

# **Examining the Relative Power of Marketing and Sales Departments and its Consequences in the Organization**

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## **Abstract**

This paper focuses on the role of Marketing and Sales departments' power in the creation of effective cross functional relationships. Based on the data collected from both Marketing and Sales managers of 132 companies, the study identifies that the dispersion of influence between Marketing and Sales is linked with the power exercised by Marketing and Sales over market-related decisions, and shows that higher level of Marketing-Sales conflict and reduced company performance are associated with the relative power of Marketing and Sales departments. The implications of the study are discussed.

*Keywords: Marketing-Sales power, Marketing-Sales responsibilities, Marketing-Sales conflict, Company Performance*

## 1. Introduction

A fundamental issue within organizational design is what activities should be controlled by which functional units. In this context, general managers need to decide whether the marketing group should have a lot of decision authority on marketing issues or whether team-based decision making on marketing activities should be emphasized (Krohmer et al., 2002; Troilo et al., 2009). There is a strong consensus that issues at the interface of marketing with other management functions, and especially with sales, are among the most important ones that managers are dealing with (Montgomery and Webster, 1997; Krohmer et al., 2002; Kotler et al., 2006). Cespedes (1993) emphasized the need for better coordination between Marketing and Sales (hereinafter M&S) activities while Piercy (1986), and Starr and Bloom (1994) confirms a large degree of variation in the relative influence of M&S. Moreover, departmental power reflects on how the influence over market-related activities is divided among organizational subunits (Homburg et al., 1999).

Both academia and practitioners recognise that the M-S relationship is critical to organizational success, yet is also fraught with friction, mistrust, even animosity (e.g., Cespedes 1995; Lorge 1999). It is also clear that M&S have distinct orientations and different ways of approaching problems (Cespedes 1995; Homburg and Jensen 2007; Levy 2011; Workman 1993). Recently, researchers have started to more closely study this relationship (e.g., Dawes and Massey 2006; Dewsnap and Jobber 2000; Homburg and Jensen 2007; Homburg et al., 2008; Kotler et al., 2006; Maltz and Kohli 1996, 2000; Massey and Dawes 2007; Rouziès et al. 2005). For instance, the Dewsnap and Jobber (2000), Maltz and Kohli (2000), and Rouziès et al. (2005) papers all suggest that integration mechanisms - by fostering interaction and collaboration - can positively affect performance. Dawes and Massey (2006) and Massey and Dawes (2007) propose trust, conflict and bidirectional communication as strong drivers of relationship effectiveness between individual M&S managers. Our paper further contributes to this research domain by examining the role of M&S decision authority and relative power in the quality of their working relationship as well as in company performance, a perspective that is emerging in the recent literature.

Specifically, efforts have recently been made to investigate (a) the variation of the M&S interface across companies (Homburg et al., 2008), and (b) the decision authority on marketing activities (Krohmer et al., 2002; Troilo et al., 2009) but the evidence in these areas are still scarce. In addition, research regarding the consequences of the relative power of M&S departments in their cross-functional relationship, which is a critical factor for company success (Shapiro, 2002), is still emerging, as extant literature examining the dispersion of influence between Marketing and Sales (e.g. Homburg et al., 2008; Krohmer et al., 2002; Troilo et al., 2009) has not examined the perceptions of the M&S managers of the same company simultaneously, despite the fact that several researchers are suggesting this specific method of examination as ideal for the exploration of M&S relationships (Dawes and Massey, 2005; Strahle et al., 1996).

Therefore, the main objectives of this research project was to capture the perceptions of both M&S managers within the same company in order to examine how the relative power of M&S departments has a bearing on (i) the decision authority of M&S departments on basic marketing activities, (ii) the level of conflict between M&S departments, and (iii) company performance.

## **2. Literature review and hypotheses**

### *2.1 Departmental power and marketing activities responsibility*

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. A considerable body of research calls for both M&S departments to modify their role and practices in order to increase the coordination of their activities and give life to integrated processes (e.g. Cespedes, 1993; Day, 1994; Slater and Narver, 1995, Kotler et al., 2006).

Rouzies et al. (2005, p113), identify Marketing-Sales integration as “one of the organizational changes that would do the most to improve sales performance and as one of the most important issues facing sales and marketing managers”. Integration between M&S departments is achieved when the activities carried out by these two functions are supportive of each other (Kotler et al., 2006), and collaboration in terms of willingness to work together is fostered, through the establishment of equally shared manifest influence (Kahn, 1996).

Early literature has established links between manifest influence and reward power, expert power and information power (Kohli, 1989; Thomas, 1982). In this paper, power is defined as the relative importance of the unit (Marketing or Sales) to the organization, following the suggestions of Dawes and Massey (2006). Consistent with this operationalization, power is viewed as an individual resource that can be used by the Marketing department or the Sales department, as the resource dependency view of organisations suggests that different units have varying degrees of power because of their differential ability to obtain resources critical to the organisation (Kohli, 1989; Dawes & Massey, 2006).

Additionally, Krohmer et al. (2002) indicated that the dispersion of influence on marketing activities is based on the distribution of power of different functional groups over decisions in different marketing areas, whereas Homburg et al. (2008) and Troilo et al. (2009) argues that M&S departments’ power reflects on how the influence over marketing activities is divided between these two departments. Thus, we can hypothesize that:

*H1: High decision authority of the Marketing or the Sales department for the execution of basic marketing activities is associated with high respective power.*

## *2.2 Departmental power, Marketing-Sales conflict and company performance*

The organizational theory concurs that when two engaged parts are lacking a balanced level of power, then their dyadic relationships is characterized, mainly, by a high level of conflict (Anderson and Weitz, 1989; Bucklin and Sengupta, 1993), which seems to have a negative impact on company performance (Kotler et al., 2006). Consequently, in order to

create effective cross-functional relationships between M&S departments, these two departments should be consistent and congruent (Rouzies et al., 2005), and overcome the barriers created by functionality isolation, domain dissimilarities and unequal power levels (Meldrum, 1996).

Additionally, Homburg et al. (2008) developed a taxonomy where it was shown that (a) when the Marketing department has equal power with the Sales department then both the cooperation quality between M&S and the market performance are enhanced, (b) when the Sales department has more power than the Marketing department or via versa then both the cooperation quality between M&S and market performance are decreased, and (c) in most instances the Sales department overpowers the Marketing department resulting in poor company performance. Lastly, Homburg and Jensen (2007) argue that power imbalance between M&S is negatively affecting both quality of Marketing-Sales cooperation and market performance, while, similarly, Massey and Dawes (2007) suggested that an imbalance in power relationships between functional areas may result in inter-functional conflict. Thus, we can hypothesize that:

*H2: Companies in which the Marketing department has equal power with the Sales department exhibit, (i) a lower level of conflict between these two departments, and (ii) higher performance.*

### **3. Research methodology**

#### *3.1 Sample & data collection*

Consumer goods companies with turnover of more than 50 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 and Jobber, 2000, 2002), while in large organizations, M&S are frequently structured as separate and discrete departments (Piercy, 1986; Workman, Homburg and Gruner, 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 rate). Personal interviews were conducted, using a structured questionnaire, with the both 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 and Dawes, 2007; Guenzi and 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, and (b) observed variables. Particularly, the constructs of M&S Departments' Power, Marketing-Sales Conflict, and Company Performance, were measured as reflective models, since a reflective measurement model is appropriate when observed variables are interchangeable manifestations of an underlying construct (Bagozzi et al., 1991). On the other hand, the responsibility of M&S departments vis-à-vis certain basic marketing activities was measured as observed variable. Specifically, the variables of this study were operationalized as follows.

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

Departmental Power: In order to capture the level of Marketing department's power and Sales department's power within each company, we adopt the five statements proposed by Kohli (1989) which measure departmental power. Both M&S managers were presented with these five statements and were asked to indicate their degree of agreement with each of these statements (for both M&S departments) using a 5-point Likert type scale (1="fully disagree" to 5="fully agree"). During the analysis of the results, where necessary, the scales were reversed so that higher levels of agreement would always represent higher level of departmental power.

Marketing-Sales Conflict: In order to capture the level of Marketing-Sales 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 (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 and Kohli, 1993).

Company Performance: Company performance was measured in terms of profits, sales volume, market share and ROI (e.g. Avlonitis and Gounaris, 1997; Narver and Slater, 1990). 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 unpleased, 5: very pleased), for each one of the four performance criteria.

We assessed reliability and validity of each reflective measure with confirmatory factor analyses (CFAs), pertaining to both Marketing and Sales managers’ perceptions, as shown in table 1.

Variables		CFI	TLI	GFI	RMSEA	mean		AVE	CR	Cronbach's alpha
<i>Sales department Power</i>	Marketing Manager	.929	.915	.936	.054	3.7	ns	.612	.790	.804
	Sales Manager	.965	.930	.968	.042	3.7		.570	.729	.793
<i>Marketing department power</i>	Marketing Manager	.945	.925	.955	.080	3.2	ns	.635	.830	.845
	Sales Manager	.960	.919	.961	.056	3.1		.679	.812	.829
<i>Marketing-Sales conflict</i>	Marketing Manager	.943	.915	.944	.060	2.5	ns	.835	.781	.939
	Sales Manager	.962	.942	.947	.075	2.6		.849	.801	.949
<i>Company performance</i>	Marketing Manager	.919	.903	.920	.078	3.2	ns	.879	.920	.958
	Sales Manager	.921	.904	.922	.080	3.2		.866	.897	.953

Each construct manifests a composite reliability (CR) of at least 0.6 (Bagozzi et al., 1991). 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 and 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.

**(b) 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. The perceptions of M&S managers regarding the responsibility of the Marketing and Sales departments for the execution of the activities in question were tested for discrepancies with the usage of independent samples t-test. 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, accordingly, for each activity we summated the perceptions of both managers regarding (a) the responsibility of Sales department, and (b) the responsibility of Marketing department, and consequently, we tested for differences in the authority of these two departments over the activities in question by using paired samples t-test. As shown in table 2, the Marketing department has higher responsibility than the Sales department for the execution of activities concerning marketing research, product design and advertising objectives, while the Sales department has higher responsibility than the Marketing department for the execution of activities concerning channels of distribution, pricing and customer relationships. It has also been emerged that the M&S departments are sharing responsibility regarding market segmentation, targeting and positioning.



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

#### 4. Analyses and results

In order to test the hypotheses, we classified companies in 3 groups with respect to the relative power of Marketing and Sales departments, using k-means cluster.

	N=132	Group1 (N=17)	Group 2 (N=50)	Group 3 (N=65)
		Marketing department is more powerful than the Sales department	Equal power between Marketing and Sales departments	Sales department is more powerful than the Marketing department
ANOVA				
F=31.058*	Marketing dept power	3.8 <sup>a</sup>	3.6 <sup>b</sup>	2.8 <sup>c</sup>
F=31.058*	Sales dept power	2.9 <sup>c</sup>	3.7 <sup>b</sup>	3.9 <sup>a</sup>
Notes	(1) * Significant at 0.01 levels (2) Reported values are mean values. (3) In each row, group means that have the same superscript are not significantly different in the basis of Duncan's multiple-range test. Means in the highest bracket are assigned the superscript "a", means in the next bracket are assigned the superscript "b" and so forth. (4) In each row the Levene statistic indicates that the variances among groups are not significantly different.			

As shown in table 3, Group1 contains companies in which the Marketing dept is more powerful than the Sales dept (12.8%), group2 contains companies in which the Marketing and Sales departments have equal power (37.8%), while group3 contains companies in which the Sales dept has more power than the Marketing dept (49.2%).

It has also been emerged, as shown in table 4, that the relative departmental power has an influence on the responsibility assigned to M&S departments for the execution of basic marketing activities.

Specifically, the Marketing department of the companies in group 1 has significantly more decision authority for the execution of all activities in question, in comparison with the Marketing department of the companies in group 3, while the Sales department of the companies in group 3 has significantly more decision authority for the execution of all activities in question, in comparison with the Sales department of the companies in group 1.

Responsibility		Marketing dept is more powerful than the Sales dept		Equal power between Marketing and Sales depts		Sales dept is more powerful than the Marketing dept	
		mean	Paired samples t-test	mean	Paired samples t-test	mean	Paired samples t-test
marketing research	M dept	77.6 <sup>a</sup>	p<0.01	72.9 <sup>b</sup>	p<0.01	62.9 <sup>c</sup>	p<0.01
	S dept	19.4 <sup>b</sup>		24.5 <sup>a</sup>		27.4 <sup>a</sup>	
market segmentation	M dept	53.8 <sup>a</sup>	p<0.01	53.0 <sup>a</sup>	Ns	41.2 <sup>b</sup>	p<0.01
	S dept	36.2 <sup>c</sup>		45.4 <sup>b</sup>		52.3 <sup>a</sup>	
Targeting	M dept	49.7 <sup>a</sup>	p<0.05	44.4 <sup>b</sup>	Ns	44.0 <sup>b</sup>	p<0.01
	S dept	46.1 <sup>b</sup>		51.1 <sup>a</sup>		52.5 <sup>a</sup>	
Positioning	M dept	57.1 <sup>a</sup>	p<0.01	48.8 <sup>b</sup>	Ns	46.1 <sup>b</sup>	p<0.05
	S dept	37.1 <sup>b</sup>		46.0 <sup>a</sup>		49.3 <sup>a</sup>	
product design	M dept	70.6 <sup>a</sup>	p<0.01	69.4 <sup>a</sup>	p<0.01	50.6 <sup>b</sup>	p<0.01
	S dept	20.9 <sup>b</sup>		21.8 <sup>b</sup>		28.7 <sup>a</sup>	
setting of advertising objectives	M dept	82.4 <sup>a</sup>	p<0.01	78.3 <sup>b</sup>	p<0.01	76.3 <sup>b</sup>	p<0.01
	S dept	15.3 <sup>b</sup>		19.2 <sup>a</sup>		19.4 <sup>a</sup>	
design of channels of distribution	M dept	34.2 <sup>a</sup>	p<0.01	32.8 <sup>a</sup>	p<0.01	29.7 <sup>b</sup>	p<0.01
	S dept	60.3 <sup>b</sup>		65.3 <sup>a</sup>		66.0 <sup>a</sup>	
pricing policy	M dept	55.0 <sup>a</sup>	p<0.01	37.0 <sup>b</sup>	p<0.01	29.4 <sup>c</sup>	p<0.01
	S dept	40.3 <sup>c</sup>		58.8 <sup>b</sup>		63.5 <sup>a</sup>	
customer relationships	M dept	30.0 <sup>a</sup>	p<0.01	25.9 <sup>b</sup>	p<0.01	24.3 <sup>b</sup>	p<0.01
	S dept	59.1 <sup>b</sup>		65.3 <sup>a</sup>		65.7 <sup>a</sup>	
Notes	(1) ANOVA's F is significant at 0.01 levels for each responsibility (2) In each row, group means that have the same superscript are not significantly different in the basis of Duncan's multiple-range test. Means in the highest bracket are assigned the superscript "a", means in the next bracket are assigned the superscript "b" and so forth. (3) In each row the Levene statistic indicates that the variances among groups are not significantly different.						

Additionally, in group 1 Marketing department turns out to be the most influential function in terms not only of the traditional activities such as advertising and marketing research, but also of the company's strategic direction involving decisions about marketing segmentation, targeting and positioning. In contrast, in group 3, Marketing department seems to have lost its voice in strategic decision making and the Sales department appears to be more influential. In group 2 there is a cross-functional dispersion of influence on strategic decisions which apparently reduces the level of conflict between the two departments and improves the company performance. On the basis of the above H1 is confirmed.

Also, as shown in table 5 the companies in group2 tend to exhibit a relatively lower level of conflict between M&S departments and a relatively higher level of performance, in comparison with the companies in group1 and group3. There is also no significant difference neither in the level of conflict between M&S or in company performance between groups 1 and 3. Thus, H2 is confirmed.

<p><b>Table 5. Classification of Companies regarding Marketing and Sales departments power (differences in (a) the level of conflict between M&amp;S and (b) company performance)</b></p>
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	N=132	Group1 (N=17)	Group 2 (N=50)	Group 3 (N=65)
		Marketing department is more powerful than the Sales department	Equal power between Marketing and Sales departments	Sales department is more powerful than the Marketing department
ANOVA				
F=6.991*	Conflict between M&S	3.0 <sup>a</sup>	2.2 <sup>b</sup>	2.8 <sup>a</sup>
F=10.238*	Company performance	2.8 <sup>a</sup>	3.6 <sup>b</sup>	3.0 <sup>a</sup>
Notes	(1) * Significant at 0.01 levels (2) Reported values are mean values. (3) In each row, group means that have the same superscript are not significantly different in the basis of Duncan's multiple-range test. Means in the highest bracket are assigned the superscript "a", means in the next bracket are assigned the superscript "b" and so forth. (4) In each row the Levene statistic indicates that the variances among groups are not significantly different.			

## 5. Findings and Discussion

The present study 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), contributing to the scarce empirical investigations on the subject of Marketing-Sales decision authority. The study highlights that the Marketing-Sales relative power has an impact on (a) the decision authority of M&S departments for basic marketing activities, (b) Marketing-Sales conflict, and (c) company performance. Our findings contribute to the scarce existing relevant literature on several fronts.

First, several conceptualizations in the literature (Homburg et al., 1999, 2008; Krohmer et al., 2002; Troilo et al., 2009) argue that the departmental power of M&S reflects on how the influence over basic marketing activities is divided between these two organizational subunits. Our study provides empirical data that confirm this argument by highlighting that enhanced power of a department (being either Marketing or Sales) is associated with higher decision authority for the execution of basic market-related activities.

Second, Krohmer et al. (2002) as well as Troilo et al. (2009) indicate positive performance implications of cross-functional dispersion of influence on marketing activities. Our study focused on the role of M&S departments' relevant power in the creation of effective cross functional relationships. Our findings indicate that when M&S departments have equal level of power then (a) these two departments are equally involved in the execution of the

strategic decisions of market segmentation, targeting and positioning, (b) the level of Marketing-Sales conflict is decreasing, and (c) company performance is enhancing. On the other hand, the findings of our study indicate that, when the Sales department is more powerful than the Marketing department or via versa, then the more powerful department takes the leading position for the implementation of the strategic decisions of market segmentation, targeting and positioning, which may result in higher level of Marketing-Sales conflict and reduced company performance.

Finally, our results are in a similar vain with those reported by Homburg et al. (2008) regarding the taxonomy of Marketing and Sales. Specifically, their study revealed that one of the characteristics of the most successful companies, in terms of Marketing-Sales cooperation quality and performance, is similar level of power between Marketing and Sales, while our study identifies higher level of Marketing-Sales conflict and lower level of company performance in the companies in which the Marketing and Sales departments have different level of power within the organization.

## **6. Managerial implications**

The study has several managerial implications, providing guidance for top management responsible for the M&S organization. Our findings provide managers with a systematic way to think through the design of their M&S interface. Specifically, top management should attend to status differences of the two departments, by removing barriers between these two units, and providing them both with an equal strategic voice. This adjustment requires changes in the company's culture, as well as people's attitudes and behaviours, but these changes will lead to the creation of fair relationships between M&S and to substantial improvement in important performance metrics.

The tension between M&S departments haunts many companies and does not allow them to fulfil their full potential. Unhealthy internal rivalry, in terms of Marketing-Sales conflict, could be a source of reduced company performance (Kotler et al., 2006). Our study indicates that companies in which the Sales department dominates over the Marketing

department or via versa are experiencing a high level of conflict between these two departments and poor performance. On the other hand, an optimisation of the relationship between these two departments improves company performance. Any costs associated with fixing this relationship are quickly offset by better financial results and a friendlier atmosphere within the company.

Consequently, our study indicates that the cross-functional dispersion of influence on strategic marketing decisions can pay off. Managers responsible for the organization of the marketing function should be aware of these benefits and try to obtain involvement and influence of other functional units, particularly sales, over key strategic marketing activities. Besides, according to a recent work (Panagopoulos and Avlonitis, 2010), customer segmentation and targeting, which involve the allocation of selling effort and resources, represent important dimensions of sales strategy.

Even though such a process may be difficult, as the marketing department may not want to give away influence on strategic marketing activities, our results indicate that managers who succeed in increasing the involvement of sales in these activities produce better results than those who do not. Accordingly, structural linkages such as teamwork and joint planning should be fostered. This can be achieved with job rotation policies, common training, sharing of information and joint customer visit of marketing and sales.

## **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 performance indicators, other than those examined in this paper (e.g. financial, organizational), would add some value to the findings.

Finally, to better interpret the findings of this study and to provide managers with clear guidelines, future research should analyze other drivers of effective relationships between M&S, besides the relative power of these two departments, such as company culture, and personal characteristics of managers of the two departments (Guenzi & Troilo, 2007). The addition of such variables to our findings would provide evidence to the relevant role of organizational design and managerial systems.

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## Appendix

### Measures

Departmental Power: Five-item scale developed by Kohli (1989).

Both managers indicated, using a 5-point Likert type scale, their degree of agreement with the five items of the scale, regarding both the Marketing dept's power and the Sales dept's power.

- (1) The functions performed by *this department* are generally considered to be more critical than others
- (2) Top management considers *this department* to be more important than others
- (3) It is easier to recruit employees for *this department* as compared to others'
- (4) *This department* tends to dominate others in the affairs of the organization
- (5) *This department* is generally regarded as being more influential than others

Conflict: Seven-item scale developed by Jaworski and Kohli (1993).

Both managers indicated, using a Likert type scale (1: totally disagree, 5: totally agree), their degree of agreement with the following sentences:

- (1) Marketing and Sales departments in this business get along with each other, (r)
- (2) When members of Marketing and Sales departments get together, tensions frequently run high,
- (3) People in Sales and Marketing departments generally dislike interacting,
- (4) Employees from Sales and Marketing departments feel that the goals of their respective departments are in harmony with each other, (r)
- (5) Protecting one's departmental turf is considered to be a way of life in this business,
- (6) The objectives pursued by the Marketing department are incompatible with those of the Sales department, and
- (7) There is little or no conflict between Sales and Marketing departments in this business. (r)