

EXPLORING THE SOURCES AND OUTCOMES OF MARKETING-SALES CONFLICT

George J. Avlonitis, Athens University of Economics & Business, Greece
Konstantinos Lionakis, Athens University of Economics & Business, Greece

EXTENDED ABSTRACT

In the context of marketing organizational design, a fundamental issue that top management needs to address is the relationship between Marketing and Sales (hereinafter M&S), which is receiving increasing attention (Rouzies et al. 2005; Guenzi and Troilo 2006; Homburg and Jensen 2007; Le Meunier-FitzHugh and Piercy 2007, 2011; Homburg et al. 2008; Hughes et al. 2012). The literature highlights that the M-S relationship plays a vital role in the organization, by noting that poor alignment between these two functions is associated with inconsistencies between Marketing tactics, Sales management processes and Sales force activities (e.g. Strahle et al. 1996). However, the M-S relationship is characterized, mainly, by a lack of cohesion, distrust, dissatisfaction and conflict (Dewsnap and Jobber 2000, 2002).

This paper is addressing the M-S relationship by (a) focusing on the level of dysfunctional conflict between M&S, and (b) exploring both the antecedents of this conflict, in terms of important organizational dimensions, and its consequences on company performance, taking into consideration the external environment within which the company operates. Five voids in the current literature are setting the scene for this paper. First, our paper contributes to this research domain by exploring the M-S relationship in terms of dysfunctional conflict, aiming to highlight (a) whether this interface is actually problematic, and (b) the antecedents of this conflict as well as its consequences on company performance; to the best of our knowledge only three studies in this domain are actually measuring the level of dysfunctional conflict between M&S (i.e. Dawes and Massey 2005; Le Meunier-FitzHugh and Piercy 2007; Massey and Dawes 2007), indicating a relatively low level of this type of conflict. Second, building on existing theory which discusses various types of antecedents of effective M-S relationship, our paper considers as antecedents for the creation dysfunctional conflict between M&S (a) the low degree of market orientation, (b) inconsistencies in the strategy formulated by the M-S units, and (c) the relative power of M&S. Third, to the best of our knowledge, this study is the first attempt which aims to explore a direct effect of M-S dysfunctional conflict to company performance. Fourth, none of the studies examining the outcomes of ineffective M-S relationship, (see Guenzi and Troilo 2007; Hughes et al. 2012; Hulland et al. 2010; Le Meunier-FitzHugh and Lane 2009; Malshe 2010) has addressed the impact of environmental forces. Our study contributes to this domain by exploring the moderation effect of the external environment, in terms of market turbulence, competition intensity and technological turbulence, in the relationship between M-S dysfunctional conflict and company performance. Finally, our study is applying a dyadic approach in the examination of the antecedents and consequences of this type of conflict, since we consider the perceptions of both M&S managers of the same company.

Against this background, the objectives of this research are to capture the perceptions of both M&S managers within the same company in order to investigate whether (a) the low degree of market orientation, (b) inconsistencies in the perceptions of M&S managers regarding their respective companies strategy, and (c) unequal level of power between M&S units, lead to the creation of dysfunctional M-S conflict, as well as the effects of this type of conflict on company performance. Moreover, 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 dysfunctional conflict and company performance, as suggested in the conceptual literature (Rouzies et al. 2005). These research objectives are developed and explored in the paper by drawing on several streams of research such as the M-S integration literature (e.g., Kahn 1996; Kotler et al. 2006; Homburg et al. 2008), the organizational theory (e.g., Anderson and Weitz 1989; Bucklin and Sengupta 1993), and the cross functional relationships literature (e.g., Rouzies et al. 2005).

Data were collected from both M&S managers of 132 consumer packaged goods firms via structured questionnaire in separate interview sessions. Getting data from two key informants from each firm seems to be the most appropriate way to control for common method bias (Podsakoff et al. 2003) and follows the prescriptions of prior work (e.g. Guenzi and Troilo 2007; Homburg et al. 2008). The constructs of Marketing-Sales Dysfunctional Conflict, Market Orientation, M&S Departments' Power, the characteristics of the companies' external environment (in terms of Market Turbulence, Competitive Intensity and Technological Turbulence), and Company Performance, were measured as reflective models, while, M-S consistency regarding the company's strategy was measured as dichotomous variable. In order to fulfil the research objectives advanced regression analyses were conducted estimating two models, as it has been suggested in the literature (Aiken and West 1991; Baron and Kenny 1986).

Our study makes five important contributions to the extant literature. First, we answer the long-standing calls for conducting multi-informant research in the domain of M&S integration by drawing on the perceptions of both M&S managers of the same organization vis-à-vis the study variables (e.g., Guenzi and Troilo 2007; Homburg et al. 2008; Massey and Dawes 2007). Second, our findings concur with the literature, which suggests that M&S effective relationship is one of the components of market-driven organizations (Rouzies et al. 2005), by indicating that the adoption of market orientation can reduce the level of M-S dysfunctional conflict. Moreover we provide findings which support the positive relationship between market orientation and company performance (e.g. Cano et al. 2004), placing the M-S dysfunctional conflict as a mediator in this relationship. Third, our research empirically demonstrates that a source of dysfunctional conflict between M&S is inconsistency in the managers' perceptions regarding their respective companies' strategy, providing support to literature suggestions emphasizing the need for the strategic alignment of M&S (e.g. Shapiro, 2002). Fourth, our findings indicate that when M&S units tend to have equal level of power, then the level of dysfunctional conflict between these two units is decreasing, and, as a consequence, the company's performance is increasing. These findings concur with those reported by Homburg et al. (2008). Thus, it seems that the most successful companies are characterized by fairly strong M&S departments. Finally, the study contributes to our understanding of the effect of the M-S dysfunctional conflict on company performance. To the best of our knowledge, only three studies in the pertinent literature are actually measuring the level of M-S dysfunctional conflict, indicating a relatively low level; mean=2.51 out of 7 / SD=1.29 (Dawes and Massey 2005), mean=2.70 out of 7 / SD=1.06 (Le Meunier-FitzHugh and Piercy 2007), and mean=2.77 out of 7 / SD=1.46 (Massey and Dawes 2007). The findings of our study support these results as we identified a moderate level of M-S dysfunctional conflict, mean=2.58 out of 5 / SD=.91. Nevertheless, even this moderate level of dysfunctional conflict seems to be detrimental for the organization, as our research provides empirical data demonstrating that this type of conflict has a strong negative impact on company performance. These findings support the relative conceptual literature (e.g. Kotler et al. 2006) regarding the harmful consequences of M-S conflict; but at the same time provide arguments against the general consensus that M-S relationship are problematic (e.g. Dewsnap and Jobber 2000, 2009). Additionally, we identified that the relationship between M-S dysfunctional conflict and company performance seems to becoming even more negative when a company's external environment is characterized by high market turbulence and competitive intensity. These results are consistent with the suggestions put forward in the conceptual work of Rouzies et al. (2005).

Future research in this area should analyze other drivers of effective relationships between M&S, such as company culture, and personal characteristics of managers of the two departments.

References available on request

For further information contact:

Konstantinos Lionakis

Athens University of Economics & Business

47A Evelpidon & 33 Lefkados Str. Athens, 104 34, Greece

Tel. +302108203665 / E-mail address: lionakis@aueb.gr