CHAPTER SEVEN

SUMMARY AND CONCLUDING OBSERVATIONS

This is the last chapter of the thesis. This was preceded by an introductory chapter, a review of literature related to this study, a conceptual backdrop of this study, description of the procedure and methodology followed in the conduct of the study, followed by two chapters dealing with the findings of the study.

This chapter has two sections. Section One provides a summary of this research report. Section Two offers some concluding observations.

Section One

Summary

Strategy is the buzz word today in all disciplines of study. Originating in the battle field, it has evolved as a universal concept. It is the most popular but confusing concept in the field of management. The word strategy is used by all, most of them not knowing what it means actually, leave alone implementing it consciously. The 1980s were the golden time in the history of strategy. Harvard Professor and strategy guru Michael Porter’s seminal contributions shaped academic and practitioner thinking about strategy. The 1990s witnessed a corporate revolution with advances in communication
technology and global network of business operations. Strategic planning and strategic marketing became the core functions of big businesses. But the theoretical and research work are not well-founded on a strong conceptual base. The studies were ad hoc and piece meal. Most studies were on the content of strategy. Some were on the process of strategy formulation. Their effect on organizational performance attracted less attention. Cumulative knowledge and conceptual framework integrating all the issues in marketing strategy were lacking (Bonama, 1985). Marketing being a core function of business it should be strategy-oriented in developing countries like India. This lacuna prompted a study to develop and test a research model encompassing the whole gamut of strategic marketing.

Drawing ideas from the extant theoretical and research studies, 5 Constructs (External Business Environment–EBE, Strategy Formulation-SF, Credibility of Marketing Strategy-CMS, Strategy Implementation-SI and Organizational Performance-OP) which permeate the process of marketing strategy and organizational performance were identified. The variables under each Construct were drawn from earlier studies. The interaction within/between each Construct helped in drawing a research model.
It posits that

EBE and SF influence CMS

CMS and SF influence SI

SI leads to AFP and ASP (OP).

Given this conceptual framework of the independent and dependent variables to be investigated, the primary objective of the study was to explore the nature of relationship between marketing strategy and organizational performance in the context of medium sized corporate organizations.

Sixteen hypotheses were formulated to test the predicted relationship between various factors influencing EBE, SF, CMS, SI and OP.

The study was conducted in Puducherry (Union Territory of India) and Cuddalore (in Tamil Nadu). All the 111 eligible and willing strategic business units participated in the study. The respondents were the marketing executives. Primary data from these respondents were collected through a self-administered questionnaire. The data were analyzed using Chi-square test, coefficient of correlation and multiple regressions statistics.
**Important Findings of the Study**

Sixteen hypotheses were formulated with regard to the 11 objectives of the study. The data relating to the perceptions of the 111 marketing managers about the five Constructs of variables were analyzed to test the significance of relationship between the different variables using Chi-square statistics. The result of this test was corroborated by a measure of correlation coefficient and multiple regression analysis. The important findings of the study are narrated below.

**External business environment (EBE) and credibility of marketing strategy (CMS).**

- The association between technological change (TC) in the industry and the CMS is inverse. That is, greater the rate of TC in an industry, lower will be the CMS in the firm.

- The association between market attractiveness (MA) and CMS is direct. That is, higher the MA, higher will be the CMS.

- The association between market competition (MC) and CMS is inverse. That is, higher the MC, lower will be the CMS.
**Process of strategy formulation (SF) and CMS.**

- The association between innovative culture (IC) and involvement of marketing managers (IMM) is direct. That is, higher the IC, higher will be the IMM.

- The association between analytical competence (AC) of the marketing managers and IMM is direct. That is, higher the AC, higher will be IMM.

- The association between IMM and CMS is direct. That is, higher the IMM, higher will be the CMS.

- The association between the top management support (TMS) and CMS is direct. That is, higher the TMS, higher will be the CMS of the firm.

**Strategy formulation (SF) and strategy implementation (SI).**

- The association between innovative culture (IC) and autonomy of marketing manager (AMM) is direct. That is, higher the IC, higher will be the AMM.

- The association between analytical competence (AC) and AMM is direct. That is, higher the AC, higher will be the AMM.
The association between involvement of marketing manager (IMM) and commitment of marketing manager (CMM) is direct. That is, higher the IMM, higher will be the CMM.

The association between top management support (TMS) and the commitment of the marketing manager (CMM) is direct. That is, higher the TMS, higher will be the CMM.

The association between the autonomy of marketing manager (AMM) and the effectiveness of evaluation and control (EEC) is direct. That is, higher the AMM, higher will be the EEC.

The association between commitment of marketing manager (CMM) and effectiveness of evaluation and control (EEC) is direct. That is, higher the CMM, higher will be the EEC.

The association between credibility of marketing strategy (CMS) and effectiveness of evaluation and control (EEC) is direct. That is, higher the CMS, higher will be the EEC.
Effectiveness of evaluation and control (EEC) and organizational performance (OP).

- The association between EEC and achievement of financial performance (AFP) is direct. That is, higher the EEC, higher will be the AFP.

- The association between EEC and achievement of strategic performance (ASP) is direct. That is, higher the EEC, higher will be the ASP.

Thus, in all the cases (excepting with regard to TC and CMS, and MC and CMS), the relationship between the variable were direct. The relationships were potent at 1% significance level.

In the light of the rationale, objectives and the findings of the study summarized above in Section One, certain concluding observations are to be made in Section Two.

Section Two

Concluding Observations

The test of hypotheses and the result of the study yield certain contributions in theoretical and practical perspective to the field of the study. They are briefed hereunder:
**Contributions of the Study**

The objectives of the present study were to explore the marketing strategy-performance relationship and to ascertain the effects of the external business environment, the process of marketing strategy formulation and implementation of the strategies on the organizational performance. The findings of the study have led to some theoretical and managerial contributions as detailed below.

**Theoretical contributions.**

The study makes the following contributions to the marketing strategy research.

- It uses an integrative approach in investigating the marketing strategy-performance relationship.
- It eliminates the weaknesses of partial look at the problem (content/process), and brings empirical evidence to the ploy of interactive variables in whole gamut of marketing strategy at the business unit level.
- It investigates the influence of external business environment and the process of strategy formulation on the quality of the content of the formulated strategy. Simultaneously it deals with the question of the
achieving desirable organizational performance via the process of strategy implementation.

- The study proves that the presence of innovative culture is a precondition for strategic marketing planning.

- The study reveals that the innovative culture greatly enhances the involvement of marketing manager in strategy making. This enables the organization become responsive to environmental changes. The findings of the studies by Barlett and Ghoshal (1995) and of Denison and Mishra (1995) get additional support.

- The important role of marketing manages in both marketing strategy formulation and strategy implementation is evidenced in this study. The study strengthens the notion that strategy formulation and strategy implementation are not separate but an ongoing unified function as several early studies upheld (e.g., Bonoma, 1984). The involvement of marketing manager in strategy formulation contributes to improve the quality of marketing strategy.

- Involvement of marketing manager in strategy making enables them to provide the much needed knowledge support so that the strategies become realistic and consistent with organizational and functional objectives.
Involvement of marketing manager also leads to their commitment to the achievement of formulated strategies.

- The pivotal role of marketing manager in implementation of marketing strategies and in achieving good organizational performance is established. Consistent with the study by Sashittal and Tankersley (1999), this study shows that evaluation and control by marketing manager to fit the strategy to the external business environment strongly determines the achievement of financial and strategic performances. Since the managers have an understanding of their comprehensive role, they are able to maintain the ‘fit’ of the strategy to its internal and external environments.

**Contribution to management thought.**

The study provides some insight for the top management and for the middle level marketing executives. They are as follows:

- The top management should value and develop a good organizational culture. Further strengthening the findings in several earlier studies (e.g., Leppard and Mc Donald, 1991; and Menon *et al*, 1999), this study found that innovative culture leads to involvement of marketing managers. This enables the companies to be flexible and responsive to the changing environment. To implement marketing strategies successfully, top management should, therefore, create a good,
participative organizational climate (participative management, openness, innovativeness).

- The top management should ensure commitment of marketing managers. This develops a sense of ‘oneness’, a sense of ‘co-ownership’ amongst marketing managers. As Piercy (1992) points out, the most important thing to focus on strategic marketing planning is not the techniques/tools and planning methods, but ‘earning the commitment’ of the executives. People in the marketing area should feel excited and motivated to do things right for their company and for the customers, as well.

- The marketing manager should realize their crucial and lead role in management. The involvement of marketing managers in strategy formulation greatly improves the commitment of marketing strategies. With adequate autonomy, involvement of marketing managers helps them to effectively evaluate and control strategy implementation and to keep the strategy ‘fit’ to its internal and external environments.

The marketing managers should also have the right analytical competence to perform their roles well. This helps them to identify the threats and opportunities from the external business environment and to improve the marketing strategy accordingly. Such analytical competence enables marketing
managers to establish their flagship role in their organizations. Absence of such analytical competence does not only lead to failure of marketing strategy implementation, but may also result in poor image of the marketing function and eventually of the marketing concept itself, as Denison and Mc Donald (1999) rightly warned.

**Scope for Further Research**

Taking a lead from the experience of the current research, further research in this field on the following lines is imperative.

The external business environment in the current study had considered only three variables (TC, MA and MC) proposed by Dess and Beard (1983). Further research would consider other environmental factors like political-legal forces. The possibilities of environmental influences on strategy formulation could also be investigated in future research.

In the matter of strategy formulation, behavioral issues like the influence of compensation policy, organizational structure and social pressures on strategy formulation could be investigated.

A study with a wider scope on the perception of marketing managers and their direct superiors with respect to strategy formulation, strategy