to the three factor model (based on the EFA for actual market-oriented behaviours), and to single-factor first order and second order models. The second order with two dimensions is under-identified and its fit could not be calculated**.** The fit statistics for each model are shown in Table 25. Although the two and three factor models were superior to the single-factor and similar in fit, the three factor model was slightly superior all indices. The first and second order constructs with three dimensions

generated identical fit indices. Identical fit corroborates the conclusions of previous researchers with respect to the organizational-level market orientation measure,

Figure 7: Market-oriented Behaviours

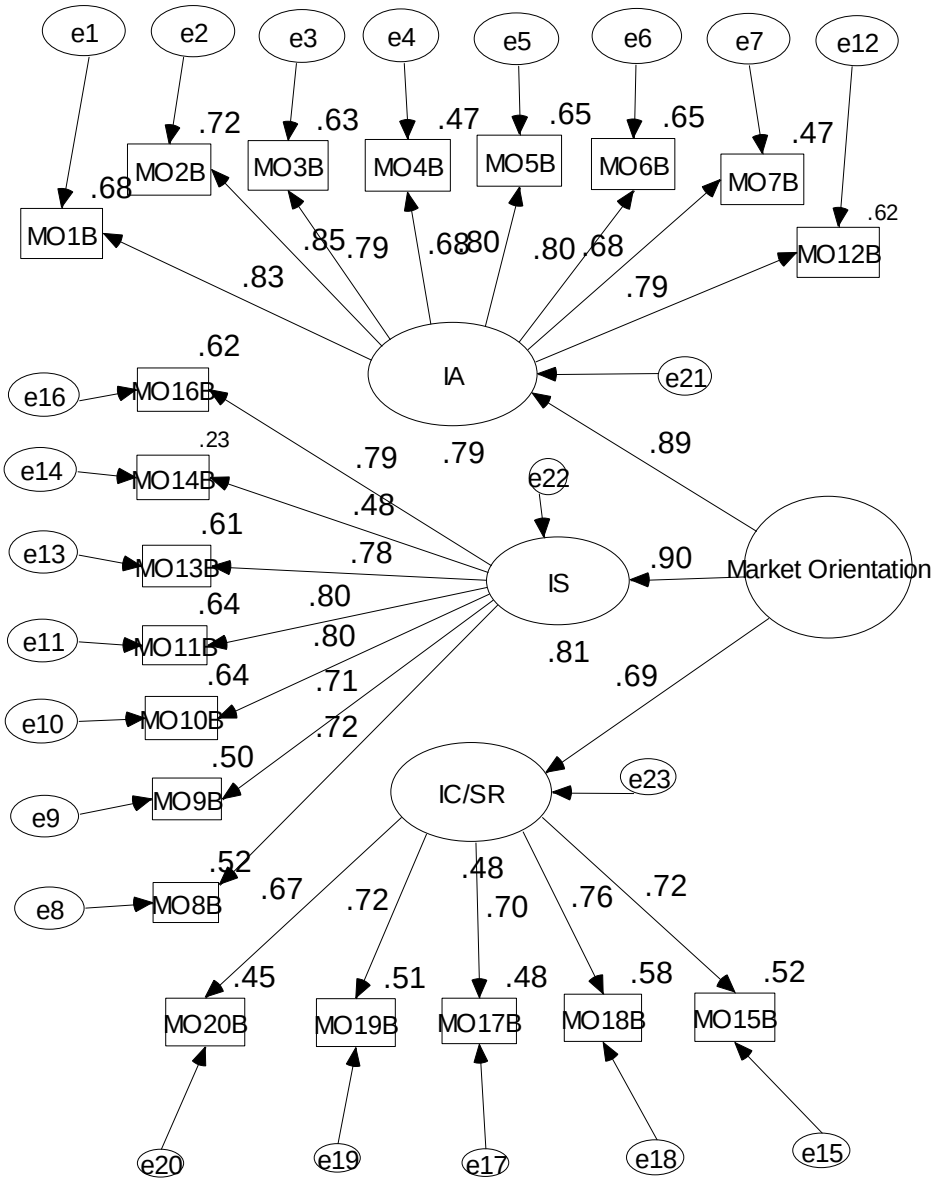


Table 25: Fit Statistics for Market-oriented Obligations

Model	χ^2	df	CMIN	p	CFI	RMSEA
2nd Order One Factor with 2 dimensions	Unable to calculate this (underidentified)					
Two Factor	395	169	2.33	.000	.881	.099
2nd Order One Factor with 3 dimensions	360.219	167	2.157	.000	.899	.092
Three Factor	360.219	167	2.157	.000	.899	.092
Single Factor	529.847	170	3.12	.000	.811	.124

specifically, that the strong correlation between dimensions reflects a single latent dimension (Narver & Slater, 1990). Thus, for the market-oriented obligations measure, the CFA supports the existence of a second order construct with three dimensions.

The measurement model for a second order construct with three dimensions is depicted in Figure 8. Market-oriented obligation explains a large amount of the variation in the three factors of information acquisition (IA, r^2 =.94), information sharing (IS, r^2 =.90) and strategic response (SR, r^2 = .39). The standardized regression weights for each item are also indicated in Table 26.

5.3.3 Individual Market Orientation Construct Reliability

As Hinkin (1995) noted, reliability is a pre-condition for validity. The scale reliability was α = .9409 for the 20 items comprising the entire individual market orientation scale. Additionally, as the composite market orientation measure was multidimensional, coefficient alpha was assessed for each dimension. Scale reliabilities

were α = .9250 Information Acquisition, α = .8370 for Strategic Response and α = .8864 for Information Sharing. Each exceeds minimum standards of α > .70 established by Nunnally (1976). No scale items were discarded, as the item-to-total correlations were optimal. In Tables 27 and 28, significant bivariate correlations are noted for the three dimensions.

Table 26: Standardized Regression Weights for Market-oriented Obligations

			Estimate	P Value
Information Acquisition (IA)	<---	Market Orientation (MO)	.968	***
Information Sharing (IS)	<---	Market Orientation (MO)	.947	***
Interfunctional Coordination of Strategic Response (IC/SR)	<---	Market Orientation (MO)	.628	***
MO1	<---	IA	.810	***
MO3	<---	IA	.779	***
MO4	<---	IA	.766	***
MO5	<---	IA	.818	***
MO6	<---	IA	.882	***
MO7	<---	IA	.732	***
MO12	<---	IA	.817	***
MO9	<---	IS	.732	***
MO10	<---	IS	.772	***
MO11	<---	IS	.854	***
MO13	<---	IS	.763	***
MO14	<---	IS	.466	***
MO16	<---	IS	.825	***
MO15	<---	SR	.773	***
MO18	<---	SR	.812	***
MO17	<---	SR	.686	***
MO19	<---	SR	.700	***
MO20	<---	SR	.663	***
MO2	<---	IA	.782	***
MO8	<---	IS	.733	***

***** significantly different from 0 at the .001 level (two-tailed)**

Figure 8: Market-oriented Obligations

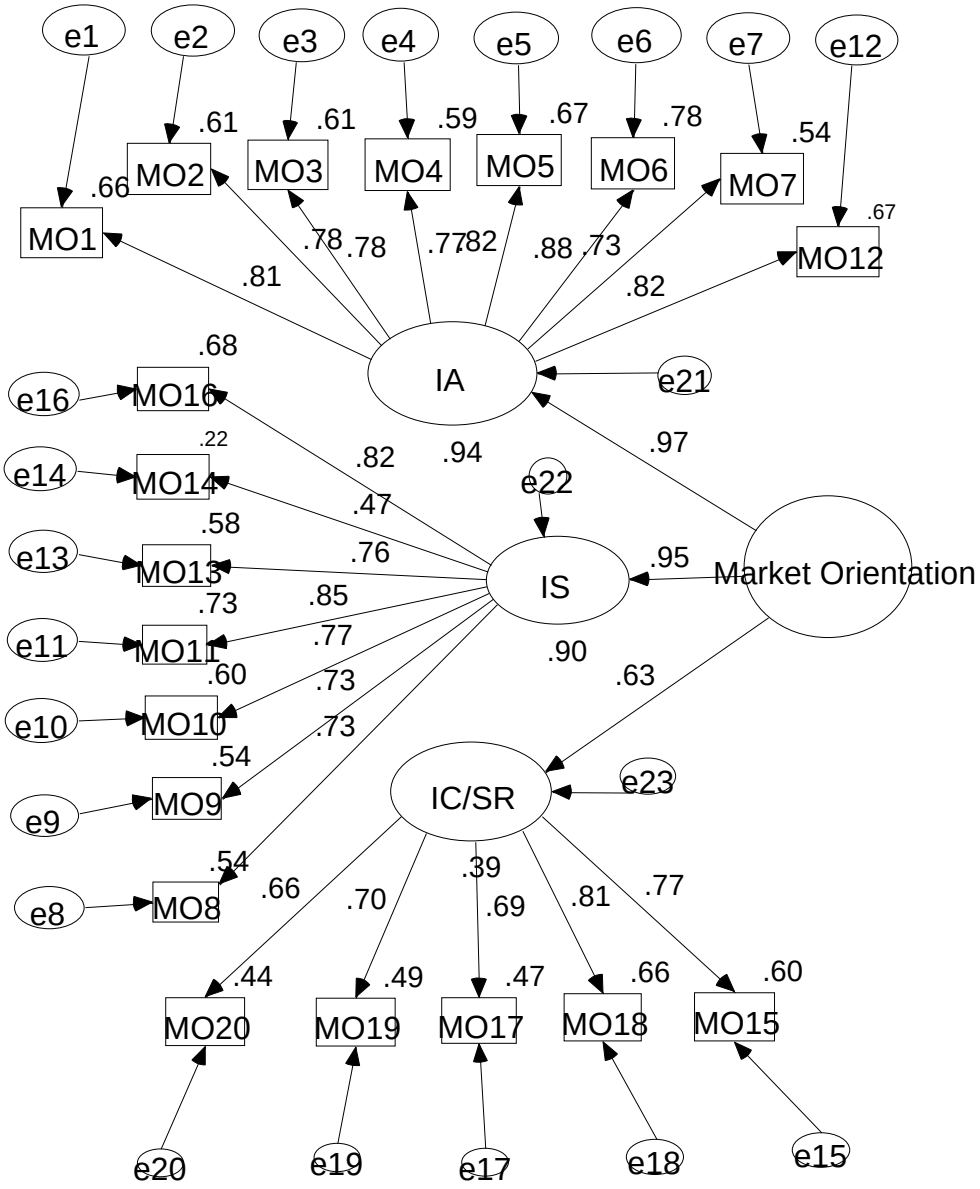


Table 27: Inter-factor Correlation Matrix for 3 Factor Market-oriented Obligations

	IASHD	ISSHD	SRSHD
Information Acquisition – Should (IASHD)	1	.830(**)	.581(**)
Information Sharing – Should (ISSHD)	.830(**)	1	.551(**)
Strategic Response – Should (SRSHD)	.581(**)	.551(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

Table 28: Inter-factor Correlation Matrix for 3 Factor Market-oriented Behaviours

	IAACT	IDACT	SRACT
Information Acquisition – Actual (IAACT)	1	.728(**)	.561(**)
Information Sharing – Actual (IDACT)	.728(**)	1	.556(**)
Strategic Response – Actual (SRACT)	.561(**)	.556(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

5.3.4 Construct Validity

To establish construct validity, Churchill (1979) recommended that the construct must correlate with other measures designed to measure the same thing, and the measure must behave as expected. The following sections describe tests of convergent and nomological validity performed on the measure.

5.3.5 Convergent Validity

Convergent validity was tested through expected correlations with other scales (Table 29) as recommended by Brashear et al. (2004). Significant correlations were noted between the averages of the 20 item scale of market-oriented behaviours (MOBAV), the

20 item scale of market-oriented obligations (MOAV), the average of two items measuring relationship with customers (RECAV), and the average of two items measuring relationship with distributors (REDAV).

Additionally, Nunnally (1976) suggested that a measure demonstrating a reliability of .7 or higher implies convergent validity. The market orientation measure meets more stringent criteria where convergent validity is suggested by reliabilities that are .8 or higher and demonstrated by an AVE above .55 (Ping, 2004, p. 135).

Table 29: Market Orientation Correlations with Similar Measures

	RECAV Relate to Customers	REDAV Relate to Distributors	MOAV "Should"	MOBAV "Do"
RECAV Relate to Customers	1	.413(**)	.366(**)	.422(**)
REDAV Relate to Distributors	.413(**)	1	.283(**)	.333(**)
MOAV "Should"	.366(**)	.283(**)	1	.893(**)
MOBAV "Do"	.422(**)	.333(**)	.893(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

5.3.6 Establishing the Power of the Study

Power is defined as the probability of correctly rejecting the null hypothesis when it is false (Cohen, 1988). It is affected by factors such as the significance criterion (α), sample size, number of groups or levels, effect size and number of dependent variables.

In order to obtain a 95% confidence level with an response size of 138, testing of hypothesized relationships for nomological validity must explain 40% of the variance in actual market-oriented behaviours (p=.05, n=138, r^2=.40). Subsequent analysis has developed a model explaining 29% of the variance in actual market-oriented behaviours.

This suggests that there is sufficient power to provide a confidence rate of 90% for the final study in this dissertation.

5.3.7 Validation of Measures used in Testing Nomological Validity

Nomological validity of the measure of individual market orientation is established by relating it to constructs with a strong theoretical relationship, such as learning agility and psychological contract fulfillment. Prior to hypothesis testing, the validity and reliability of all measures used in the study were tested.

5.3.7.1 Psychological Contract

The validity and reliability of input scale items was tested prior to the division of the psychological contract scale into quadrants of high and low employee and employer contributions. The averages for the 12 items measuring perceptions of employer commitments (PCRAV) and the 12 items measuring perceptions of employee promises (PCEAV) were calculated. The average measures of employee promises and employer contributions were then tested for convergent validity against 1) the average of the two-item measure of overall employee commitment to the relationship (PCAV), 2) the average of the two-item measure of overall employer commitment to the relationship (PBAV), and 3) the four psychological contract quadrants (medhihi, medhilo, medilolo, medlohi). Most reflected strong and significant correlations in the expected direction (Table 30). Additionally, the measures demonstrated strong scale reliabilities, with employer commitments (PCRAV, α = .9586) and employee promises (PCEAV α = .9043). No scale items were discarded, as the item-to-total correlations were optimal.

Table 30: Psychological Contract Correlations

	medlolo	medhilo	medlohi	medhihi	PBAV	PCAV
Medlolo (Low employer, low employee contributions)	1	-.257(**)	-.287(**)	-.633(**)	-.540(**)	-.410(**)
Medhilo (High employer, low employee contributions)	-.257(**)	1	-.126	-.278(**)	.241(**)	.158(*)
Medlohi (Low employer, high employee contributions)	-.287(**)	-.126	1	-.310(**)	-.127	.013
Medhihi (High employer, high employee contributions)	-.633(**)	-.278(**)	-.310(**)	1	.468(**)	.297(**)
PBAV (In general, my employer has fulfilled its commitments to me)	-.540(**)	.241(**)	-.127	.468(**)	1	.649(**)
PCAV (In general I have fulfilled my commitments to my employer)	-.410(**)	.158(*)	.013	.297(**)	.649(**)	1

* Correlation is significant at the 0.05 level (1-tailed).
** Correlation is significant at the 0.01 level (1-tailed).

5.3.7.2 Correlations and Reliability of Measures in the Model

As expected, the data presented in Table 31 supports strong significant correlations between the hypothesized variables of LOAV (average of seven-item learning agility), MOAV (average of 20 scale of market-oriented obligations), and MOBAV (average of 20 item scale of market-oriented behaviours). Market-oriented obligations and behaviours were the most strongly correlated variables at .893. High reliabilities for each measure were calculated: LOAV (α = .7191), MOAV (α = .9480).

5.3.8 Discriminant Validity

Discriminant validity was assessed using methods commonly used in strategic marketing studies (Harris & Ogbonna, 2001a). Analysis involves correlating all measures

Table 31: Correlations between Variables in the Model

	medlolo	medhilo	medlohi	medhihi	LOAV	MOAV	MOBAV	IAACT	IDACT	SRACT
medlolo	1	-.257(**)	-.287(**)	-.633(**)	-.204(*)	-.198(*)	-.267(**)	-.177(*)	-.286(**)	-.254(**)
medhilo	-.257(**)	1	-.126	-.278(**)	-.082	.017	.031	.019	.010	.070
medlohi	-.287(**)	-.126	1	-.310(**)	-.015	.046	.095	.064	.089	.111
medhihi	-.633(**)	-.278(**)	-.310(**)	1	.261(**)	.154	.180(*)	.119	.215(*)	.133
NATCOD	.176(*)	.011	-.077	-.128	-.011	-.331(**)	-.273(**)	-.329(**)	-.218(*)	-.104
LOAV	-.204(*)	-.082	-.015	.261(**)	1	.294(**)	.320(**)	.311(**)	.252(**)	.261(**)
MOAV	-.198(*)	.017	.046	.154	.294(**)	1	.893(**)	.840(**)	.805(**)	.628(**)
MOBAV	-.267(**)	.031	.095	.180(*)	.320(**)	.893(**)	1	.921(**)	.898(**)	.749(**)
IAACT	-.177(*)	.019	.064	.119	.311(**)	.840(**)	.921(**)	1	.728(**)	.561(**)
IDACT	-.286(**)	.010	.089	.215(*)	.252(**)	.805(**)	.898(**)	.728(**)	1	.556(**)
SRACT	-.254(**)	.070	.111	.133	.261(**)	.628(**)	.749(**)	.561(**)	.556(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

adopted in the study and measuring the correlation coefficients against the alpha coefficients. As no correlation coefficient was higher than the alpha coefficient of the scale, the scales used in the study exhibit discriminant validity. However, the average of the 20 item market orientation obligations scale was highly correlated to the market orientation behaviours scale, and approached (but did not exceed) the alpha coefficients. This identifies a potential validity issue between the two measures.

5.3.9 Country of Residence as a Control Variable

A one-way analysis of variance was conducted to evaluate the relationship between the measured constructs and the country of origin. A one-way method was used because there are two factors in the dependent variable: Canada and the U.S. A dichotomous variable was set up called NATCOD, where Canada = 1 and United States = 0. Notably, results indicate that there is a large and significant effect of country of origin on expectations of market orientation ($F= 16.601$, $p = .000$, eta = .331), and a medium but significant effect on perceptions of actual market orientation ($F= 10.848$, $p = .001$, eta = .273). This indicates a need to control NATCOD in the model.

There was also a possibility that the country of residence influenced the relationship between the independent and dependent variables. Therefore, main and interaction effects were tested for country (Canada = 1, U.S. = 0). First, the two-way ANOVA was calculated for factors of country (NATCOD) and learning agility (LOAV) and market-oriented behaviours. A second two way ANOVA was calculated for country, psychological contract categories and market-oriented behaviours. There was a significant main effect for country of residence but no significant interaction effects.

5.4 Tests of Hypotheses

Using Structural Equation Modeling (AMOS), the paths from the exogenous variables (learning agility, fulfilled contract dimensions and distance from the customer) to the endogenous variables (perceptions of expected and actual market-oriented behaviours) tested the theorized relationships. For hypothesis testing, the MO scale was aggregated to have three indicators (i.e., IAACT, IDACT, SRACT) by averaging the measurement items at the first order construct level. According to (Matsuno & Mentzer, 2000), aggregation of first order dimensions is justified because 1) the validity of the second order MO scale with all 20 item measures has been established; 2) given the sample size, aggregation allows maximization of the degrees of freedom in estimating the path coefficients between the MO and performance measures; and 3) it reduces higher levels of random error and retains the three-dimensional scale of market orientation.

5.4.1 Multi-collinearity in the Dependent Variables

The path diagram reported standardized regression coefficients at or higher than one between market-oriented obligations and market-oriented behaviours and negative error variances. Consequently, data for the three dimensions of each market orientation variable was reviewed to ensure compliance with modeling assumptions of independent observations, random sampling of respondents and the linearity of all relationships (Hair et al., 1998).

Data for the third dimension of market-oriented obligations and behaviours, responsiveness, experienced a stronger left skew than that of other dimensions. The data were transformed exponentially to normalize this dimension, and the model recalculated.

The model still indicated high standardized regression coefficients. The variables were concluded to be too highly correlated to produce a good model.

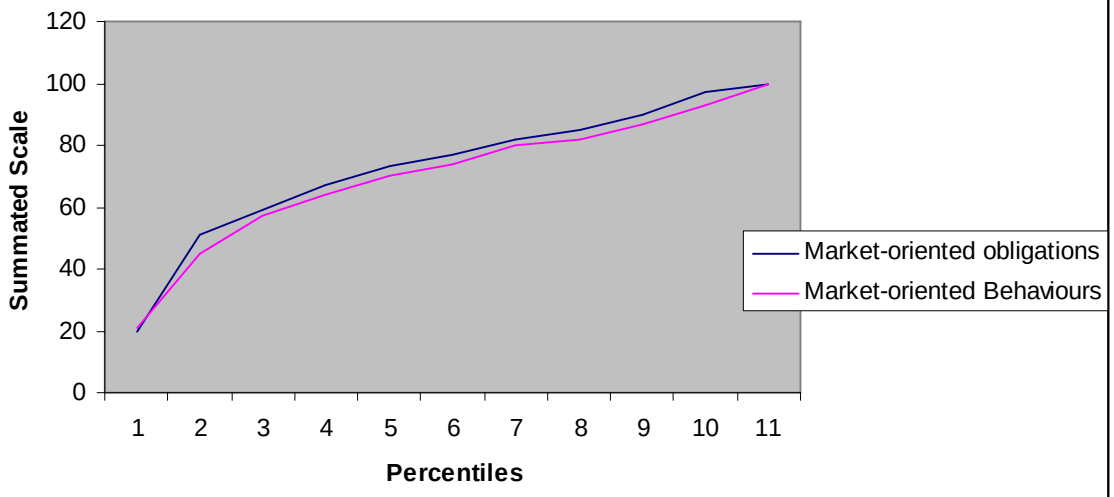
The differences in the distributions of market-oriented obligations and behaviours were also analysed by summing each scale for each participant (20 questions multiplied by a score of one to five equals a maximum of 100) and plotting each series from highest to lowest. Figure 9 graphs the indicators separately for each percentile (note that the observations in each quartile are not matched by case). This chart indicates the similarity in the response patterns for obligations and behaviours. Only the lower 20 percent of the respondents admitted to almost never acting or feeling obligated to act in a market-oriented way, whereas the top 40 percent of respondents believed they should and did often carry out market-oriented actions.

The graph comparing the responses by percentile (Figure 9) demonstrates the similarity in the shape of the distributions, that is, in the way that respondents viewed both market-oriented obligations and actions. Additionally the Wilcoxon two-sample signed ranks test was calculated. This non-parametric technique is used to test the null hypothesis that the population median of the paired differences of the two samples is zero. Results highlight that the median of market-oriented obligations is significantly higher than the median of market-oriented behaviours and that most respondents believed there were barriers to fulfilling their market-oriented duties.

Therefore there appears to be some support for hypothesis one, but further hypothesis testing required that the problem of collinearity be addressed by removing either behaviours or obligations. As the variable of interest is actual market-oriented behaviours, the obligations variable was dropped from the model. Testing of other

hypotheses (two, three, four and five) in the framework was adjusted to reflect associations with market-oriented behaviours instead of obligations.

Figure 9: Comparison of Distributions



5.4.2 The Effect of Customer Contact

A one way ANOVA was conducted to evaluate the relationship between customer contact and market orientation, learning agility and psychological contract quadrants. The variable CONTACT is an average of the customer and distributor contact frequencies, using indicator coding of "1" for frequent contact, and "0" for infrequent contact. The results of the ANOVA are found in Table 32.

The test of the homogeneity of variances (Levene statistics are found in Table 33) indicated that variances might differ significantly for the market orientation obligations and behaviours and for unfulfilled psychological contracts. Consequently, the Browne-Forsythe and Welch statistics were also examined because they are better suited to ANOVA when the assumption of equal variances does not hold. These statistics mirrored

the overall F-test and confirmed that the distance from customer had a significant effect on expectations of market-oriented obligations, perceptions of market-oriented behaviours and partially on perceptions of the psychological contract.

Table 32: ANOVA of Contact with Customer

Construct	Code	F	Sig.
Expectations of market-oriented obligations	MOAV	27.351	.000
Perceptions of market-oriented behaviours	MOBAV	24.666	.000
High employer contributions, low employee contributions to psychological contract	MEDHILO	2.685	.104
Low employer contributions, high employee contributions to psychological contract	MEDLOHI	3.563	.061
Low employer contributions, low employee contributions to psychological contract	MEDLOLO	.430	.513
Learning agility	LOAV	2.107	.149

Table 33: Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
LOAV	1.323	1	136	.252
MOAV	9.059	1	136	.003
MOBAV	4.366	1	136	.039
medlolo	1.659	1	136	.200
medhilo	11.562	1	136	.001
medlohi	15.514	1	136	.000

Main and interaction effects were tested for the hypothesized moderator, contact with customers (frequent = 1, infrequent = 0). The two-way ANOVA was calculated for contact with customers and the psychological contract quadrants and market-oriented behaviour.

The ANOVA identified a significant main effect for contact with customers but no interaction. This supports the results of one-way ANOVA; the more frequently an employee is in contact with customers, the more likely the employee will practice

market-oriented behaviours. Thus, Hypothesis 5 (main effect) is supported, but Hypothesis 4 (interaction effect) is not. The structural equation model did not test the interaction effect because many interaction terms were required to model the multiple items in each scale (Pedhazur, 1997; Kline & Dunn, 2000). In light of the small sample size, the addition of these terms threatened the dependability of the software results.

5.4.3 Hypothesized Antecedents to Market-oriented Behaviours

As noted, market-oriented obligations were removed from the model and the proposed antecedents of learning agility, psychological contract fulfillment and customer contact were related to market-oriented behaviour. Earlier, confirmatory factor analysis on the seven-item learning agility measure confirmed its uni-dimensionality. Consequently, in the structural equation model, learning agility was modeled as an observed variable, using the average of the 7 items (LOAV). This reduced the number of paths in the model, creating better fit with a small sample.

The four quadrants of psychological contract fulfillment were tested by using 3 dummy variables, MEDLOLO = fulfilled low rated contract, MEDHILO = unfulfilled contract, greater employer contributions, and MEDLOHI = unfulfilled contract, greater employee contributions. The high quality, fulfilled relationship condition was chosen as the referent category because it was the hypothesized condition. The final models included all hypothesized variables (except for market-oriented obligations). The first model (Figure 10) included only hypothesized variables, whereas the second model (Figure 11) also considered the effect of country (NATCOD).

The model in Figure 10 fits the data fairly well, the absolute model fit indices are close to limits suggested by Hair et al. (1998), with (CMIN/DF = 2.872, p = .000

although with higher than desired RMSEA = .117, p = .002). Additionally, the incremental model fit (CFI = .843) is close to the recommended value of .9, although the parsimony adjusted measure is lower than desired (PCFI = .602) and indicates that the model may be overly complex. Standardized regression coefficients are noted in Table 34.

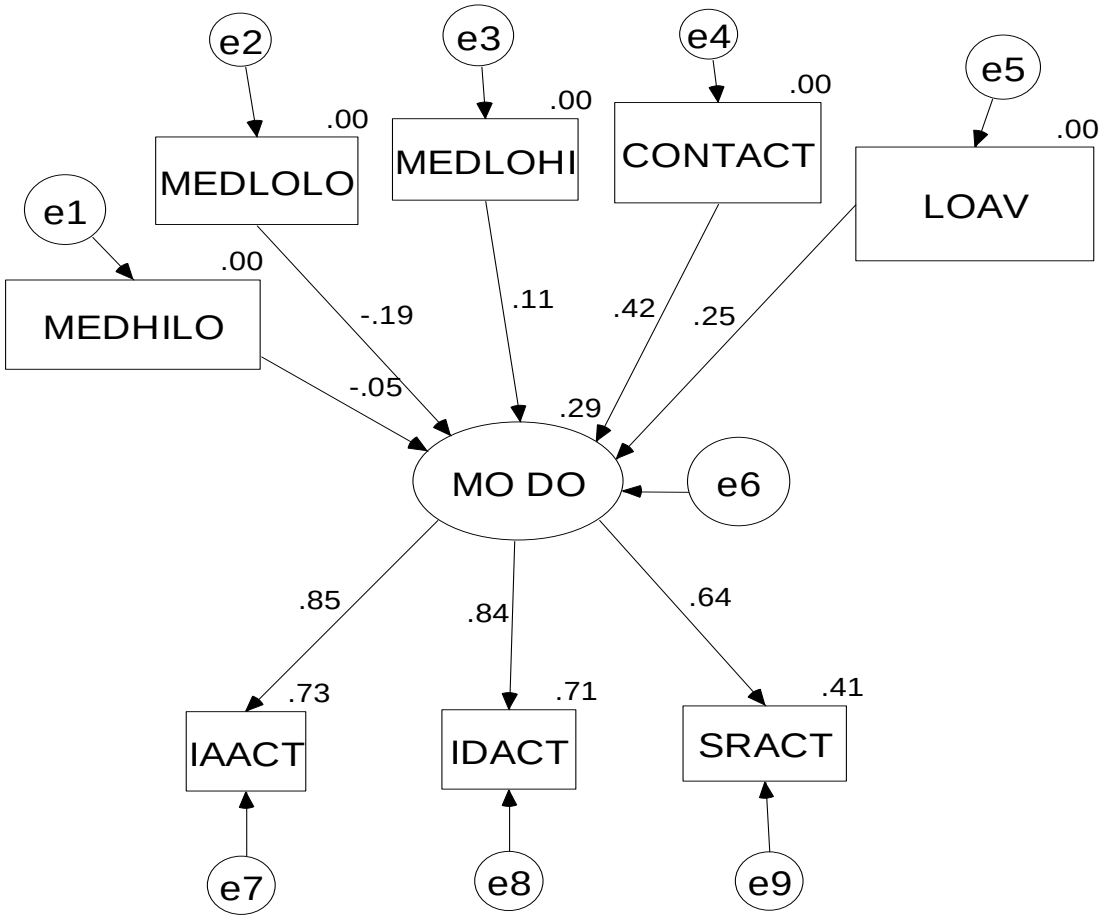
The second model, shown in Figure 11, included country of residence (NATCOD) but resulted in slightly poorer fit, (CMIN/df = 2.997, p = .000 and the RMSEA = .121, p = .000, CFI = .784, PCFI = .470) and did not explain any additional variance in market-oriented behaviours (r^2 = 0.29). Standardized regression coefficients are noted in Table 35.

A comparison of the two models indicates that the first model (Figure 10) provides a closer and more parsimonious fit to the data. This model (Figure 10) explains 29% of the variance in the dependent variable, individual market-oriented behaviour. In Figure 10, a significant negative effect was noted for MEDLOLO (r = - 0.19, p = 0.042) and supports Hypothesis Two. Significant effects for learning agility (r = 0.25, p = 0.004) and customer contact (r = 0.42, p = .000) support Hypotheses Three and Five. As noted earlier, the two way ANOVA did not support Hypothesis Four (moderating effects of customer contact) and it was not practical to include the interaction terms in the structural equation. Support for Hypothesis One was inconclusive, as the collinearity between market-oriented obligations and actual market-oriented behaviours disallowed the inclusion of both variables in the final model.

5.5 Conclusion

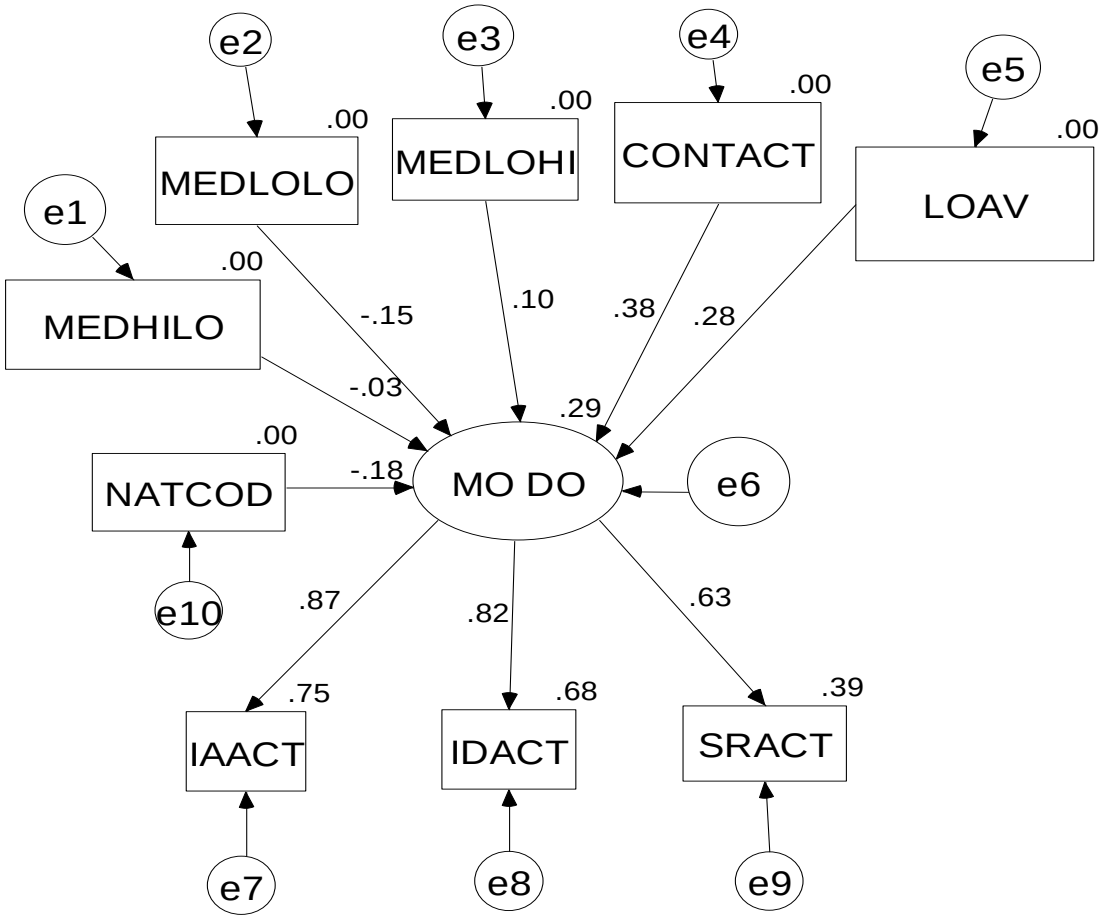
This research developed and validated a measure of individual market orientation both qualitatively and quantitatively. The quantitative results presented in this section provide some support for hypothesized relationships. The next section will discuss issues and implications of these findings.

Figure 10: Market-oriented Behaviours with Hypothesized Relationships



CMIN/df = 2.872
CFI = .843
PCFI = .602
RMSEA = .117 p=.002

Figure 11: Market-Oriented Behaviours Controlling for Country



CMIN/df = 2.997

CFI = .784

PCFI = .470

RMSEA = .121 p=.000

Table 34: Standardized Correlation Estimates Figure 10

			Std Correlation Estimate	S.E.	C.R.	P
MO DO	<---	CONTACT	.42	.10	4.58	.00
MO DO	<---	LOAV	.25	.10	2.85	.00
MO DO	<---	MEDLOLO	-.19	.11	-2.03	.04
MO DO	<---	MEDLOHI	.11	.15	1.26	.21
MO DO	<---	MEDHILO	-.04	.16	-.52	.60
SRACT	<---	MO DO	.64			
IDACT	<---	MO DO	.85	.19	7.8	.00
IAACT	<---	MO DO	.85	.21	7.8	.00

Table 35: Standardized Correlation Estimates Figure 11

			Std Correlation Estimate	S.E.	C.R.	P
MO DO	<---	CONTACT	.38	.10	4.01	.00
MO DO	<---	LOAV	.28	.10	3.08	.00
MO DO	<---	MEDLOLO	-.16	.11	-1.57	.12
MO DO	<---	MEDLOHI	.10	.15	1.18	.24
MO DO	<---	MEDHILO	-.03	.16	-.29	.77
MO DO	<---	NATCOD	-.18	.10	-2.06	.04
SRACT	<---	MO DO	.63			
IDACT	<---	MO DO	.82	.19	7.78	.00
IAACT	<---	MO DO	.87	.22	7.63	.00

6 Discussion

The research results provide a rich topic of discussion. The following section analyses thesis delivery of its research objectives, and highlights areas of interest arising from the exploratory study, the confirmatory study, and measure development. Additionally the measure of individual level market orientation developed in this research is compared to the seminal measures of organisational market orientation.

6.1 Thesis Delivery of Objectives

This thesis undertook to resolve two gaps in the existing market orientation literature. First, the research intended to clarify and strengthen the marketing concept by anchoring it as a dynamic capability in the strategy domain. This expands the focus of the marketing concept from the marketing domain to one of strategic value throughout the organisation. The challenge lay in creating a flexible and dynamic instrument useful for measuring competitive market-oriented behaviours relevant to many roles within the organisation.

Second, this research aimed to increase understanding surrounding individual accountability for market-oriented actions. Previous instruments did not measure individual behaviours, and thus were unable to measure whether a market orientation strategy had been successfully adopted across a company. Employees who accept a market-oriented strategy will translate it into their own market-oriented attitudes and actions.

As this thesis nears the end of its agenda, it is evaluated against its objectives. Has a scale been developed that is flexible and dynamic? Does it succeed in providing a tool

to measure accountability for market-oriented actions? The following sections answer these questions.

6.1.1 Market Orientation as a Dynamic Capability

The scale is flexible because its development involved multiple and varying perspectives: practitioners and academics, managers and non-supervisory staff, marketing and non-marketing staff, employees and customers. Testing of the measure indicates that employees throughout the financial services industry can understand and identify with its content. Not entirely unexpected, preliminary testing indicates that it may not be generalizable beyond the financial services industry. The thesis was not undertaken to present an instrument useful to all working situations – this is not achievable. However, the research develops a comprehensive tool that strategy makers and implementers can use for benchmarking and assessment of the success of strategic market orientation initiatives across their own financial services organisation.

The second issue concerns whether the scale provides a way to measure a dynamic capability. To understand this question, it is important to revisit the concept of a dynamic capability. To measure a dynamic capability, the scale must measure "The firm's processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match and even create market change (Eisenhardt & Martin, 2000, p. 1107)." The scale measures how employees acquire, share and respond to market information. These three dimensions were confirmed by factor analysis. The indicators of these dimensions measure good work practices, such as networking and communicating. Although examples are noted with the items, they are worded in a way to

be useful across jobs and over time. Essentially, they constitute “best practices”, but the exact methods of each task’s execution would vary among respondents. The items that represent market-oriented behaviours translate to many jobs and can be implemented in different ways by different people. Additionally, these represent ways to integrate and reconfigure the important resource of external market information. Therefore, the instrument can be used to measure dynamic capabilities.

6.1.2 The Market Orientation of an Individual

The second objective involved understanding how individuals contribute to the market orientation of an organisation. The scale measures market-oriented behaviours of individuals employed across all functions. Such an instrument clarifies individual accountabilities and specifies measurable routines that add competitive value. Although previous research informed the development of the scale and hypothesized relationships, this involves a significant shift in the accountability for market-oriented actions. The survey questions are clearly phrased to include only personal actions. The use of “I” in each item is clearly different than seminal measures of market orientation. Additionally, the nomological testing of the measure identified a relationship between the market-oriented behaviour of individuals and an antecedent that reflects personal accountability, such as the psychological contract. The confirmation of these relationships underscores the difference between organisational and individual market orientation and the value-added of this thesis.

The process of measure development identified areas of interest to strategy-makers who aim to promote accountability for market-oriented behaviours across the

organisation. Next, conclusions from the development of the measure (including exploratory and confirmatory stages) are reviewed.

6.2 Exploratory Study Results

6.2.1 Informal Nature of Behaviours

Participants in the focus groups identified market-oriented behaviours that are both formal and informal in nature (Table 19). The Agency Call Program, profiled in the exploratory study was fairly formal and mandated by the CEO. The employees resisted the formal part of the program, such documentation of the frequency and content of each agency call. However, all participants in the interviews and focus groups viewed the informal relationship maintenance aspects as the most value-added part of the program. Similarly, recent research has demonstrated that informal meetings are perceived to be more useful than formal documented systems for managing customer relationships (Leek et al., 2004). Informal market-oriented behaviours are often relationship-maintenance behaviours because relationships with customers must be fostered to collect market information. Organisations that wish to implement a market-oriented strategy must understand that aspects of such a strategy must develop over time. Informal behaviours are not proscribed by the organisation – the lack of formality makes it crucial to gain the acceptance of individual employees so that employees will voluntarily pursue these less formal and less specific relational practices.

6.2.2 Reciprocity and Time

Focus group discussions were used to develop the measure of individual market orientation and to elicit employee views on actual practices. Qualitative data collection

method fostered a deeper understanding of the "how" behind market-oriented process than quantitative methods. Discussions highlighted the two-way process involved in being market-oriented. All distributors (interviewed in the exploratory study) noted that employees needed to share valued information or resources with distributors in order for the financial services organisation to acquire valuable market information. Such reciprocity connects market orientation to resource based social exchange theory (e.g., Foa & Foa, 1974), equity theory (e.g., Adams, 1965), and effective communication (e.g., Rogers & Kincaid, 1981). For example, "Iterative communication between organisational members is an integral part of the progressive transformation of information into meaning and then into organisational knowledge." (West & Meyer, 1997, p. 34).

Although channel relationships are increasingly being linked to customer satisfaction (Bigne & Blesa, 2003; Jones et al., 2003; Sanzo, Santos, Vazquez, & Alvarez, 2003), characteristics of this two-way process are not highlighted in the market orientation literature. Researchers connect relationship development and resource availability to market orientation (Helfert et al., 2002), but do not discuss how the process takes time. Time was a significant issue to all participants in the exploratory study. Executives were wary of the time their staff committed to the project. Agency callers were frustrated at the amount of time it took to reach distributors and to maintain the relationships. Distributors would not dedicate their own time unless there was a clear outcome of value. These time constraints were also apparent from email responses to the confirmatory study. This indicates that insufficient time dedicated to relationship maintenance may be a significant barrier to the development of a market orientation and must be acknowledged and addressed.

The time it takes to develop relationships also indicates that a market orientation develops over time. This supports other research that views market orientation as a long-term commitment to understanding customer needs instead of a response to the expressed needs of customers (Slater & Narver, 1999; Frambach et al., 2003).

A two-way process also distinguishes the individual level measure from the organisational-level market orientation measures. The market orientation of an organisation or department depends upon the actions of a group of people, and the link between supplying valued information to obtain market information is unclear. In contrast, the individual market-oriented process relies upon specific interpersonal processes and experiences a more concentrated impact of resource scarcity.

6.3 Measure Dimensionality

The initial exploratory factor analysis identified different factor solutions for market-oriented obligations and behaviours. In all cases the strongest factor was information acquisition, and the weakest was coordination of response. The two-factor obligations solution mirrored comments by many non-marketing focus group participants, who expressed more willingness to perform information acquisition and dissemination behaviours than to coordinate response. This was also an issue encountered by Kohli et al. (1993) in the factor analysis of the MARKOR measure. Their analysis collapsed the intelligence dissemination and strategic response into one factor, resulting in a two factor model of intelligence acquisition and dissemination/responsiveness. Kohli et al. (1993) attributed this to the traditional division of intelligence tasks within an organisation. In the current study, however, the confirmatory factor analysis has

identified a second order three-factor model as the best fit for both obligations and behaviours.

The difference in results highlights the importance of confirmatory analysis when developing a measure. This research is one of a few recent studies to use confirmatory factor analysis to test market orientation as a latent construct (Matsuno & Mentzer, 2000; Harrison-Walker, 2001). Earlier studies tested a first order three-factor solution and noted strong inter-factor correlations. For example, although Narver and Slater (1990) theorized a uni-dimensional construct with three dimensions, they did not utilize CFA to test this model, instead they used traditional methods to test the three dimensions.

The three-factor solution in this dissertation was similar to the conceptualized three factor solution at the organisational level (Kohli et al., 1993). As the measure was developed based upon the three dimensions anchored in the organisational literature, in general, the factors explain the variables as expected.

6.4 Hypothesis Testing and Nomological Validity

6.4.1 Market-oriented Obligations and Behaviours

Table 36 notes the status of each relationship hypothesized in the confirmatory study. Study results demonstrated relationships in the expected direction. This helps to validate the market orientation measure (Churchill, 1979).

The collinearity present in the measures of market orientation obligations and behaviours indicates a strong relationship between the two constructs supportive of hypothesis one. However, collinearity also made it difficult to statistically test this hypothesis. Two potential reasons explain a lack of discriminant validity: common method variance and cognitive dissonance (e.g., Festinger, 1957).

Table 36: Status of Hypotheses

Hypothesis	Finding
H1: Employees who feel obligated to be market-oriented will exhibit more market-oriented behaviours than employees who do not feel obligated to perform market-oriented behaviours.	Not Tested – but partial support
H2: The higher the quality and fulfillment of employees' psychological contracts, the more likely they are to believe that they are obligated to perform market-oriented behaviours.	Supported
H3: The more employees demonstrate a high learning agility, the more likely they are to believe that they are obligated to perform market-oriented behaviours.	Supported
H4: The higher the direct customer interaction, the stronger the proposed relationship between the quality and fulfillment of employees psychological contracts and their perceptions of obligations to perform market-oriented behaviours.	Not Supported
H5: The higher the direct customer interaction, the more employees will feel obligated to perform market-oriented behaviours.	Supported

Common method variance is attributable to the measurement method rather than to the constructs the measure represents (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Method variance was recognized as a risk early into this research. For example, it was identified by experts in the second purification pretest of the measure (Chapter 5). However, the successful collection and matching of two-stage data was highly unlikely, given the unsolicited and cross-sectional nature of this data collection. The randomization of items was also considered and discarded because it was believed that respondents may recognize parts of questions throughout the survey and mistakenly believe they were

being asked the same things repeatedly. Given the time-strapped volunteers, this might have resulted in high non-completion rates for the survey. Therefore, the decision was made to canvass respondents simultaneously for obligations and behaviours prefaced by clear directions.

The question remained: would this method prompt respondents to 1) highlight gaps by more strongly considering the differences between "should" and "do", or 2) align their responses to appear more consistent? Discussion with the second set of practitioner reviewers indicated potential for either situation. Such social and same source biases in self-reported measures of behaviour have also been noted by previous researchers (Keeney & Syvantek, 2000; Turnley, Bolino, Lester, & Bloodgood, 2003).

An alternate explanation for the close correlation is more theoretical and actually supports the first hypothesis in this study. Theories link attitudes and behaviours in the psychology literature, for example cognitive dissonance theorizes the inevitable convergence of attitudes and behaviours over time (Festinger, 1957) and the theory of planned behaviour identifies attitudes as antecedents of behaviours (Fishbein & Ajzen, 1975).

Although multi-collinearity precluded the inclusion of both obligations and behaviours in the model, there is still strong evidence for future researchers to include both aspects when measuring market orientation. At an individual level, the gap might be used by management to diagnose motivational problems or skills needs. Used at an organisational level, executives can use the gap to set strategic direction and benchmark goals for the organisation. The challenge then, is not whether both obligations and behaviours should be measured, it is how they should be measured.

Deshpande and Farley (2004) attempted to measure the gaps between normative and actual behaviours by soliciting both customers and suppliers about the expected and actual level of market orientation of the supplier. This approach would address same source bias but becomes complex to measure at the individual level, as many market orientation behaviours are not easily observed. Thus, a triangulation strategy might better suit qualitative data, such in as the exploratory study in this dissertation.

A viable solution for future research lies in multi-stage research conducted with a single organisation. Multiple periods of data collection permits the separation of expectations and perceptions of actual behaviour.

6.4.2 The Importance of a High-Quality Fulfilled Contract

Study results identified that a low quality fulfilled psychological contract (relative to a high quality fulfilled contract) significantly and negatively effected the performance of market-oriented behaviours ($r = -0.19$, $p = .04$). This implies that employers must provide some level of a quality relationship in order to attract market-oriented behaviours from their employees. Similarly, employees must promise some level of contribution exceeding the median.

This finding carries implications for temporary or contract workers who may perceive low employer and employee contributions to the long-term psychological contract. It is important because organisations are increasingly outsourcing administration and service through call centers and contract work. Contract workers are a rich source of market orientation, because the impermanence of their employment makes it necessary that they keep their fingers on the pulse of the market and provide superior services.

In order to prompt employees to reciprocate through the sharing of market.information, employers must be prepared to invest in relationships with temporary workers. Both the qualitative study and previous empirical research (Harris & Piercy, 1999) support this because results indicate employees do not perform market-oriented behaviours if there is a perceived lack of unity and support from upper management.

Breach of the psychological contract occurs when employees perceive a difference between what they were promised and what they received (Morrison & Robinson, 1997). Although much of the psychological contract literature has focused upon the process of contract formation (Pate et al., 2003) and upon contract breach (e.g., Robinson & Rousseau, 1994; Morrison & Robinson, 1997; Pate et al., 2003), the results of this survey indicate that violation or breach of the psychological contract is not an important influence on the performance of market-oriented behaviours. Instead, low expectations of the contributions of both employer and employee appear the most detrimental. Although correlations were in the expected direction (negative in conditions where the employee perceived low personal obligations), only the fulfilled conditions were significant.

6.4.3 Learning Orientation

Results highlighted a strong relationship between the learning orientation of individuals and their market-oriented behaviours ($r = 0.25$, $p = 0.0$). This finding is in line with the contentions of previous researchers of organisational market orientation. For example, Slater and Narver (1995) noted “However, as important as market orientation and entrepreneurship are, they must be complemented by an appropriate climate to

produce a learning organisation.", and Morgan suggested (2004, p. 22) "the development of a 'learning climate' may be crucial (e.g., a service firm)". Managers can develop this climate through the hiring and rewarding of employees who exhibit a learning orientation. A strong learning orientation prompts employees to accept and adopt learning routines introduced by the company.

This finding challenges managers because a significant antecedent of individual market-oriented behaviours in the framework is a trait-based construct. According to (Williams, 1997), this is not a common trait because only 10% of managers are believed to be agile learners. The practical strength of this research has rested in its ability to identify market-oriented behaviours so that managers can train employees to be market-oriented in very specific ways. To suggest that the behaviours depend in a large part on the personality of the employee being trained, is to take a step backward in effective implementation.

Although this research focuses upon obligation as a major interpersonal explanation for market-oriented behaviour, other social influences may occur. Specifically, vicarious learning occurs through modeling, or the demonstration of desired behaviours by influential people, such as managers and peers (Wood & Bandura, 1989). It becomes more attractive for employees to develop market-oriented competencies when presented with modeling of appropriate market-oriented behaviours. Therefore, organisations can potentially stimulate market-oriented behaviour across all employees through the process of role modeling by agile learners.

The relationship between the market-oriented behaviours and learning agility of individuals has implications for organisational level market and learning orientation.

Morgan (2004) suggests that organisational learning transcends the individual because continuity is established through the development of operating procedures and collective mental models exist in organisational memory and preserve. “Organisational learning capability depends upon the firm’s mechanisms and processes of knowledge integration, rather than the extent of knowledge that individuals and groups possess per se.” (Morgan, 2004, p. 8). Thus, it is important to transfer individual knowledge to others within the organisation, and to introduce opportunities for experiential learning (Kolb, 1984) but more so, it is crucial to present role models of the learning process.

Future researchers might consider the influence of mentoring on employee learning orientation and the performance of market-oriented behaviours. Employees’ beliefs that their managers expect and model market-oriented behaviours will prompt employees to practice similar market-oriented behaviours. For example, Jaworski and Kohli (1993) found that top management emphasis develops the market orientation of a company. In a related line of inquiry, Farrell (2000) concluded that top management emphasis and value placed on learning-oriented behaviours developed the learning orientation of a company. Co-worker behaviours are linked empirically to individual workplace behaviours, for example, coworker organisational citizenship behaviours influence individual levels of organisational citizenship behaviour (Bommer, Miles, & Grover, 2003).

In spite of this direction, there has been little study of modeling in the market orientation literature. A recent article (Jones et al., 2003), considered social exchange and leader influence in the authors’ explanation of employee market-oriented behaviour. Inexplicably, empirical results of this study indicated that the manager’s perceptions of

organisational market orientation, and the manager's own customer orientation, are not related to employees' perceptions and employees' customer orientation. Although Jones et al. (2003) offer no explanation for this, the researchers based their definition of customer orientation on Saxe and Weitz (1982), as the degree to which salespeople engage in customer-oriented selling by trying to help their customers make purchase decisions that will satisfy customer needs. This definition may create a problem with the Jones et al. (2003) scale because sales managers might not personally engage in selling. Therefore, the findings of this thesis and the inconclusiveness of other research indicates that modeling offers a rich venue for future research into the transference of market-oriented behaviours throughout the organisation.

6.4.4 Differences in Frequency of Customer and Distributor Contact

The financial services industry relies upon distributors to reach premium payers. Distributor contact related to market orientation came up more frequently in analysis than customer contact. The frequency of customer and distributor contact was the strongest antecedent to the performance of market-oriented behaviours ($r = 0.42$, $p = 0.0$). Frequent contact was measured as making contact weekly or more. This finding indicates that some functions must move beyond traditional notions of in-role duties if they are to become players in the company's strategy. Essentially this finding caps the entire thesis by emphasizing the importance of the channel and source. Unless companies encourage employees in all areas to understand their customers through frequent interaction, they cannot pursue a market-oriented strategy. A *market* orientation strategy will not surpass a *marketing* orientation unless strategy-makers in all areas endorse the strategy by

providing employees the time to develop informal and frequent relationships with customers. This finding challenges practitioners who complain about internal, often Head Office employees who “live in a tower” to increase the opportunities for internal employees to interact with the external market.

6.4.5 Country of Residence

The second model assessed the potential impact of the United States versus Canada. Although it did not explain additional variance in the performance of market-oriented behaviours, there was a significant main effect ($r = -0.18$, $p = 0.04$) for the country of residence. The negative effect signals that Canadian respondents were less likely to report market-oriented behaviours. This difference is interesting. It might be explained through cultural differences, as Canadians are less likely to “blow their own horn” than U.S. citizens.

There might also be a difference in the composition of the sample frame in the two countries. Although both were solicited through insurance associations, the Canadian sample was dominated by many members belonging to a few large insurance companies. In contrast, the U.S. sample was dispersed amongst many companies. This may be a result of differences in the industry between two countries, with Canada reflecting larger, more regulated companies and the less-regulated United States industry fostering smaller providers and dispersed over a larger market. It is likely that a smaller company would require broader responsibilities and more autonomy from each employee. As autonomy has been connected to market orientation (Harris & Piercy, 1999), the degree of market

orientation might also be a function of the breadth of responsibility, and this might explain the differences between countries.

6.5 Limitations and Future Research

The small sample size limits the generalizability of the study finding in two ways. First, it constrained the data analysis because the same sample was used to gauge the reliability and facets of validity of measure (Campbell and Fiske (1959) in Churchill, 1979). Second, only one industry was tested. Future researchers must extend its generalization to other industries, and potentially differing sectors (private and public).

The study was limited in its interpretation of frequency of market-oriented behaviours. For example, the intensity of the customer contact (i.e., the length of each interaction) was not considered in this research.

This research also highlights the difficulty in canvassing lower level employees without organisational sponsorship of the research. This survey approached financial services professionals who were members of industry associations, and thus may be employed in more senior roles within their own organisations. When the survey was presented to less professional and educated employees (in the packaging industry), respondents had trouble understanding the survey.

In future research, a sponsoring company would broaden the type of employee who participates, and increase the response rate to the survey. This could extend the current study by allowing the collection of survey data at different times, combating method bias and permitting longitudinal study of causal relationships.

Future researchers might also be interested in comparing results of the traditionally female-dominated financial services industry with a different male-dominated industry. There may be interesting differences in how employees perform market-oriented behaviours and manage market information.

The length of the instrument used in the current study may have discouraged completion. Twenty cases were dropped from the analysis because they were missing data. Future research should consider this risk and limit the size of the instrument.

Future researchers might measure market orientation with extra-firm respondents. Although the measure of individual market orientation was developed using both intra-firm and extra-firm respondents, the nomological tests of validity were undertaken with solely intra-firm participants (they assessed their own company, and their own actions). It would be of great practical and academic value to gain this insight with extra-firm respondents as suggested by Harris (2003).

6.6 Contributions

This dissertation has filled a gap relating to the theory and measurement of dynamic capabilities associated with the market orientation of individuals throughout the firm. In his appraisal of market orientation research, Langerak (2003) concluded that the nature of the link between organisational market orientation and performance has not yet been adequately explained. This suggests that other considerations may shape the success of a market-oriented strategy. This research has described and tested how and why individual employees may perform market-oriented routines underpinning the market orientation of the organisation.

Consideration of individual in the creation of a customer orientation largely been tested with employees in sales and marketing (e.g., Pettijohn & Pettijohn, 2002). In contrast, this research considered employees throughout the company and tested a market orientation – not a marketing orientation..

Extant measures are limited by their use of a single informant (internal to company) (Harris, 2003). Therefore, this research has also contributed to understanding of market orientation by developing a measure using multiple informants, including distributors who are external stakeholders in the process, and academic researchers who provide objective insights to the market orientation process.

This thesis contributes a relative understanding of market orientation (Harris, 2003) because in the exploratory study, agent/distributors were asked to assess the market orientation of the company compared to its competitors (it was generally superior to its competitors in the maintenance of close contact with agents and response to needs).

Finally, this research contributes as one of a few recent studies to use confirmatory factor analysis to test market orientation as a latent construct (Matsuno & Mentzer, 2000; Harrison-Walker, 2001).

6.7 Conclusion

The scale measures market-oriented behaviours of individuals employed across all functions. Such an instrument clarifies individual accountabilities and specifies measurable routines that add competitive value. Its development also identified important interpersonal antecedents that organisations must account for when attempting to introduce this strategy. These include the fostering of high quality and fulfilled psychological contracts, modeling of learning strategies by agile learners, and increased

opportunities and time to develop personal employee-customer relationships throughout the firm.

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Appendix A: Definitions

Dynamic Capabilities

"The firm's processes that use resources – specifically the processes to integrate, reconfigure, gain and release resources – to match and even create market change. Dynamic capabilities thus are the organisational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die" (Eisenhardt & Martin, 2000, p. 1107). (Teece et al., 1997) coined the term "dynamic" as they explained a firm's ability to renew competences in response to changes in the business environment.

Learning Orientation of the Individual (Learning Agility)

The learning orientation of an individual "is characterized by a desire to increase one's competence by developing new skills and mastering new situations" (Bell & Kozlowski, 2002, p. 498).

Learning Orientation of the Organisation

An organisational learning orientation is composed of three dimensions: shared vision and experience, commitment to learning and open-mindedness (Sinkula et al., 1997; Baker & Sinkula, 1999; Liu et al., 2003).

Market Orientation of the Individual

Adapted from Kohli and Jaworski (1990): The market orientation of individuals reflects the attitudes and behaviours of employees as they acquire, share, and respond to market intelligence.

Market Orientation of the Organisation

Kohli and Jaworski (1990) define market orientation as "the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation-wide responsiveness to it".

Modeling

Modeling can be defined as observational learning, or vicarious learning by observing people's behaviour and the consequences of it (Bandura, 1986).

Psychological Contract

"The psychological contract is individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organisation." (Rousseau, 1995). These beliefs reflect the individuals' beliefs regarding promises made, accepted and relied on between themselves and another (employee, client, manager, organisation).

Resource-based View

RBV assumes that firms can be conceptualized as bundles of resources, those resources are heterogeneously distributed across firms, and resource differences persist over time (Eisenhardt & Martin, 2000; Penrose, 1959; Wernerfelt, 1984). Wernerfelt (1984, p. 172) defines a resource as "anything which could be thought of as a strength or weakness of a given firm… those tangible and intangible) assets which are tied semi-permanently to the firm".

Self-efficacy

"Beliefs in one's capabilities to mobilize the motivation, cognitive resources, and courses of action needed to meet given situational demands" (Wood & Bandura, 1989), p. 408.

Social Exchange

Roloff (1981, p. 21) arrived at a definition of social exchange as "the voluntary transference of some object or activity from one person to another in return for other objects or activities". Section Two highlights the differences between social and economic exchanges.

Appendix B: Market Orientation Scales

Individual Customer Orientation Scale (Brown et al., 2002)

Reliability for Linear composite α = .92

1. Enjoyment dimension (9 point, strongly disagree to agree, α = .88)
2. I find it easy to smile at each of my customers.
3. I enjoy remembering my customers' names.
4. It comes naturally to have empathy for my customers.
5. I enjoy responding quickly to my customers' requests.
6. I get satisfaction from making my customers happy.
7. I really enjoy serving my customers.

Needs dimension (9 point, strongly disagree to agree, α = .87)

1. I try to help customers achieve their goals.
2. I achieve my own goals by satisfying customers
3. I get customer sto talk about their service needs with me.
4. I take a problem-solving approach with my customers.
5. I keep the best interests of the customer in mind.
6. I am able to answer a customer's questions correctly.

Customer Mindset Scale (Kennedy et al., 2002)

External CMS (ECMS) α = .85

1. I believe that …
2. I must understand the needs of my company's customers.
3. It is critical to provide value to my company's customers.
4. I am primarily interested in satisfying my company's customers.
5. I must understand who buys my company's products/services.
6. I can perform my job better if I understand the needs of my company's customers.
7. Understanding my company's customers will help me do my job better.

Market Orientation Scale (Narver & Slater, 1990) (5 point, strongly disagree to strongly agree, α = .80)

1. In our organisation, our salespeople share information about competitor information.
2. Our business objectives are driven by customer satisfaction.
3. We respond rapidly to competitive actions.
4. We closely monitor and assess our level of commitment in serving customers' needs.
5. Our top managers from each business function regularly visit customers.
6. Information about customers is freely communicated throughout our organisation.
7. Our competitive advantage is based on understanding customers' needs.

8. Business functions within are integrated to serve the target market needs.
9. Business strategies are driven by the goal of increasing customer value.
10. We frequently measure customer satisfaction.
11. We pay close attention to after-sales service.
12. Top management regularly discuss competitors' strength and weaknesses.
13. Our managers understand how employees can contribute to value of customers
14. Customers are targeted when we have an opportunity for competitive advantage.
15. We share resources with other business units.

Market Orientation Scale (Jaworski & Kohli, 1993) original 32 item scale

Intelligence Generation $\alpha = .71$

1. In this business unit, we meet with customers at least once a year to find out what products or services they will need in the future.
2. Individuals from our manufacturing department interact directly with customers to learn how to serve them better.
3. In this business unit, we do a lot of in-house market research.
4. We are slow to detect changes in our customers' product preferences.
5. We poll end users at least once a year to assess the quality of our products and services.
6. We often talk with or survey those who can influence our end users' purchases (e.g., retailers, distributors).
7. We collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).
8. In our business unit, intelligence on our competitors is generated independently by several departments.
9. We are slow to detect fundamental shifts in our industry (e.g., competition, technology, regulation).
10. We periodically review the likely effect of changes in our business environment (e.g. regulation) on customers.

Intelligence Dissemination ($\alpha = .82$)

1. A lot of informal "hall talk" in this business unit concerns our competitor's tactics or strategies. *
2. We have interdepartmental meetings at least once a quarter to discuss market trends and developments.
3. Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.
4. Our business unit periodically circulates documents (e.g., reports, newsletters) that provide information on our customers.
5. When something important happens to a major customer or market, the whole business unit knows about it in a short period.
6. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.
7. There is minimal communication between marketing and manufacturing departments concerning market developments.

8. When one department finds out something important about competitors, it is slow to alert other departments.

Response Design (α = . 78)

1. It takes us forever to decide how to respond to our competitors' price changes.
2. Principles of market segmentation drive new product development efforts in this business unit.
3. For one reason or another we tend to ignore changes in our customers' product or service needs.
4. We periodically review our product development efforts to ensure that they are in line with what customers want.
5. Our business plans are driven more by technological advances than by market research.
6. Several departments get together periodically to plan a response to changes taking place in our business environment.
7. The product lines we sell depend more on internal politics than real market needs.

Response Implementation (α = .82)

1. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.
2. The activities of the different departments in this business unit are well coordinated.
3. Customer complaints fall on deaf ears in this business unit.
4. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.
5. We are quick to respond to significant changes in our competitors' pricing structures.
6. When we find out that customers are unhappy with the quality of our service, we take corrective action immediately.
7. When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.

Relationship Management Tasks Performance (seven point scale strongly disagree to agree, (Helfert et al., 2002), α - .68)

Adaptation

1. Members of our relationship team adapt offerings to this customer's needs
2. Members of our relationship team adapt delivering and usage of our offerings to customer's demands.

Coordination

1. Members of our relationship team discuss in collaboration with this customer who is doing what.
2. Members of our relationship team control that promises on both sides are fulfilled.
3. Members of our relationship team discuss the steps with which the aims of the relationship are fulfilled.

Conflict

1. Members of our relationship team try hard to realize our firm's interest in case of conflicts (reverse scored)
2. Members of our relationship team wait a considerable time in case of conflicts in order to calm down the situation (reverse scored).
3. Members of our relationship team try to establish a compromise which is acceptable for both sides when a conflict arises.

Exchange

1. We send members of our relationship team to this customer to learn more about the particular needs of this customer.
2. Members of our relationship team react immediately if this customer has any problems with our offerings.
3. Members of our relationship team talk with employees of the customer about private matters.
4. Members of our relationship team jointly develop solutions for this customer.

Appendix C: Scale Administered to Focus Groups

1. I must understand the needs of my company's advisors
2. I must understand the needs of my company's customers
3. It is critical to provide value to my company's advisors.
4. It is critical to provide value to my company's customers.
5. I am primarily interested in satisfying my company's advisors.
6. I am primarily interested in satisfying my company's customers.
7. I must understand who buys my company's products/services.
8. I can perform my job better if I understand the needs of my company's advisors
9. I can perform my job better if I understand the needs of my company's customers
10. Understanding my company's advisors will help me do my job better.
11. Understanding my company's customers will help me do my job better
12. In our organisation, our agency callers share information about competitor information.
13. Our business objectives are driven by customer satisfaction
14. We respond rapidly to competitive actions
15. We closely monitor and assess our level of commitment in serving customers' needs.
16. Our top managers from each business function regularly interact with customers
17. Information about customers is freely communicated throughout our organisation
18. Information about advisors is freely communicated throughout our organisation
19. Our competitive advantage is based on understanding customers' needs
20. Business functions within are integrated to serve the target market needs
21. Business strategies are driven by the goal of increasing customer value
22. We frequently measure customer satisfaction
23. We pay close attention to after-sales service
24. Top management regularly discuss competitors' strength and weaknesses
25. Our managers understand how employees can contribute to value of customers
26. Customers are targeted when we have an opportunity for competitive advantage
27. We share resources with other business units
28. I interact with agencies to find out what products or services customers will need in the future
29. My actions stimulate in-house market research
30. My agency calls detect changes in our customers' product preferences
31. I ask advisors at least once a year to assess the quality of our products and services
32. I often talk with or survey those who can influence our end users' purchases (e.g., distributors
33. I collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners
34. In our business unit, intelligence on our competitors is generated independently by several agency callers
35. I find it difficult to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my agency calls

36. In my agency calls, I periodically review the likely effect of changes in our business environment (e.g. company mergers and acquisitions) on customers
37. I participate in a lot of informal “hall talk” that concerns our competitor’s tactics or strategies
38. I participate in interdepartmental meetings at least once a quarter to discuss market trends and developments
39. Marketing personnel in our business unit spend time discussing customers’ future needs with other functional departments
40. I try to periodically circulate documents (e.g., reports, newsletters) that provide information on my agency contacts and their customers
41. When I find out that something important has happened to a major distributor or market, I let the whole caller contact unit know about it in a short period
42. Other callers at all levels in this business unit share information on customer and advisor satisfaction on a regular basis
43. I communicate with both marketing and product development departments concerning market developments
44. When most callers find out something important about competitors, they are slow to alert other callers
45. It takes us forever to decide how to respond to our competitors’ price changes
46. Principles of market segmentation drive new product development efforts in this business unit
47. For one reason or another we tend to ignore changes in our customers’ product or service needs
48. I periodically review our product development efforts with the GAs to ensure that they are in line with what customers want
49. Our business plans are driven more by technological advances than by market research
50. Several departments get together periodically to plan a response to changes taking place in our business environment
51. I provide critical information that helps company decision-makers to review changes taking place in our business environment
52. The product lines we sell depend more on internal politics than real market needs
53. If I shared information that a major competitor were to launch an intensive campaign targeted at our customers, my company would implement a response immediately
54. I coordinate my activities with the activities of the other coworkers or departments in this business unit
55. My reports of customer complaints fall on deaf ears in this business unit
56. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion
57. We are quick to respond to significant changes in our competitors’ pricing structures
58. When I find out that customers are unhappy with the quality of our service, I take corrective action immediately
59. When I pass on the information that customers are unhappy with the quality of our service, we take corrective action immediately.

60. When I pass on the information that customers would like us to modify a product or service, the departments involved make concerted efforts to do so
61. Members of the agency call program are actively involved in adapting products to their advisor's needs
62. Members of the agency call program adapt delivering and usage of our products to customer's demands
63. Members of our agency call program discuss in collaboration with this advisor who is doing what
64. Members of our agency call program control that promises on both sides are fulfilled
65. Members of our agency call program discuss the steps with which the aims of the relationship are fulfilled
66. I try hard to realize our firm's interest in case of conflicts (reverse scored)
67. When there is a conflict, I wait a considerable time in order to calm down the situation (reverse scored).
68. I try to establish a compromise that is acceptable for both sides when a conflict arises
69. I react immediately if this advisor has any problems with our offerings
70. I talk with employees of the advisor about private matters
71. Members of our relationship team and myself jointly develop solutions for this customer

Appendix D: Focus Group Outline

- Introduction to each other
- Goal of focus group: to understand best ways for individuals to acquire and share useful information and to develop strategic responses to it
- Note presence of recorder
- Registration and permission forms

Let's stand back and consider the objectives of the agency call program. These are:

- Early intervention
- Remove field marketing from non-sales issues
- Field test ideas
- Feedback on specific initiatives

These objectives represent types of information that company decision makers value and they involve processes of information acquisition, sharing, and strategic response.

Let's brainstorm the ways that these objectives and processes might be addressed within your own jobs. What types of things do you do? What types of things do you see coworkers do / expect of coworkers? Start with info acquisition, then info sharing, then strategic response
fit the call program in too here as one alternative.

- are these being done currently?
- By whom?
- Whose responsibility?
- pros and cons of each?

Appendix E: Practitioner Interview and Focus Group Purification

A) Adapted from Kennedy et al. 2002

I believe that …

1. I must understand the needs of my company's advisors
2. I must understand the needs of my company's customers.
3. It is critical to provide value to my company's advisors.
4. It is critical to provide value to my company's customers.
5. I am primarily interested in satisfying my company's advisors.
6. I am primarily interested in satisfying my company's customers.
7. I must understand who buys my company's products/services.
8. I can perform my job better if I understand the needs of my company's advisors.
9. I can perform my job better if I understand the needs of my company's customers.
10. Understanding my company's advisors will help me do my job better.
11. Understanding my company's customers will help me do my job better.

Analysis: Might need to keep attitude because individual level reflects individual differences. Also, almost unanimous endorsement of their inclusion by pretest participants. Risk of motherhood statements though. Also, cannot ask these attitudinal questions in terms of should and do. Attitude doesn't really measure "do". Discarded after focus groups (except for limited use as a validation measure).

B) Adapted from Narver & Slater Market Orientation

1. In our organisation, our agency callers share information about competitor information.
2. Our business objectives are driven by customer satisfaction.
3. We respond rapidly to competitive actions.
4. We closely monitor and assess our level of commitment in serving customers' needs.
5. Our top managers from each business function regularly interact with customers.
6. Information about customers is freely communicated throughout our organisation.
7. Information about advisors is freely communicated throughout our organisation.
8. Our competitive advantage is based on understanding customers' needs.
9. Business functions within are integrated to serve the target market needs.
10. Business strategies are driven by the goal of increasing customer value.
11. We frequently measure customer satisfaction.
12. We pay close attention to after-sales service.
13. Top management regularly discuss competitors' strength and weaknesses.
14. Our managers understand how employees can contribute to value of customers
15. Customers are targeted when we have an opportunity for competitive advantage.
16. We share resources with other business units.

Analysis: These are Narver and Slater. They don't translate well to individual behaviours. When rephrased, begin to more look like Kohli and Jaworski. Mixed responses from pretest. Therefore removed from scale.

C) Adapted from Jaworski & Kohli's (1993) original scale (32 items) - used this instead of later 20 item refinement because the items they had cut out might be appropriate in an individual sense.

Adapted from Jaworski & Kohli 1993 Intelligence Generation:

1. I interact with agencies to find out what products or services customers will need in the future.
2. My actions stimulate in-house market research.
3. My agency calls detect changes in our customers' product preferences.
4. I ask advisors at least once a year to assess the quality of our products and services.
5. I often talk with or survey those who can influence our end users' purchases (e.g., distributors).
6. I collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).
7. In our business unit, intelligence on our competitors is generated independently by several agency callers.
8. I find it difficult to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my agency calls.
9. In my agency calls, I periodically review the likely effect of changes in our business environment (e.g. company mergers and acquisitions) on customers.

Analysis: Very mixed reception to these items, not even spreads to come to "maybe"conclusions. Numbers 2, 3 and 7 were very low on inclusion. Number 2 not really in control of person. Number 3 could be industry specific issue (financial services not directly linked to customer - link to agent). No. 7 department level. Removed these items.

Altered Scale - Intelligence Generation

1. I interact with agencies to find out what products or services customers will need in the future.
2. I ask advisors at least once a year to assess the quality of our products and services.
3. I often talk with or survey those who can influence our end users' purchases (e.g., distributors).
4. I collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).
5. I find it difficult to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my agency calls.
6. In my agency calls, I periodically review the likely effect of changes in our business environment (e.g. company mergers and acquisitions) on customers.

D) Adapted from Kohli & Jaworski, Intelligence Dissemination:

1. I participate in a lot of informal "hall talk" that concerns our competitor's tactics or strategies.
2. I participate in interdepartmental meetings at least once a quarter to discuss market trends and developments.
3. Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.
4. I try to periodically circulate documents (e.g., reports, newsletters) that provide information on my agency contacts and their customers.
5. When I find out that something important has happened to a major distributor or market, I let the whole caller contact unit know about it in a short period.
6. Other callers at all levels in this business unit share information on customer and advisor satisfaction on a regular basis.
7. I communicate with both marketing and product development departments concerning market developments.
8. When most callers find out something important about competitors, they are slow to alert other callers.

Analysis: These were very evenly spread in pretest, so source of a lot of variability. May be more discriminatory then in predicting MO. Number 3,6 and 8 are department level responsibility - not individual control, so removed.

Altered Scale – Intelligence Dissemination

1. I participate in a lot of informal "hall talk" that concerns our competitor's tactics or strategies.
2. I participate in interdepartmental meetings at least once a quarter to discuss market trends and developments.
3. I try to periodically circulate documents (e.g., reports, newsletters) that provide information on my agency contacts and their customers.
4. When I find out that something important has happened to a major distributor or market, I let the whole caller contact unit know about it in a short period.
5. I communicate with both marketing and product development departments concerning market developments.

E) Adapted from Kohli & Jaworski, Response Design:

1. It takes us forever to decide how to respond to our competitors' price changes.
2. Principles of market segmentation drive new product development efforts in this business unit.
3. For one reason or another we tend to ignore changes in our customers' product or service needs.
4. I periodically review our product development efforts with the GAs to ensure that they are in line with what customers want.
5. Our business plans are driven more by technological advances than by market research.

6. Several departments get together periodically to plan a response to changes taking place in our business environment.
7. I provide critical information that helps company decision-makers to review changes taking place in our business environment.
8. The product lines we sell depend more on internal politics than real market needs.

Analysis: Will keep only Number 4 and 7. These are personal responsibility. Number 5 and number 8 strongly negative reception. Numbers 1-3, 6 are all worded as dept responsibility. Design may be something that's less in the sphere of all employees. Speaks to the amount of empowerment designed right into a person's job.

F) Adapted from Kohli & Jaworski, Response Implementation:

1. If I shared information that a major competitor were to launch an intensive campaign targeted at our customers, my company would implement a response immediately.
2. I coordinate my activities with the activities of the other coworkers or departments in this business unit.
3. My reports of customer complaints fall on deaf ears in this business unit.
4. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.
5. We are quick to respond to significant changes in our competitors' pricing structures.
6. When I find out that customers are unhappy with the quality of our service, I take corrective action immediately.
7. When I pass on the information that customers are unhappy with the quality of our service, we take corrective action immediately.
8. When I pass on the information that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.

Analysis: Number 2, 6, 7 were high inclusive. These are the most likely items in the control of an individual (not as much measurement of the person's perception of other people's response to their own issues. Other items were highly negative or inconclusive.

Altered Scale – Responsiveness (Combined Response Design and Implementation)

1. I periodically review our product development efforts with the GAs to ensure that they are in line with what customers want.
2. I provide critical information that helps company decision-makers to review changes taking place in our business environment.
3. I coordinate my activities with the activities of the other coworkers or departments in this business unit.
4. When I find out that customers are unhappy with the quality of our service, I take corrective action immediately.
5. When I pass on the information that customers are unhappy with the quality of our service, we take corrective action immediately.

G) Adapted from Helfert et al. 2002

1. Members of the agency call program are actively involved in adapting products to their advisor's needs
2. Members of the agency call program adapt delivering and usage of our products to customer's demands.
3. Members of our agency call program discuss in collaboration with this advisor who is doing what.
4. Members of our agency call program control that promises on both sides are fulfilled.
5. Members of our agency call program discuss the steps with which the aims of the relationship are fulfilled.
6. I try hard to realize our firm's interest in case of conflicts (reverse scored)
7. When there is a conflict, I wait a considerable time in order to calm down the situation (reverse scored).
8. I try to establish a compromise that is acceptable for both sides when a conflict arises.
9. I react immediately if this advisor has any problems with our offerings.
10. I talk with employees of the advisor about private matters.
11. Members of our relationship team and myself jointly develop solutions for this customer.

Analysis: Pretest unanimous: don't include #1 or 10. Number 1 - maybe reflects specialization in large companies - there is a function that creates new products. Mainstream employees wouldn't consider themselves to be product developers. Number 10 might reflect a social desirability bias - meaning of "private matters" - could sound underhanded, or add an element that pries beyond a workplace relationship. Did not include #1 and 10. Numbers 2-5 and 11 are not phrased at individual level and are negative or inconclusive. Numbers 6-9 were more united on inclusion, and are individual level control.

Altered Scale - Relationship management

1. I try hard to realize our firm's interest in case of conflicts (reverse scored)
2. When there is a conflict, I wait a considerable time in order to calm down the situation (reverse scored).
3. I try to establish a compromise that is acceptable for both sides when a conflict arises.
4. I react immediately if this advisor has any problems with our offerings.
5. Members of our customer / advisor relationship team and myself jointly develop solutions for this customer.

Behaviours generated from Focus Groups and Interviews:

- Scheduled Agency calls – special program
- Scheduled Agency visits
- Secondary information – industry surveys
- Communication of information gained through participation in industry task groups and networking in professional associations

- Update through environmental scan or newsletters
- In house paper surveys (generally department/organisation level)
- Daily interaction with agencies (informal)
- In house focused information calls to agencies (subject specific)

Appendix F: Academic Expert Purification

A. To what extent do you feel obligated to perform the following behaviours? To what extent do you perform the following behaviours? Please answer using this scale:

This anchor question in A1 is confusing (11)
Is this the correct phrase? Obliged suggests "have to but don't want to"

1. Not at all 2. Slightly 3. Somewhat 4. Moderately 5. To a great extent

		I should					**I do** Expand? (10)				
1 IG1 CO	Interact with distributors to find out what products or services customers will need in the future. COMMENTS: Trends? (10) Rephrase: - as is	1	2	3	4	5	1	2	3	4	5
2 IG2 CO	Ask distributors at least once a year to assess the quality of our products and services. COMMENTS: Would remove "at least once per year" (9) Would remove "at least once per year" (15) Rephrase: Ask distributors to assess the quality of our products and services.	1	2	3	4	5	1	2	3	4	5
3 IG3 CO	Talk often with or survey those who can influence our end users' purchases (e.g., distributors). COMMENTS: What is often (1) Talk to or survey (10) Delete often (15) Rephrase: Talk to or survey those who can influence our customers' purchases (e.g., distributors)	1	2	3	4	5	1	2	3	4	5
4 IG4 MO	Collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners). COMMENTS: Why not also formal means (1) *already covered in survey question 3) above* Rephrase: As is	1	2	3	4	5	1	2	3	4	5
5 IG5 MO	Take responsibility to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my distributor calls and visits. COMMENTS:	1	2	3	4	5	1	2	3	4	5

	Communication with distributor (instead of calls and visits) (10) Rephrase: Take responsibility to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my communication with distributors.											
6 IG6 MO	In my distributor calls and visits, periodically review the likely effect of changes in our business environment (e.g., company mergers and acquisitions) on customers. COMMENTS: How often (8) Awkwardly worded (9) Communication with distributor (instead of calls and visits) (10) Typo (11) Delete "In my distributor calls and visits", "periodically" (15) Rephrase: In my communication with distributors, periodically review the likely effect of changes in our business environment (e.g., company mergers and acquisitions) on customers.	1	2	3	4	5	1	2	3	4	5	
7 ID1 MO	Participate in a lot of informal "hall talk" that concerns our competitor's tactics or strategies. COMMENTS: Take out "lot of" (10) Delete "a lot of" (15) Rephrase: Participate in informal "hall talk" that concerns our competitor's tactics or strategies.	1	2	3	4	5	1	2	3	4	5	
8 ID2 MO	Participate in interdepartmental meetings at least once a quarter to discuss market trends and developments. COMMENTS: Some items include frequency, others don't (9) Why specify frequency? (10) Delete "at least once a quarter" (15) Rephrase: Participate in interdepartmental meetings to discuss market trends and developments.	1	2	3	4	5	1	2	3	4	5	
9 ID3 MO	Try to circulate documents (e.g., reports, newsletters) that provide information on my distributor contacts and their customers. COMMENTS: Circulate to whom? (9) To whom? (10) Take out "try to" (10) Delete "try to" (15) *But try to indicates effort / consider control over…* Rephrase: Try to circulate documents (e.g., emails, reports, newsletters) that provide information on my distributor contacts and their customers to appropriate departments.	1	2	3	4	5	1	2	3	4	5	

10 ID4 MO	Let the whole department know right away when I find out that something important has happened to a major distributor or market. COMMENTS: Very vague – what is" right away" and "something important" and "major"? (1) What department? (8) Whole organisation or whole department (9) Why whole department? (10) Delete "right away" (15) "appropriate" instead of "whole" and plural departments (4) Rephrase: Let appropriate departments know when I find out that something important has happened to a major distributor or market.	1	2	3	4	5	1	2	3	4	5
11 ID5 MO	Communicate with both marketing and product development departments concerning market developments. COMMENTS: What developments?? E.g. price, services, products, customer expectations (8) What about departments outside of marketing? (9) What if not departmentalized? (10) May be double-barrelled (14) Appropriate departments (4) Rephrase: a) Communicate with our marketing department concerning market developments. b) Communicate market developments to departments other than marketing.	1	2	3	4	5	1	2	3	4	5
12 SR1 CO	Periodically review our product development efforts with distributors to ensure that they are in line with what customers want. COMMENTS How often? (8) What about dealing directly with final customers (9) Any chance of direct sales?(10) Delete periodically (15) Rephrase: Review our product development efforts with distributors to ensure that they are in line with what customers want.	1	2	3	4	5	1	2	3	4	5
13 SR2 MO	Provide critical information that helps company decision-makers to review changes taking place in our business environment. COMMENTS: What are they, give examples (8) Use "pass on" instead of "provide" and "could help" instead of "helps" (10) Delete "critical" (15) Rephrase: Pass on information that could help company decision-makers to review changes taking place in our business	1	2	3	4	5	1	2	3	4	5

	environment.											
14 SR3 MO	Coordinate my activities with the activities of the other coworkers or departments in this business unit. COMMENTS: Unit or department? (8) Take out “the other” (10) Rephrase: Coordinate my activities with the activities of coworkers or departments in this organisation.	1	2	3	4	5	1	2	3	4	5	
15 SR4 CO	Take corrective action immediately when I find out that customers are unhappy with the quality of our service COMMENTS: Omit “corrective” (10) Some comment about 15 and 16 (10) – need you to clarify Delete “immediately” (15) Rephrase: Take action when I find out that customers are unhappy with the quality of our service	1	2	3	4	5	1	2	3	4	5	
16	Work with coworkers to take corrective action immediately when I find out that customers are unhappy with the quality of our service COMMENTS: What’s the difference with item 15 – not clear (15) Rephrase: Delete item	1	2	3	4	5	1	2	3	4	5	
17 SR5 CO	Try hard to realize our firm’s interest in case of conflicts. COMMENTS: This item has no direction, can be good or bad (1) With whom? (8) Clarify (9) Clarify “realize” (10) Not sure if this makes sense (4) Rephrase: (from SOCO) Try to help distributors achieve their goals.	1	2	3	4	5	1	2	3	4	5	
18	When there is a conflict, wait a considerable time in order to calm down the situation. COMMENTS: Why this? (10) Delete “ a considerable time (15) Again, what is this measuring/capturing? (4) Rephrase: Delete item	1	2	3	4	5	1	2	3	4	5	
19 SR6 CO	Try to establish a compromise that is acceptable for both sides when a conflict arises. COMMENTS:	1	2	3	4	5	1	2	3	4	5	

	Who are they? (8) Delete "try to" (15) Rephrased less awkwardly (from SOCO): Try to bring a customer with a problem together with a product or person that helps the customer to solve that problem.										
20 SR7 CO	React immediately if an distributor has any problems with our offerings COMMENTS: "react" does not imply a positive action (10) delete "immediately (15) Rephrase: Respond quickly if a distributor has any problems with our offerings	1	2	3	4	5	1	2	3	4	5
21 SR8 CO	Jointly develop solutions for customers with members of our customer / distributor relationship team.	1	2	3	4	5	1	2	3	4	5

B. To what extent do you believe the following items. Please answer the following questions using this scale:

Comment: Do not use believe – agree is the better word (1)
Delete "believe", use agree with (15)

The last section (below) is wishful thinking –everybody will cross a 5 but not everybody will do it. You will not be able to use that part.

1. Not at all 2. Slightly 3. Somewhat 4. Moderately 5. To a great extent

		the distributors who sell my company's products					**my company's customers** comment: who is the customer? The distributor's customer, the user? (1) clarify (10)				
1	I must understand the needs of Rephrase: Delete item	1	2	3	4	5	1	2	3	4	5
2	It is critical to provide value to Rephrase: Delete item	1	2	3	4	5	1	2	3	4	5
3	I am primarily interested in satisfying COMMENTS: Delete "primarily" (15) Rephrase: As is.	1	2	3	4	5	1	2	3	4	5
4	I can better perform my job if I understand the needs of COMMENTS: Distinguish 4 from 5? (10)	1	2	3	4	5	1	2	3	4	5

	Rephrase: Delete item										
5	It will help me do my job if I better understand	1	2	3	4	5	1	2	3	4	5
	Rephrase: As is										

Appendix G: Final Scale used in Cross-section

The following questions refer to customers and distributors. In this survey, a "customer" refers to the individual that pays the premium, whereas a "distributor" refers to an independent or captive sales agency, managing general agent, producing general agent, or other business partners that deal directly with the customer.

For each item in the following section please answer first whether you feel obligated to do this (I should) and then whether you actually do this (I do). For example, when your manager or company has informally communicated this expectation, or your own experiences have highlighted its importance, you would reflect this by ranking the item highly on "I should". However, if you don't actually do this action (perhaps because you don't have enough resources, time, or just have personal reasons for not wanting to do it) then you would answer "I do" relatively lower on the scale.

1. Never 2. Almost never 3. Sometimes 4. Often 5. Almost Always

1	Interact with agencies to find out what products or services customers will need in the future.	I should 1 2 3 4 5 I do 1 2 3 4 5
2	Ask distributors to assess the quality of our products and services.	I should 1 2 3 4 5 I do 1 2 3 4 5
3	Talk to or survey those who can influence our customers' purchases (e.g., distributors).	I should 1 2 3 4 5 I do 1 2 3 4 5
4	Collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).	I should 1 2 3 4 5 I do 1 2 3 4 5
5	Take responsibility to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my communication with distributors.	I should 1 2 3 4 5 I do 1 2 3 4 5
6	In my communication with distributors, periodically review the likely effect of changes in our business environment (e.g., company mergers and acquisitions) on customers.	I should 1 2 3 4 5 I do 1 2 3 4 5
7	Participate in informal "hall talk" that concerns our competitor's tactics or strategies.	I should 1 2 3 4 5 I do 1 2 3 4 5
8	Participate in interdepartmental meetings to discuss market trends and developments.	I should 1 2 3 4 5 I do 1 2 3 4 5
9	Try to circulate documents (e.g., emails, reports, newsletters) that provide information on my distributor contacts and their customers to appropriate departments.	I should 1 2 3 4 5 I do 1 2 3 4 5
10	Let appropriate departments know when I find out that something important has happened to a major distributor or market.	I should 1 2 3 4 5 I do 1 2 3 4 5
11	Communicate with our marketing department concerning market developments.	I should 1 2 3 4 5 I do 1 2 3 4 5
12	Review our product development efforts with distributors to ensure that they are in line with what customers want.	I should 1 2 3 4 5 I do 1 2 3 4 5
13	Pass on information that could help company decision-makers to review changes taking place in our business environment.	I should 1 2 3 4 5 I do 1 2 3 4 5
14	Coordinate my activities with the activities of coworkers or departments in this organisation.	I should 1 2 3 4 5 I do 1 2 3 4 5

15	Take action when I find out that customers are unhappy with the quality of our service .	I should 1 2 3 4 5 I do 1 2 3 4 5
16	Communicate market developments to departments other than marketing.	I should 1 2 3 4 5 I do 1 2 3 4 5
17	Try to help distributors achieve their goals.	I should 1 2 3 4 5 I do 1 2 3 4 5
18	Try to bring a customer with a problem together with a product or person that helps the customer to solve that problem.	I should 1 2 3 4 5 I do 1 2 3 4 5
19	Respond quickly if a distributor has any problems with our offerings	I should 1 2 3 4 5 I do 1 2 3 4 5
20	Jointly develop solutions for customers with members of our customer / advisor relationship team	I should 1 2 3 4 5 I do 1 2 3 4 5

Appendix H: Final Survey Instrument

Knowledge Management Survey: University of Waterloo

A. The following questions refer to customers and distributors. In this survey, a "customer" refers to the individual that pays the premium, whereas a "distributor" refers to an independent or captive sales agency, managing general agent, producing general agent, or other business partners that deal directly with the customer.

To what extent do you agree with the following statements? Please answer using this scale:

1. Not at all 2. Slightly 3. Somewhat 4. Moderately 5. To a great extent

1. LO1 I can better understand and deal with situations that present difficulties or new challenges if I try out new concepts and skills.
2. LO2 I adjust or change my approach to learning to match new situations or content that arise in different learning settings
3. PC 1 Overall, I have fulfilled my commitments to my employer (DATA LOST ONLINE)
4. LO3 I will make and defend judgments about new situations or challenges that may challenge the consensus of others
5. LO4 I adjust new learning to complement prior knowledge
6. PB1 In general, my employer has not lived up to its promises (REVERSE CODE)
7. LO5 I see ways in which current knowledge can be effectively applied to other, seemingly unrelated situations
8. PB2 Overall, my employer has fulfilled its commitments to me
9. LO6 I willingly take an active role in meeting and effectively dealing with issues arising from new situations
10. LO7 I construct mental models or knowledge maps of information learned from feedback, successes or failures
11. PC2 In general, I don't live up to my promises to my employer (REVERSE CODE)
12. PC3 Overall, I am satisfied in my job
13. REC1 I am primarily interested in satisfying my company's customers
14. RED1 I am primarily interested in satisfying the distributors who sell my company's products
15. REC2 It will help me do my job if I better understand my company's customers
16. RED2 It will help me do my job if I better understand the distributors who sell my company's products

B. Consider your relationship with your current employer. To what extent has your employer made the following commitment or obligation to you? Please answer each question using the following scale (Circle best answer):

1. Not at all 2. Slightly 3. Somewhat 4. Moderately 5. To a great extent

1. PCER1 Concern for my personal welfare
2. PCER2 Opportunity for career development within this firm

3. PCER3 Secure employment

4. PCER4 Be responsive to my personal concerns and well-being

5. PCER5 Developmental opportunities with this firm

6. PCER6 Wages and benefits I can count on

7. PCER7 Make decisions with my interest in mind

8. PCER8 Advancement within the firm

9. PCER9 Steady employment

10. PCER10 Concern for my long-term well-being

11. PCER11 Opportunities for promotion

12. PCER12 Stable benefits for employees' families

C. To what extent have you made the following commitment or obligation to your employer? Please answer each question using the following scale:

1. Not at all 2. Slightly 3. Somewhat 4. Moderately 5. To a great extent

1. PCEE1 Make personal sacrifices for this organisation

2. PCEE2 Seek out developmental opportunities that enhance my value to this employer

3. PCEE3 Remain with this organisation indefinitely

4. PCEE4 Take this organisation's concerns personally

5. PCEE5 Build skills to increase my value to this organisation

6. PCEE6 Plan to stay here a long time

7. PCEE7 Protect this organisation's image

8. PCEE8 Make myself increasingly valuable to my employer

9. PCEE9 Continue to work here

10. PCEE10 Commit myself personally to this organisation

11. PCEE11 Actively seek internal opportunities for training and development

12. PCEE12 Make no plans to work anywhere else

D. The following questions refer to customers and distributors. In this survey, a "customer" refers to the individual that pays the premium, whereas a "distributor" refers to an independent or captive sales agency, managing general agent, producing general agent, or other business partners that deal directly with the customer.

For each item in the following section please answer first whether you feel obligated to do this (I should) and then whether you actually do this (I do). For example, when your manager or company has informally communicated this expectation, or your own experiences have highlighted its importance, you would reflect this by ranking the item highly on "I should". However, if you don't actually do this action (perhaps because you don't have enough resources, time, or just have personal reasons for not wanting to do it) then you would answer "I do" relatively lower on the scale.

1. Never 2. Almost never 3. Sometimes 4. Often 5. Almost Always

MO1 I should interact with agencies to find out what products or services customers will need in the future.

MO1B I interact with agencies to find out what products or services customers will need in the future.
MO2 I should ask distributors to assess the quality of our products and services.

MO2B I ask distributors to assess the quality of our products and services.

MO3 I should talk to or survey those who can influence our customers' purchases (e.g., distributors).

MO3B I talk to or survey those who can influence our customers' purchases (e.g., distributors).

MO4 I should collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).

MO4B I collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).
MO5 I should take responsibility to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my communication with distributors.

MO5B I take responsibility to detect fundamental shifts in our industry (e.g., competition, technology, regulation) in my communication with distributors.

MO6 In my communication with distributors, I should periodically review the likely effect of changes in our business environment (e.g., company mergers and acquisitions) on customers.

MO6B In my communication with distributors, I periodically review the likely effect of changes in our business environment (e.g., company mergers and acquisitions) on customers.

MO7 I should participate in informal "hall talk" that concerns our competitor's tactics or strategies.

MO7B I participate in informal "hall talk" that concerns our competitor's tactics or strategies.
MO8 I should participate in interdepartmental meetings to discuss market trends and developments.

MO8B I participate in interdepartmental meetings to discuss market trends and developments.

MO9 I should try to circulate documents (e.g., emails, reports, newsletters) that provide information on my distributor contacts and their customers to appropriate departments.

MO9B I try to circulate documents (e.g., emails, reports, newsletters) that provide information on my distributor contacts and their customers to appropriate departments.
MO10 I should let appropriate departments know when I find out that something important has happened to a major distributor or market.

MO10B I let appropriate departments know when I find out that something important has happened to a major distributor or market.

MO11 I should communicate with our marketing department concerning market developments.

MO11B I communicate with our marketing department concerning market developments.
MO12 I should review our product development efforts with distributors to ensure that they are in line with what customers want.

MO12B I review our product development efforts with distributors to ensure that they are in line with what customers want.

MO13 I should pass on information that could help company decision-makers to review changes taking place in our business environment.
MO13B I pass on information that could help company decision-makers to review changes taking place in our business environment.

MO14 I should coordinate my activities with the activities of coworkers or departments in this organisation..

MO14B I coordinate my activities with the activities of coworkers or departments in this organisation..

MO15 I should take action when I find out that customers are unhappy with the quality of our service .

MO15B I take action when I find out that customers are unhappy with the quality of our service .

MO16 I should communicate market developments to departments other than marketing.

MO16B I communicate market developments to departments other than marketing.
MO17 I should try to help distributors achieve their goals.

MO17B I try to help distributors achieve their goals.

MO18 I should try to bring a customer with a problem together with a product or person that helps the customer to solve that problem.

MO18B I try to bring a customer with a problem together with a product or person that helps the customer to solve that problem.

MO19 I should respond quickly if a distributor has any problems with our offerings

MO19B I respond quickly if a distributor has any problems with our offerings
MO20 I should jointly develop solutions for customers with members of our customer / advisor relationship team

MO20B I jointly develop solutions for customers with members of our customer / advisor relationship team

G. BACKGROUND

1. Age 18 – 25 26-40 41-55 56-65 over 66

2. Gender:

Male Female

3 Length of time (years) with Current Organisation:

A year or less 2-3 years 4-5 years 5-10 years More than 10 years

4. What is your position with your CURRENT Employer?

Underwriting Claims Human Resources Accounting

Information Systems Marketing Product Development Other

5. What is your position with your CURRENT Employer?

Executive Management Non-Supervisory

6. How often do you interact with customers?

multiple times daily daily weekly monthly rarely never

7. How often do you interact with distributors?

multiple times daily daily weekly monthly rarely never