

**Marketing and Sales conflict:  
An exploratory investigation of sources and consequences on performance**

**Abstract**

This paper focuses on the relationships between the Marketing and Sales departments, exploring specific functional factors as sources of Marketing-Sales conflict, as well as the consequences of this conflict on company performance. Based on the data collected from both Marketing and Sales managers of 132 consumer goods' companies, the paper identifies as sources of Marketing-Sales conflict (a) differences in the perceptions of Marketing and Sales managers regarding the importance of basic marketing activities, and (b) the low quality of cooperation between M&S departments for the execution of these activities, and shows that the consequence of this conflict is reduced company performance. The implications of the study are discussed.

**Key Words**

Marketing-Sales relationships, Marketing-Sales conflict, Company performance

## 1. Introduction

Historically there has been tension between Marketing and Sales - hereinafter M&S - (Lorge, 1999); senior managers often describe the working relationship of M&S as unsatisfactory (see Kotler et al., 2006), while some scholars report this relationship to be far from harmonious (Homburg et al., 2008; Montgomery & Webster, 1997). Overall, the M&S relationship is characterized, mainly, by negative outcomes, e.g. a lack of cohesion, distrust, dissatisfaction and conflict (Dewsnap & Jobber 2000, 2002). The poor Marketing – Sales (hereinafter M-S) relationships may be the outcome of certain functional characteristics pertaining to these two departments. Specifically, Krohmer et al. (2002) and Rouzies et al. (2005) identified a dispersion of influence on basic marketing activities such as marketing research, market segmentation, product design, pricing etc, especially between M&S departments, which could be considered as a source of conflict. Moreover, Shapiro (2002) suggested that the low level of importance assigned to marketing activities from M&S departments, is associated with poor collaboration between these two departments, while Homburg et al. (2008) indicated that a low cooperation quality of M&S departments, in respect to marketing activities, is connected with poor M-S relationships.

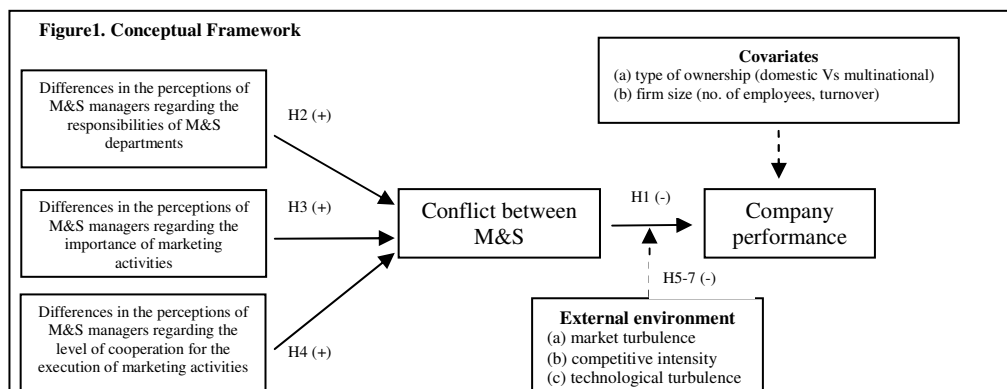
Although the M-S dyad has been championed in the normative literature, it has not been subjected to any vigorous empirical analysis, despite the fact that other interdepartmental relationships have received empirical attention, e.g. Marketing and Manufacturing (see Mukhopadhyay & Gupta, 1998), Marketing and Engineering (see Weinrauch & Anderson, 1982), Marketing and R&D (see Griffin & Hauser, 1996). Moreover, extant literature in the area of interdepartmental relationships, and more specifically between the M&S departments, has not examined as yet the perceptions of the M&S managers of the same company simultaneously. As Massey and Dawes (2007) point out, researchers, ideally, need to examine M&S managers' perspectives simultaneously.

Thus, the objectives of this study are to capture the perceptions of both M&S managers within the same company in order to investigate whether (a) differences in the perceptions of M&S managers regarding (i) the responsibilities of M&S departments for the execution of basic marketing activities, (ii) the importance of these activities, and (iii) the level of cooperation between M&S departments for the execution of the activities in question, lead to the creation of M-S conflict, and (b) this conflict has a detrimental effect on company performance. Also, the paper investigates whether the environment within which the company operates (in terms of market turbulence, competition intensity and technological turbulence) is a moderator in the relationship between M-S conflict and company performance, as suggested by the normative literature (Rouzies et al., 2005). Finally, it also examines company characteristics (type of ownership, size) as covariates of performance, since it is indicated in the literature (e.g. Panagopoulos & Avlonitis, 2010).

This paper, therefore, is organised as follows. Firstly, the conceptual framework of this paper is presented and the study's hypotheses are developed, based on the theoretical premises underlying this research project. Then, the research methodology is discussed and the empirical analysis and results are presented. Thereafter, the findings are interpreted and explained in light of extant theory and various conclusions are derived. Finally, the implications for researchers and managers are highlighted, and the study's limitations and suggestions for future research are discussed.

## 2. Conceptual framework and hypotheses development

The core construct of this study is M-S conflict, and the conceptual framework of this research project, which is depicted in figure 1, illustrates the sources of M-S conflict in terms of organisational and functional characteristics of M&S departments, as well as the consequences of this conflict on company performance.



Moreover, figure 1 indicates the moderation effect of the external environment in the relationship between M-S conflict and company performance, and the covariance between certain company characteristics and performance. The following sections focus on the rationale of these relationships.

## **2.1 Marketing-Sales conflict**

A significant attention, mainly normative, has been devoted to the conceptualization of M-S interface (Dewsnap & Jobber, 2000; Homburg et al., 2008; Rouzies et al., 2005). There is evidence to suggest that while M&S are both independent and interdependent, they are not always seen as working collectively or collaboratively (Dawes & Massey, 2005; Lorge, 1999). In most instances, the relationship between M&S is reported as exhibiting a lack of understanding, disbelief, poor co-operation and being in conflict (Dewsnap & Jobber, 2000; Kotler et al., 2006). Conflict has been defined in the organisational science literature as the “collision of actors” (Katz & Kahn, 1978) and “tension between two or more social entities - individuals, groups or larger organisations - which arises from incompatibility of actual or desired responses” (Gaski, 1984). In the marketing literature, Menon et al. (1996) conceptualized conflict as dysfunctional, task-based tension between departments, which manifests in the form of “turf battles” and “destructive self-serving efforts”, which are both counter to collaboration (Morgan & Piercy, 1998). On the other hand, collaboration between M&S departments in organisations is linked to improved business performance (Meunier-FitzHugh & Piercy, 2007). The literature concurs that the M&S interface frequently appears as lacking collaboration, and that improvements in this relationship should be beneficial to the organisation in terms of improved business performance (e.g. Cespedes, 1993). Specifically, Meunier-FitzHugh and Piercy (2007) proposed that a reduction of conflict between M&S will improve their collaboration, which in turn will lead to superior company performance (Rouzies et al., 2005). In a similar vein, Chimhanzi (2004) identified a negative link between conflict and the effectiveness of strategy implementation, which is reported as an antecedent of improved company performance (Shapiro, 2002). Moreover, conflict has been found to reduce inter-functional performance (Dutton & Walton, 1996; Souder, 1981) as it results in the absence of depth of communication and infrequency of contact between functional units (Menon et al., 1997). Additionally, Kotler et al. (2006) emphasized the need for ending the war between M&S in order to create superior company performance. In general, the consequences of conflict on organisational performance are characterized as deleterious (Chimhanzi, 2004). Thus, we can hypothesize that:

*H1: Marketing-Sales conflict has a negative impact on company performance.*

## **2.2 Marketing and Sales departments' responsibilities**

Krohmer et al., (2002) found that in certain marketing activities such as pricing and new product development there is a high cross-functional dispersion of influence, while in some other activities such as decisions concerning advertising there is a relatively low cross-functional dispersion of influence. Their results show that functional groups other than Marketing, and especially the Sales department, clearly have a great deal of influence on marketing activities. In a similar vein, Troilo et al. (2008) found that traditional marketing activities such as pricing and distribution are under Sales department responsibility. These findings concur with the Marketing Compass (2007), which shows that Marketing departments have weaker influence and control on historical “4Ps” strategies and tactics such as pricing and distribution. Beverland et al. (2006) suggested that the M&S departments have different cultural frames in relation to their respective roles regarding the activities that they carry out. Moreover, Rouzies et al. (2005) argued that if M&S are not congruent regarding their responsibilities, then conflict may arise. Thus, we can hypothesize that:

*H2: Differences in the perceptions of M&S managers regarding the responsibility of their departments for the execution of marketing activities tend to enhance the level of M-S conflict.*

## **2.3 Marketing and Sales managers' perceptions regarding the importance of marketing activities**

A considerable body of the normative literature calls for both M&S departments to modify their role and practices in order to increase the coordination vis-à-vis their activities and give life to integrated processes (e.g. Cespedes, 1993; Kotler et al., 2006). A crucial matter in integrated processes is the importance that each of the engaged departments assign to their common activities (Clark & Fujimoto, 1991; Lawrence & Lorsch, 1967). Moreover, integration between M&S departments is achieved when these two departments are avoiding dissimilarities regarding the importance they assign to the activities that they carry out (Meldrum, 1996; Rouzies et al., 2005). Thus, the importance that M&S departments assign to marketing activities is essential for the creation of smooth M-S relationship, since such relationship is reported as a

benefit of integration between these two departments (Kotler et al., 2006). Moreover, a main characteristic of this smooth relationship is the reduced level of conflict (Dewsnap & Jobber, 2002). Accordingly, we can hypothesize that:

*H3: Differences in the perceptions of M&S managers regarding the importance of basic marketing activities tend to enhance the level of Marketing-Sales conflict*

## **2.4 Marketing and Sales departments' cooperation for the execution of marketing activities**

Shapiro (2002) notes that it is extremely important for the “twin customer-facing functions of M&S” to work together. He also suggests that these two departments must collaborate at every level, from the core central concepts of the strategy to the minute details of execution. The dimension of harmonious inter-group relationships, according to Brown (1995), is associated with cooperation. Consistent with this suggestion, Homburg et al. (2008) define the quality of cooperation between M&S as the extent to which there is a state of collaboration between M&S that is characterized by unity of effort. They also indicate a connection between quality of cooperation for the execution of marketing activities and the harmonious relationships with respect to these two departments. A number of marketing activities require cooperation among the engaged departments, (Maltz, 1997), which are – mainly – the M&S departments (Krohmer et al., 2002). The quality of this cooperation is linked with the relationship of the engaged departments (Homburg et al., 2008). According to the literature, cooperation between M&S departments during the execution of marketing activities is one of the most important issues that practitioners are facing (Rouzies et al., 2005). A major impediment in the cooperation of activities across functional areas is that employees in the various functions have different mind-sets and different perspectives (Lorge, 1999). Accordingly, cooperation quality depends on the extent to which the M&S managers have similar perceptions regarding the level of the cooperation of their departments in the execution of marketing activities. Consequently, we can hypothesize that:

*H4: Differences in the perceptions of M&S managers regarding the cooperation of their departments with respect to the execution of marketing activities tend to enhance the level of M-S conflict.*

## **2.5 External environment**

*(a) Market turbulence:* is defined as the degree of changes in the composition of customers and their preferences (Pine, 1993). Menon et al. (1997) reported that businesses operating in turbulent markets are likely to have a greater need for positive interdepartmental interactions (i.e., less conflict and high connectedness) than businesses in stable markets. Additionally, they indicated that high market turbulence is reducing the negative effect of interdepartmental conflict on product quality. Moreover, market turbulence has been found to strengthen the interfunctional coordination–innovativeness relationship (Han et al., 1998), and enhance the positive effect of M-S integration on business performance (Rouzies et al., 2005). Consequently, M-S conflict is likely to have a lesser impact on company performance in turbulent markets than in stable markets. Thus, we can hypothesize that:

*H5: High market turbulence is reducing the negative effect of M-S conflict on company performance.*

*(b) Competitive intensity:* refers to the degree to which a firm faces competition within its industry (Jaworski & Kohli, 1993). According to Rouzies et al. (2005) competitive intensity is expected to have a moderating influence on the relationship between M-S integration and business performance. The same authors argue that if competitive intensity is relatively low, a firm may be able to attain good business performance even without M-S integration because of the “slack” afforded by the marketplace. Moreover, when competitive intensity is high, it is particularly important for a firm to deliver superior value to customers (Kohli & Jaworski, 1990), and M-S integration is crucial for meeting customer needs and requirements (Rouzies et al., 2005). Thus, we can hypothesize that:

*H6: High competitive intensity is reducing the negative effect of M-S conflict on company performance.*

*(c) Technological turbulence:* refers to the rate of technological change (Jaworski & Kohli, 1993). Olson et al. (1995) suggested that when technology is changing rapidly, the organization must be able to share information more effectively and more quickly than when technology is more predictable. This information flow could enhance collaboration (Jaworski & Kohli, 1993). Moreover, Menon et al. (1997) indicated that the relationship between smooth interdepartmental interactions and product quality is positively moderated by technological turbulence. Thus, smooth M&S relationships are expected to play a more important role when technology is changing rapidly. Accordingly, we can hypothesize that:

*H7: High technological turbulence is reducing the negative effect of Marketing-Sales conflict on company performance.*

## **2.6 Covariates**

In this study, we use firm size and type of ownership, as covariates of company performance. The literature suggests that firms with superior resources will be able to conceive and implement unique strategies that rivals will find difficult to emulate (Barney, 1991). Because large firms have more such resource advantages than do small firms, we included firm size (in terms of number of employees and turnover) as a covariate of performance. Moreover, prior studies indicate that the performance of foreign subsidiaries is superior to that of domestic firms because of firm-specific advantages associated with multinational companies (Caves, 1982). Thus, type of ownership (domestic vs. multinational) was also included as a covariate of performance.

## **3. Research methodology**

### *3.1 Sample & data collection*

Consumer goods companies with turnover of more than 5 million euro and more than 50 employees were specified as the population of this study. Consumer goods companies are reported as an ideal context for empirical investigation in the M&S interface (Dewsnap & Jobber, 2002), while in large organizations, M&S are frequently structured as separate and discrete departments (Piercy, 1986; Workman et al., 1998) performing different functions (Shapiro, 2002). Using the ICAP (Gallop's Subsidiary) Census of Greek Companies Financial Position, 409 firms were identified as fulfilling the above criteria. The M&S managers of these companies were contacted through letters and phone calls asking their cooperation in our research. From these companies, 132 agreed to participate in our research (32.3% response). Personal interviews were conducted, using a structured questionnaire, with the M&S managers of these companies. Both M&S managers answered the same questionnaire in separate personal interviews (without knowing each other's answers). This method apparently is the most appropriate one in order to control common method bias, as from each sample company two key-informants provided the data (Podsakoff et al., 2003). Moreover, empirical studies in this area suggest that data should be collected from multiple respondents within the organization (e.g. Massey & Dawes, 2007; Guenzi & Troilo, 2007; Homburg et al., 2008).

### *3.2 Operationalization of study variables*

The constructs of the study were operationalized using (a) reflective multi-item scales, (b) dichotomous variables, and (c) observed variables. The constructs of M-S Conflict, Company Performance, and the characteristics of the companies' external environment (in terms of Market Turbulence, Competitive Intensity and Technological Turbulence), were measured as reflective models, since a reflective measurement model is appropriate when observed variables are interchangeable manifestations of an underlying construct (Bagozzi & Baumgartner, 1994). Company's characteristics (type of ownership and size) were measured as dichotomous variables. Differences in the perceptions of M&S managers regarding (a) the responsibility of M&S departments vis-à-vis certain basic marketing activities, (b) the importance of these activities, and (c) the level of cooperation between M&S departments for the execution of these activities, were measured as observed variables. Specifically, the variables of this study were operationalized as follows.

#### **(a) Reflective multi-item scales**

**Marketing-Sales Conflict:** In order to capture the level of M-S conflict, both M&S managers were presented with the seven statements measuring interdepartmental conflict, as proposed by Jaworski and Kohli (1993). Then, using a 5-point Likert type scale, the respondents indicated their degree of agreement or disagreement (1="fully disagree" to 5="fully agree") with each of these seven statements. Later, during the analysis of the results, where necessary, the scales were reverted so that higher levels of agreement would always represent higher level of conflict. The perspective adopted in this study is that of interdepartmental conflict as dysfunctional task-based tension arising from goal and action incompatibility (e.g. Jaworski & Kohli, 1993).

**Company Performance:** Company performance was measured in terms of profits, sales volume, market share and ROI (e.g. Narver & Slater, 1990; Avlonitis & Gounaris, 1997). The two managers indicated, using a five point scale, the firm's performance in comparison with their main competitor (1: much worse, 5: much better), as well as the degree of the firm's satisfaction (1: very displeased, 5: very pleased), for each one of the four performance criteria.

**External environment:** In order to measure (a) market turbulence, (b) competitive intensity, and (c) technological turbulence, we adopted the respective scales and items developed by Jaworski and Kohli (1993). Both managers indicated, using a 5-point Likert type scale (1=“fully disagree” to 5=“fully agree”) with each of the items. The scales were formulated so that higher levels of agreement with the items would always represent higher (a) market turbulence, (b) competitive intensity, and (c) technological turbulence, respectively.

We assessed reliability and validity of each reflective measure with confirmatory factor analyses (CFAs), pertaining to both M&S managers’ perceptions, as shown in table 1. Each construct manifests a composite reliability (CR) of at least 0.6 (Bagozzi & Yi, 1988). Average variance extracted (AVE) is higher than the squared phi coefficient for any pair of two latent variables, which supports the discriminant validity of the reflective measures (Fornell & Larcker, 1981). Independent samples t-tests indicated no significant differences in the opinions of M&S managers regarding the reflective measures in question, as shown in table 1. Thus, the mean value of the responses from the two managers of each company was computed and used as a composite measure for each reflective measure.

Variables		CFI	TLI	GFI	RMSEA	mean	AVE	CR	Cronbach's alpha	
Marketing-Sales conflict	Marketing Manager	.943	.915	.944	.060	2.5	ns	.835	.781	.939
	Sales Manager	.962	.942	.947	.075	2.6		.849	.801	.949
Company performance	Marketing Manager	.919	.903	.920	.078	3.2	ns	.879	.920	.958
	Sales Manager	.921	.904	.922	.080	3.2		.866	.897	.953
Market turbulence	Marketing Manager	.993	.986	.978	.065	3.3	ns	.644	.712	.734
	Sales Manager	.983	.965	.965	.074	3.5		.720	.758	.801
Competitive intensity	Marketing Manager	.993	.986	.978	.065	3.9	ns	.685	.738	.794
	Sales Manager	.983	.965	.965	.074	4.1		.682	.720	.727
Technological turbulence	Marketing Manager	.993	.986	.978	.065	3.3	ns	.785	.845	.899
	Sales Manager	.983	.965	.965	.074	3.4		.764	.815	.874

**(b) Dichotomous variables**

**Company’s characteristics:** From the sample of 132 companies, 91 were domestic, while 41 were subsidiaries of multinational firms. Thus, a dichotomous (0/1) variable was devised whereby the value of 0 stands for domestic companies, while the value of 1 stands for multinational companies. Moreover, we used the number of employees as well as the company’s turnover in order to measure company size. Two groups were emerged using both number of employees and turnover. Companies in group 1 had less than 150 employees and turnover less than 5 million euros (small companies - N=95), while companies in group 2 had more than 150 employees and turnover more than 5 million euros (large companies - N=37). Thus, a dichotomous (0/1) variable was devised whereby the value of 0 stands for companies in group 1, while the value of 1 stands for companies in group 2.

**(c) Observed variables**

**Departmental responsibility for the execution of marketing activities:** We adopted Krohmer’s et al. (2002) operationalization in order to measure the responsibility of M&S departments for the execution of the basic marketing activities. Specifically, both M&S managers of each company were provided with a list of 9 marketing activities (namely: marketing research, market segmentation, targeting, positioning, product design, advertising objectives, design of channels of distribution, pricing, customer relationships), and were asked to indicate the responsibility of M&S departments (or any other departments involved) for their execution, using a 100-point constant sum scale. Surprisingly, no significant differences emerged in the opinions of M&S managers regarding the responsibility of M&S departments for the execution of the activities in question as shown in table 2. Thus, the gap in the perceptions of M&S managers regarding the responsibility of M&S departments for the execution of marketing activities could not be computed, and as a consequence H2 could not be tested.

activities	Sales department			mean	Marketing department			mean	paired samples t-test
	Marketing manager	Sales manager	Independent sample t-test		Marketing manager	Sales manager	Independent sample t-test		
Marketing research	24.0	26.6	ns	25.3	70.9	66.3	ns	68.6	p<0.05
Market segmentation	45.2	50.1	ns	47.7	50.9	43.6	ns	47.3	ns
Targeting	48.3	53.8	ns	51.0	47.8	41.9	ns	44.8	ns
Positioning	42.5	49.0	ns	46.0	52.3	45.5	ns	48.9	ns
Product design	23.1	27.0	ns	25.7	62.0	58.6	ns	60.3	p<0.05
Advertising objectives	16.4	21.1	ns	18.7	80.4	75.3	ns	77.8	p<0.05
Channels of distribution	61.9	65.1	ns	63.5	33.0	30.5	ns	31.7	p<0.05
Pricing	57.0	60.5	ns	58.7	37.3	33.8	ns	35.5	p<0.05
Customer relationships	60.8	65.3	ns	63.0	28.6	25.9	ns	27.2	p<0.05

**Importance of Market Activities:** The respondents were provided with the aforementioned list of marketing activities and were asked to indicate, using a 5-point scale (1: low-5: high) the importance assigned to each one of them in their respective companies. Independent samples t-test indicated differences in the perceptions of M&S managers regarding the importance of each activity as shown in table 3. Thus, the absolute value of the differences in the responses of the two managers in each company was computed. Then, the mean value of these gaps was also computed and used as a measure for the difference in the perceptions of M&S managers regarding the importance of marketing activities, as shown in table 3.

N=132	Marketing Manager		Sales Manager		Independent samples t-test	Gap (mean)
	Mean	SD	Mean	SD		
Marketing research	3.39	1.14	2.70	1.29	p<0.01	0.69
Market segmentation	3.53	1.14	2.97	1.36	p<0.01	0.56
Targeting	3.68	0.95	3.05	1.16	p<0.01	0.63
Positioning	3.77	1.01	3.17	1.26	p<0.01	0.6
Product design	3.36	1.34	2.87	1.41	p<0.01	0.49
Advertising objectives	3.94	0.98	3.25	1.20	p<0.01	0.69
Channels of distribution	3.92	0.95	3.17	1.28	p<0.01	0.75
Pricing	3.89	1.01	3.38	1.25	p<0.01	0.51
Customer relationships	3.87	0.78	3.32	1.05	p<0.01	0.55
<b>Mean (total)</b>	<b>3.7</b>		<b>3.1</b>		<b>p&lt;0.01</b>	<b>0.60</b>

**Cooperation between Marketing and Sales:** The respondents were provided with the aforementioned list and were asked to indicate, using a 5-point scale (1: low-5: high) the degree of cooperation between the M&S departments in their respective companies regarding the execution of the activities in question. Following the same procedure as above, we conducted independent samples t-test which indicated differences in the perceptions of M&S managers regarding the level of cooperation between M&S departments for the execution of each activity as shown in table 4. Thus, the absolute value of the differences in the responses of the two managers in each company was computed. Then, the mean value of these gaps was also computed and used as a measure for the difference in the perceptions of M&S managers regarding the cooperation of M&S departments for the execution of the marketing activities, as shown in table 4.

N=132	Marketing Manager		Sales Manager		Independent samples t-test	Gap (mean)
	Mean	SD	Mean	SD		
Marketing research	2.48	1.26	3.29	1.10	p<0.01	0.81
Market segmentation	2.56	1.31	3.31	1.16	p<0.01	0.75
Targeting	2.75	1.21	3.41	1.07	p<0.01	0.66
Positioning	2.81	1.22	3.39	1.10	p<0.01	0.58
Product design	2.38	1.28	3.06	1.18	p<0.01	0.68
Advertising objectives	2.50	1.28	3.27	1.03	p<0.01	0.77
Channels of distribution	2.83	1.34	3.39	1.09	p<0.01	0.56
Pricing	2.76	1.33	3.30	1.16	p<0.01	0.54
Customer relationships	2.94	1.16	3.40	1.00	p<0.01	0.46
<b>Mean (total)</b>	<b>2.7</b>		<b>3.3</b>		<b>p&lt;0.01</b>	<b>0.60</b>

#### 4. Analyses and results

In order to test the research hypotheses advanced regression analyses were conducted estimating two models, as it has been suggested in the literature (Baron & Kenny, 1986; Guenzi & Troilo, 2007). Specifically, in the first regression model the independent variables were the antecedents of M-S conflict, and the dependent variable was the level of M-S conflict; while, in the second regression model the independent variables were the antecedents in question together with the M-S conflict, and the dependent variable was company performance. The second regression model also interprets the moderation effect of the external environment (market turbulence, competitive intensity, technological turbulence) on the relationship between M-S conflict and company performance, as well as the company characteristics (type of ownership, size) as covariates of performance, according to the suggestions of the relevant literature regarding moderated mediation (Edwards & Lambert, 2007). Although this paper has not developed specific hypotheses regarding the direct impact of all antecedents on company performance, these examinations are coherent with the exploratory spirit of this research project. Both regression models are significant at 0.01 levels and indicate the antecedents and the consequences of M-S conflict, as shown in table 5. In order to examine the potential presence of multi-collinearity the variance inflation factors (VIF) were estimated. The VIFs range from 1.072 to 1.901, well below the recommended cut-off of 10. In order to examine the potential presence of auto-correlation, Durbin-Watson test was conducted in both models, providing results

which indicate no auto-correlation (values: 1.927 in regression 1 / 2.076 in regression 2). Thus, the relatively high explanatory power of the two models (see Adj. R<sup>2</sup>) seems to be fair. Table 5 shows that all hypotheses (except H2 which could not be tested) find support.

Dependent Variable	Independent Variables	Hypothesis	Std Beta (t-value)	F-value	Adj. R <sup>2</sup>	
Marketing-Sales Conflict	<b>Regression model 1</b>			74.324*	.528	
	Differences in the perceptions of M&S managers regarding the importance of marketing activities	H3	.441 (4.17*)			
	Differences in the perceptions of M&S managers regarding the cooperation of their departments for the execution of marketing activities	H4	.436 (4.24*)			
Company performance	<b>Regression model 2</b>			88.367*	.619	
	Marketing-Sales Conflict	H1	-.628 (-8.12*)			
	Differences in the perceptions of M&S managers regarding the importance of marketing activities	not developed	-.263 (3.07*)			
	Differences in the perceptions of M&S managers regarding the cooperation of their departments for the execution of marketing activities	not developed	-.231 (2.98*)			
	<i>moderators</i>					
	Marketing-Sales Conflict x Market turbulence	H5	-.243 (2.11**)			
	Marketing-Sales Conflict x Competitive intensity	H6	-.209 (1.97**)			
	Marketing-Sales Conflict x Technological turbulence	H7	ns			
	<i>covariates</i>					
	Type of ownership		.362 (3.042*)			
Size		ns				

\* Significant at 0.01 level / \*\* Significant at 0.05 level / ns: not significant

Specifically, the results identified as sources of M-S conflict differences in the perceptions of M&S managers regarding (a) the importance of marketing activities, and (b) the level of cooperation between M&S departments for the execution of marketing activities. Moreover, the study indicated a strong negative impact of M-S conflict on company performance, supporting the relative normative literature (Kotler et al., 2006). Additionally, market turbulence and competitive intensity seem to reduce this negative effect, confirming the arguments of Rouzies et al. (2005). On the other hand, no moderation effect emerged regarding the technological turbulence in the relationship between M-S conflict and company performance. This could be explained by the low rate of technological change in the external environment of the sample companies (mean=3.3, SD=.85), since according to Menon et al. (1997) only high rate of technological turbulence can act as a moderator in pertinent relationships. Our study also indicated that differences in the perceptions of M&S managers regarding (a) the importance of basic marketing activities, and (b) the level of cooperation between their departments for the execution of these activities, are hurting company performance indirectly, through the creation of M-S conflict, as well as directly. These findings highlight the necessity for alignment between M&S departments, as it has been suggested in the normative literature (e.g. Shapiro, 2002).

## 5. Findings and Discussion

The present study is one of the very few empirical investigations regarding the conflict between M&S departments, and the only one, as far as we know, which base its results on the perceptions of both M&S managers of the same organization, following the pertinent extensive calls of the relevant literature (e.g. Massey & Dawes, 2007; Guenzi & Troilo, 2007; Homburg et al., 2008). The study highlights the functional characteristics which tend to raise the level of conflict between the M&S departments, as well as the consequences of this conflict, considering also the environment within which the companies operate. Our findings contribute to the scarce existing relevant literature on several fronts.

First, recent studies (Krohmer et al., 2002; Troilo et al., 2008), show that functional groups other than marketing (and especially the Sales department) clearly have influence on marketing activities. Our findings expand these results by highlighting that both M&S managers have similar perceptions regarding the responsibility of each department for the execution of basic marketing activities. Specifically, our study indicated that the “traditional” marketing activities (market research, setting of the advertising objectives, and product design) are under the Marketing department’s authority, while other basic marketing activities such as pricing and design of channels of distribution are mostly Sales department’s responsibility.

Second, Vorhies et al. (1999) indicated that the most successful companies are placing a lot of emphasis on basic marketing activities. Our study expand these findings by adding that the M&S managers have different perceptions regarding the importance of basic marketing activities, and that these differences are hurting company performance through the creation of conflict between M&S departments. Moreover, while Vorhies et al. (1999) examined only six marketing activities namely, market research, pricing, product development, channels, promotion, and marketing management, our study incorporated more crucial activities such as market segmentation, targeting and positioning, following the suggestions of the relevant literature (Rouzies et al., 2005).



Third, the paper confirms the findings of Homburg et al. (2008) which indicated that low cooperation quality of M&S departments is associated with lower company performance. Specifically, our study revealed low cooperation quality of M&S in the execution of basic marketing activities by highlighting differences in the perceptions of M&S managers regarding their departments' cooperation. These differences are reducing company performance by enhancing the level of conflict between M&S departments.

Finally, the paper contributes to our understanding of the effect of the M-S conflict on company performance. Our research provides empirical data demonstrating that M-S conflict has a strong negative impact on company performance. This finding supports the relative normative literature (e.g. Kotler et al., 2006). Moreover, the relationship between M-S conflict and company performance seem to be impoverished when a company's external environment is characterized by market turbulence and competitive intensity. These results are consistent with the suggestions put forward by Rouzies et al. (2005).

## 6. Managerial implications

The paper has several managerial implications, providing guidance for top management responsible for the M&S organization. The general implication is that top management should be aware that creating fair relationships between M&S, which are characterized by a low level of conflict, requires changes in the company's culture, as well as people's attitudes and behaviours. These changes will lead to substantial improvement in important performance metrics.

Specifically, our findings indicated that a source of M-S conflict can be the different perceptions of M&S managers regarding the importance of basic marketing activities. Consequently, top management must make sure that the M&S managers should not only place a lot of emphasis on these activities, but should also start strive to work very closely for their execution as (a) a high level of cooperation between their departments in executing the afore-mentioned activities will reduce the level of conflict and enhance company performance, and (b) the decision authority for the execution of the activities in question seem to be dispersed between M&S departments. It may be wise for top management to implement in-house common training programmes in order to reduce the psychological distance between the two functional managers. Additionally, requiring each manager to spend some time working with hers/his counterpart manager could improve flows of information and expertise between them. Similarly, it may be also wise for the Marketing manager to spend a specified amount of time in the field with the Sales manager (Massey & Dawes, 2007; Rouzies et al., 2005).

## 7. Limitations and future research directions

There are several limitations that deserve attention. Specifically, the selection of (a) a single geographical context as a sampling frame, and (b) a single type of companies (consumer goods' companies) might be considered major limitations of this paper. Future research should address the issues examined in this study in other countries and in other types of companies (such as services) in order to ensure confidence in the stability of the findings and ultimate generalizability. In addition, the measure of the impact of M-S conflict on performance indicators, other than those examined in this paper (e.g. financial, organizational), would add some value to the model. To better interpret the model proposed in this paper and to provide managers with more practical guidelines, future research should analyze other drivers of effective relationships between M&S, such as company culture, organization structure and personal characteristics of managers of the two departments (Guenzi & Troilo, 2007). The addition of such variables to the model would increase its explanatory power and provide evidence to the relevant role of organizational design and managerial systems. Finally, future research should also investigate the role of "conflict resolution mechanisms" (see Cespedes, 1993), such as job rotation, information exchange, liaison unit, formulation of common training programs etc, in the reduction of the level of M-S conflict.

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