CHAPTER TWO

REVIEW OF LITERATURE

Introduction

Core concepts and research studies related to the broad field of the current study are reviewed in this chapter. This is imperative, apart from the customary need in an academic research report, to lay a conceptual foundation for the study, drawing from the extant literature the scholar could have access to.

The chapter has seven sections. The first three sections present a brief review of empirical studies on strategies in the field of Management. Since Contingency Theory is the root of strategy research, it precedes the other aspects of the review of literature.

The second section deals with the concepts of ‘fit’ which is the central theme of Contingency Theory. This section discusses the debate among management thinkers regarding the role managers to ‘fit’ their organization to the ‘environment’ and also the weaknesses of the concept of ‘fit’ in the practical application.
The third section deals with a review of empirical studies (a) on strategic fit and (b) on the relationship of ‘content’ studies of strategy to (i) environmental factors and (ii) strategic ‘process’ research which emphasizes the formulation process of strategy-making.

The fourth section describes the role of marketing managers in fitting the organization strategy to the environment, besides development of marketing concept in their organizations.

The empirical studies on marketing strategy-performance relationship are briefed in the fifth section.

The sixth section discusses the barriers to implementation of marketing strategies.

The seventh section is about the scarce and sparse theoretical and research contributions in the Indian context provoking the current study.

**Section One**

**Focus on Contingency Theory**

Classical theorists of management who advocated “one best way” of organizing and managing organizations were contested by the later management theorists who developed the Contingency Theory which is widely accepted in management discipline since the 1960s.
Contingent theorists declare that there is no one best way to organize/manage different industries and in different situations. The environmental context of the concerned organization would be the critical factor to decide on the apt organizational structure and management style.

The study by Burns and Stalker (1961) is a seminal work contributing to the emergence of ‘Contingency Theory’.

Investigating the relationship between internal management practices and external environment factors of industrial organizations in UK (to discover its effect on economic performance) they discerned two distinct management practices: (1) Mechanistic and (2) Organic systems.

Mechanistic system was fit for organizations operating in stable conditions. They used routine and old technology. Heads of Departments defined rules, regulations, duties and communication was vertical.

Organic system, on the other hand suited organizations that worked under stable, changing environment. The system enabled the organizations to adapt to changing environment. Later communications dominated vertical flow. Hence the span of control was wider than under mechanistic system. The study concluded that each system is appropriate under a specific situation. Neither was superior to the other under all conditions.
Similar results emerged in another study in UK (Woodward, 1965): The study found that successful organizations engaged in small batch and unit production had wider spans of control and fewer levels of hierarchy than those in process and continuous production mass industries. This suggests that a bureaucratic mechanistic system is suitable for industries in stable conditions (such as chemical industry), while the organic system is suited for industries under dynamic conditions (custom-tailoring industry).

Chandler’s (1960) study in US context further highlights the influence of environment on organization. Environmental changes such as change in population, income and technology provide scope for strategic choices for firms in terms of volume production, geographic expansion of market and product diversification. A new strategy means modified structure to utilize opportunities effectively. Different strategies and environment require different organizational structures. For instance, in a relatively stable environment, centralized organization would be fit. In a dynamic environment decentralized structure would be best fit for better performance.

The theoretic foundation laid by the predecessors was refined by Lawrence and Lorsch (1967) and Thompson (1967). Lawrence and Lorsch studied the state of ‘differentiation and integration” in organizational system in
high, medium and low rate of growth industries. They found that successful firms in each type had a different degree of differentiation.

The study refined the contingency theory by demonstrating that different environments and markets require different kinds of organizations and different strategies.

Using Parson’s (1960) three-tier organizational responsibility and control – technical, managerial and institutional -- Thompson (1967) further refined the contingency theory. He suggested that the managerial level should mediate between technical and environmental changes. He considered this as major source of uncertainty. Differences in these dimensions result in different structures and strategies.

Based on the studies cited above and similar others Kast and Rosenzweig (1973) theorized that an organization is a system composed of such systems delineated by external environments and specific functional areas and specific situations.

Since then i.e., in 1970s the contingency theory has become popular in management research. The popularity may be attributed to the fading of the belief of “one-best way” of effective managing. Criticisms from strategic management theorists like Miller (1981) further enhanced merit of the theory
for research in the fields of organization theory, strategic management, organizational behavior and marketing (Zeithaml, Vaaradarajan and Zeithaml, 1988). In the 1990s thinking on strategic management got extended to strategic management.

Section Two

Focus on Organization Fit

The essence of these developments in thought is: Organizational effectiveness is the function of a ‘fit’ between an organization and its environment. Aldrich (1979) popularized the concept of ‘fit’ which better fits to replace the earlier phrases ‘congruent with’, ‘matched with’ or ‘contingent upon’.

Using Campbell’s (1969) population ecology, Aldrich developed a natural selection model to explain changes in organizational forms. He defined organizational forms as trial of goals, boundaries and activities. Management must distribute its resources in six dimensions (1) capacity (2) homogeneity/heterogeneity (3) stability/instability (4) concentration/ dispersion (5) domain consensus/dissenses and (6) degree of turbulence. Various combinations of these create environmental niches for organizations. The process of organizational change should be toward a better fit within the environment. Aldrich posits three environmental conditions that limit decision
makers to realize the choices. They are: (1) organizations could exploit many opportunities due to economic and legal barriers; (2) Individual organizations did not have enough power to influence the environment and (3) distortion of management’s perceptions of the environment. These limit the range of strategic choices and the ability to change environmental niches or forms.

Following Aldrich (who analyzed the concept of fit at macro level, Chakravarthy (1982) explored the concept of fit at micro level. He says that (a) pressure on short-term performance (b) extent of financial risks allowable for managers and (c) the information processing ability of organization determine the ability of manager to be more proactive in anticipating environmental changes and in formulating proactive strategies. Low adaptive organizations are more likely to choose defensive strategies. High adaptive abilities of organizations will be more prone to proactive strategies.

There are two schools of thought with regard to the phenomena of organizational adaptation. They are: (1) Environmental determinism and (2) Strategic choice voluntarism. The determinism schools believe that the life of a business is limited by environmental constraints. The voluntarism schools consider the environment as the domain in which the management can confidently define and implement strategies. Managerial choice and environment interact with one another; they are not mutually exclusive; they can be independent variables in the process of ‘fit’.
Combining these two fold factors in a quadrant diagram Hrebiniak and Joyce (1985) identified four possible conditions faced by organizations. They are (1) Low strategic choice and high environment determinism (Managerial action is constrained by environment, companies in perfectly/imperfectly competitive industries fit here).

(2) High levels of both strategic choice and environmental determinism (Environment constraints decision making. But companies take them up as a challenge. Large, regulated, multi-product companies fit here).

(3) High strategic choice and low environmental determinism (Companies can deliberately define and enact strategies, can influence environment).

(4) Low level both in strategic choice and environmental determinism (Company cannot make use of conducive environment due to lack of innovation, internal capabilities or inappropriate competencies).

The position of an organization might shift as a result of strategic choice or external environmental changes. By control of resources, manager should be able to exercise strategic choices, although the nature and impact of actions may vary according to organization/environment context. Hrebiniak and Joyce (1985) call this process as adaptive and dynamic. Miles and Snow (1984)
support this and call it the actual process of fit. They define ‘fit’ as a process or a state, a dynamic search that seeks to align the organization with its environment and arrange resources to support the alignment. They consider this basic alignment as ‘strategy’ and term the internal arrangement as organizational structure and management process.

A study by Snow and Hrebinjak (1980) concluded that companies operating in a competitive environment called for ‘minimal fit’ to survive. They found that organizations classified as Defender, Prospectors, and Analyzers, make their strategies effective, for they meet the requirements of minimal fit. Companies which are Reactors were generally ineffective, as their strategies are poor in articulation, unsuitable to the environment or misaligned with organizational structure. They needed protection from government or they have to fail.


There are critics who contest the voluntarism–determinism schools of thought and even the very conceptualization of the organization environment bi-variate approach. For instance Van de Ven (1979) identifies four different meanings of ‘fit’ which could alter Aldrich’s theory of organization
environment-fit. Zajac, Kraatz and Bresses (2000) point out the need for multivariate approach to the field in view of the muff multiple dimensionality of the concept of fit.

In answer to the above critical views, Venkataraman (1989) offered six different concepts of ‘fit’ after a thorough review of research on strategic fit. They are: Moderation, Mediation, Matching Co-variation, Profile Deviation and Gestalt. These concepts are comprehensive to include multiple relationship combinations. He also offers tools for analyzing each tool, to provide link between concepts and theory testing.

**Section Three**

**Focus on Strategy Research**

As seen in the previous Section the concept of ‘fit’ that aligns an organization with its environment has emerged as a central or core thrust in strategy research, as evidenced in the studies of Miles and Snow, 1984, 1994. The strategy research has led the research into two schools of thought: (1) Strategy content School and (2) Strategy Process School (Jemison 1981; Rajagopalan and Spreitzer, 1997).

Industrial organization studies contributed to the development of this school of thought. Research here concentrates more on investigation of the external environment than on the internal environment.
The study by Hambrick (1983) examined the influence of industry environment on strategic choice. He found that industries operating under ‘stable’ environment select cost leadership strategy. Industries in unstable environment select differentiation strategy, since the dynamism of the environment limit the ability to adopt cost leadership. A study by Jan and Litschest, 1994 found that environmental factors correlated negatively with proactive strategy orientation. But they deviated positively with defensive strategy.

Organizations tend to use different strategies to cope with hostile and uncertain technological environment. In this regard Dvir, Segev and Senhar (1993) classified strategies as Prospector, Analyzer and Defender.

Their study revealed that (1) Adopting technological innovations as analyzer companies correlated significantly to short term performance.

In Defender companies technological factors had significantly positive association with both short and long term performance.

Prospector companies could only gain better long term performance by monitoring and adopting technological innovation. Innovation related negatively, but not significantly, to short term performance. This indicates that the companies invest more aggressively in the innovations.
Market conditions may also influence strategy choice. Luo and Park (2001) found that companies with ‘analyzer’ orientation achieve better performance than companies using ‘prospectors’ and ‘defender’ strategy orientations.

Strategy choice may also be influenced by organizational structure. The study by Yasai Aredakam and Al Bazzaz (1980) reveals that strategy is positively related to structure and environment is negatively correlated with performance. Miller’s (1987) study proves the fact that the strategy reduces uncertainty of contingencies and therefore they use bureaucratic devices to reduce uncertainty, differentiation and integration. But the strategy increases uncertainties; they might use ‘organic’ uncertainty reduction, differentiation and integration devices.

Adeyami-Bello (2000) study suggests that a better ‘fit’ between strategy and structure would promote more effective coping with environmental changes which will lead to better performance.

The overall contribution of the theorists of the content school of thought may be summed up as to attain better performance; organizations must align their strategy to the environment.

Misfit between strategy and structure in relation to environment will lead to lower performance.
Scanning information on customers and competitors can help organizations to attain right fit.

Influence of internal environment of the organization is ignored totally by the content theorists.

The studies by Venkatraman and Prescott 1990; Naman and Selvin 1993; and by Beal 2000 help new researchers gain a thorough insight of the content school of thought.

Strategy Process School focuses primarily on actions that lead to and support the strategy. To be more specific, these studies deal with the influence of environment, organization and the decision process on organizational performance. But, as Rajagopalan et al (1993) found, only limited studies are there which investigate the direct impact of environment on strategy decision-making. Most of the studies consider influence of environment only implicitly, as part of the context of the decision process. The following are some popular studies in this regard.

Bourgeois (1985) studied the influence of top managers in determining the economic performance of their organization. He found that the divergence of the manager’s perception of environmental uncertainty from the true state of environmental volatility correlated negatively and significantly with economic
performance. But the managers’ disagreements on environmental uncertainty and strategic goals had positive and significant correlations with economic performance. He concluded that variation in perceived environmental uncertainty and goals amongst managers could promote higher performance (so long as their perception matched with reality). Priem’s (1994) study supports this finding.

Functional experience of the managers may influence their strategic orientation. Managers with more experience in marketing are more likely to have willingness to take risks and tolerance for ambiguity. They would fit for implementing ‘build’ strategy, rather than for ‘harvest’ strategy (Gupta and Govindarajan 1984).

The study by Beal and Yasai-Ardekani (2000) also supports this fit between managers’ experience and competitive strategy. They found that innovation strategy succeeds when managers have greater experience in R & D, while experience in engineering may lead to implementation of quality differentiation strategy. Accounting experience facilitates strategies involving cost leadership.

The influence of personality of managers in strategic choice was studied by Miller and Toulons (1986). They found that flexible managers use niche strategy to market their products. They are more reactive, risk-taking and
intuitive in formulating strategies. They use informal structure more than others do.

But managers needing achievement tend to use breadth market strategy. They use analytical proactive decision, making and a formal organization structure.

Managers with internal locus of control prefer to employ product innovation strategy. They are more innovative risk-taking and futuristic. They emphasize specialization on long term results. This finding is supported by another study (Miller et al, 1982).

The influence of types of decision making on organizational performance was studied by Frederickson (1984), Frederickson and Mitchell (1984), Judge and Miller (1991) and Eisenhardt (1989). These studies revealed that in a changing and dynamic environment an incremental approach to decision making was more likely to lead to superior performance, due to speed in coping with environmental changes.

Acceleration of strategy decision making process can be achieved through delegation of authority to functional managers. Authority delegation encouraged middle managers’ participation in decision-making and helps them in implementing the strategy (Floyd and Wooldridge, 1994).
Middle managers had greater influence in low risk/return decisions than higher ones and in the implementation of strategic decisions than in their formation. If the middle managers had worked under their superiors for long period, they would exert more influence on strategic decisions (Schilit, 1987).

Moreover, boundary spanning middle managers had higher levels of both upward and downward strategic influence than non-boundary spanning ones, and the difference is greater for upward influence.

Organizations gained higher performance levels when their middle managers had more uniform levels of downward influence and more varied levels of upward influence (Floyd and Wooldridge, 1997).

The study of Dutton et al, (1997), however, qualifies this finding. They found that the motivation of middle managers to raise strategic issues with top management depended on the willingness of the top management to listen, the supportive organizational culture, level of competitive and economic pressures and the level of organizational change. Fear of negative consequences, downsizing conditions and conservativeness of organizational culture might cause middle managers to shun raising strategic issues.

The review of literature described above highlights the fact that internal structural fit helps organizations to attain superior performance, as Powel
(1992) point out. However, most of the studies concentrate on strategy formulation processes and tend to ignore the implementation aspect of strategy.

The dearth of implementation research may be due to complexity of issues involved in implementation process attributed to rapid changes in business environment and incompatibility between leadership /managerial skills, organizational structure and systems and processes in organizations.

The current study addresses these issues and attempts to integrate strategy formulation and strategy implementation.

**Section Four**

**Role of Marketing Manager and Marketing Concept in Organizations**

As mentioned earlier, organizations must fit with their environment. Or else, they would fail (Aldrich, 1979). Making an organization fit to its environment depends on the top management’s perception of the environment. Top management makes decisions based not on the environment itself, but on their perception of environmental realities. The effectiveness of strategic decisions, therefore, is subject to the match of top management’s perceptions of environment and resources capabilities to their realities (Anderson 1982 and Perine, 1975; Glaister and Thwaites, 1993). To achieve the match of perceptions to realities, the top management should improve the quantity and
quality of the environmental information (Provan, 1989). However, in a complex and dynamic environmental context, it is imperative that the top management rely on the middle managers’ support for all strategic information (Barlelt and Goshal, 1994). The middle managers’ inputs will expose top management to the strategic issues through the viewpoints of those closer to the actual day-to-day operation of the organization.

From this perspective, a manager who is responsible for the marketing function would play a crucial role in providing strategic information to top management to satisfy little needs of customers. In other words, a marketing manager can persuade top management to implement a marketing philosophy which stretches beyond the traditional limits of ‘markets’ and ‘selling’ to the horizons of production (Anderson, 1982). As Drucker (1969) rightly points out the only valid purpose of business is to create a satisfied customer. In doing so, an enterprise has two functions: marketing and innovation.

Top management is responsible for creating this environment, viewpoint, attitude and aspiration. These ideas of marketing concept indicate that the marketing manager must put the customers’ interest, at the top of the firm’s priorities. As Levitt (1960) says, profit is not the objective; it is just the reward for creating satisfied customers.
The modern concept of marketing which became popular in the 1960s in the West was adopted more by large firms than small ones (Hise, 1965). The response of the corporate world in the countries like India was poor. As Ames (1970) reports many firms’ move to become customer-oriented fell into the trappings of ‘market’. There was no fundamental shift in thinking and attitude.

The emergence of the corporate strategic planning further lessened the adoption of the modern concept of marketing. The purpose of strategic planning was to strengthen the competitive advantage of a firm and to improve its internal efficiency. Corporate objectives were mostly focused on achieving certain returns on investment and market share (Ansoff, 1965). Concept of strategic planning defined market as aggregates of competitors, not as customers (Webster, 1988).

Webster (1988) believed that strategic planning concept removed the marketing role in the strategic decision-making. It was not surprising for him that many qualified marketing executives preferred to move into strategic planning position than to stay as marketing managers. He also discovered that most marketing people failed to think creatively to provide better stimulation and guidance to R&D and product development. Marketing people did not like to take risk and were unable to deal with problem in an innovative and entrepreneurial way. He believed that these problems arose because of the lure for short term sales volume and financial results on marketing people.
However, the radical changes in the business environment caused by the inevitable emergence of the Liberation era, and the discovery of strategic role of quality have led to the rebirth of the modern marketing concept. As indicated by Webster (1988) many firms such as General Electricals, 3M, Hewlett-Packard and Ford have redesigned their marketing organization. McKenna (1991) claimed that marketing was not a mere function to perform but a way of life, a culture, a philosophy to practice and perfect. Meanwhile Webster (1992, 1997) suggested re-definition of marketing’s role in the new business environment. He believes that marketing operates at three distinct levels of strategy: the corporate, the business and the functional/operating level. He also identified three dimensions of marketing: marketing as culture, marketing as strategy and marketing as tactic.

Day (1977) viewed the future role of marketing from a different standpoint. He contended that marketing would become a functional fiefdom if there was no significant change in organizational structure with ‘marketing’ as lead function.

Finally, as emphasized by McKenna (1991), marketing people, in the current complex business environment must be critical and creative in performing their role. They must be integrators, both internally, by synthesizing technology with market need and externally, by bringing the
customers into the company as a participant in the development and adaptation of product. There should be a fundamental shift in the purpose and role of marketing; from manipulation of the customer to genuine involvement; from telling and selling to communicating and sharing knowledge; from last-in function to corporate credibility champion.

The main barrier to implement the marketing concept, as Denison and McDonald (1995) points out, is not the non-acceptance of the concept by the top management but the poor image-complacency, poor integration and lack of secure knowledge-base of marketers themselves. Customer-orientation is too important to be left only to the marketing people delivering superior value to customers is the ultimate responsibility of every person in the organization. If this does not happen the value of the organization will fade. Marketing specialists are needed to keep the entire organization and its people, focused on the customer (Webster, 1997).

Section Five

Marketing Strategy Research and Performance Relationship

As mentioned in the previous section, marketing researchers utilize the Contingency Theory for theory building. Zeithaml et al (1988) revealed the common use of the theory in the context of marketing organizations, strategic marketing, and behavioral aspects of marketing. Formerly, scholars in
strategic marketing used the theory to investigate environmental influences on marketing strategy. But, considering the important role of marketing strategy to achieve good overall organizational performance, marketing strategy researchers have to expand their focus to probe beyond the environmental impact on the content of marketing strategy and investigate the influence of environment on the process of marketing strategy formulation and implementation, as well. Therefore, as in the case of general strategy research, studies of marketing strategy can be classified into ‘content’ and ‘process’ studies. The most important of these studies are briefed below.

**Marketing Strategy Content Research**

Strategy content research studies were commenced in the 1980s. Most such studies were focused on product-market decisions, product-life cycle and the influence of environmental and organizational structure on strategy formulation.

The study by Anderson and Zeithaml (1984) on 1234 industrial manufacturing companies proved that many strategy variables significantly correlate to superior performance. They found different determinants of return on investment (ROI) in the growth and maturity stages of PLC. While marketing variables determined the ROI in the growth stage, in the industry variables influenced the ROI in the maturing stage. Product competition and
efficiency variables affected the ROI in both stages. But the effect was much higher in maturing than in growth stage.

The study by Bunke (1984) investigated the influence of environmental variables (market attractiveness, relative competitive strength, level of uncertainty and extra barriers) on selection of market strategy. He found that environmental and organizational factors influenced managers in selecting their marketing strategy. Market attractiveness and reward for short-run performance were positively associated with build strategy, but entry barriers and synergy had negative impact on it. This indicates that manufacturers may choose build strategy when market is profitable, has better prospects and is easy to enter in. Manager may select hold on pull back strategy when market is not buoyant.

Yet another study relating environmental forces was by Mc Daniel and Kulari (1987). The study related the environment with types of strategy preferred by 279 marketing managers of US Banks. The study established significant differences in marketing orientation between Defenders and Prospectors, as well as between Defenders and Analyzers. Prospectors and Analyzers employed more proactive marketing strategy than Defenders. They engage in more activities in new product development, promotions and marketing research than Defenders. The study concluded that Defenders lack marketing orientation and only more on their traditional product.
Similar study by McKee, Varadarajan and Pride (1989) revealed significant differences in marketing tactics among Reactors, Defenders, Analyzers and Prospectors. Organization with more adaptive strategy types focus more on marketing efforts. Prospectors tended to use more product development efforts than the other strategy types. However, there were no differences between Defenders and Analyzers. Significant differences existed only between Defenders and Prospectors.

The relationship between the types of strategy and the organizational structure, marketing, and organizational performance was studied by Rajaratnam and Chonko (1995). Their study revealed no difference between Defenders and Analyzers in organizing marketing department. Significant differences existed only between Defenders and Prospectors. Defenders tend to organize their marketing departments on a more functional structure than do Prospectors. There was no difference among the four business strategy types with regard to formulization and market department. Centralization of power seemed to exist only in Reactors. Prospectors seemed to carry out more specialized organization structure, market penetration and product development and to expend greater marketing effort than Defenders, Analyzers and Reactors. Finally, the study reveals that Reactors have lower performance either in terms of earning/sales growth/return on sales/investment than the other three types, amongst whom no differences could be detected.
In a study on MNCs in Turkey, Ozsomer and Prussia (1999) it was found that marketing structure is the dominant factor in determining organizational performance. The negative influence of structure on the performance indicates the need for decentralization of marketing decisions to gain better performance.

Marketing Strategy Process Research

As in the case of strategy process research in general, studies on the marketing strategy process focus more on formulation and implementation than on performance evaluation and performance. Most studies investigate the influence of environmental, organizational and decision-making process on strategy formulation. More important of these are briefed below.

Studies on Strategic Marketing Planning

The study by Phillips, Davies and Mountinbo (2001) on 100 hotel managers in UK investigating their planning process and marketing culture reveals that organizations employing strategic marketing planning with product orientation giving better strategic implementation. It was also found that planning process affect adaptability negatively, indicating that formally structured strategic marketing planning would affect innovation, creativity and success of new product development.
Similar study by Stratis and Powers (2001) on bank managers revealed similar results.

Formulization of marketing planning would improve the credibility and utilization of marketing plan. This was the revelation in the study by John and Martin (1984). Their study suggested that formal marketing planning would ensure organizational commitment. Also, it would ensure ‘involvement’ of top management in the planning process, besides creating a conducive organizational climate. The study by Chal and Hill 1977 also lend support to this view. It might generate both competitive and organizational benefits. Planning world improve the effectiveness of new product development, cost reduction efforts. It would help in quality improvement and market share performance. As Morgan and Piercy (1998) study reveals planning formulation would pave way for interdepartmental conflict and ensure better overall coordination, implementation and control of organization’s activities.

Formulized marketing planning would facilitate cross-functional integration and consensus commitment (Menon, Bharadwaj, Aelidam and Edison, 1999) generating better coordination of decisions throughout the organization.

The John and Martin (1984) study deals with the negative impact of centralization of strategic marketing planning. They say that it would impede
the credibility of the marketing plan. It would generate interdepartmental conflicts. This would, in turn, reduce the quality of marketing strategy formulation and implementation. Also it might lower market and financial performance (Morgan and Piercy, 1998, Menon, Bharadway and Howell, 1996).

A landmark study by Piercy and Morgan (1990) reveals the behavioral problem that might arise in marketing planning process. They are: planning recalcitrance, fear of coordination political interest in planning and planning avoidance. Most of these problems correlated significantly with customer philosophy and strategy orientation. The customer philosophy and strategic orientation interrelated significantly and positively to the credibility of the marketing plan.

In their second contribution, Piercy and Morgan (1994) discovered that only planning recalcitrance influenced the credibility of marketing plan negatively. The others affected the credibility only indirectly through their connection with planning recalcitrance. On the other hand, they found that thoroughness in planning and the incorporation of appropriate plan components improved a marketing plan’s credibility. Sophisticated analytical techniques and market analyzes would enhance planning thoroughness and plan’s components?
The research on 175 US and 106 UK marketing managers by Greenlay and Bayus (1994) reveals the imperative need for top management support to improve the effectiveness of the marketing planning process. Their study reveals that top management’s action and attitudes in coping with environmental turbulence influenced the quality of marketing practice.

The study by Pitt and Kannemeyer (2000) points out that those senior managers with high tolerance of ambiguity, internal locus of control and great risk-taking propensity tended to adapt their marketing strategy to environmental changes. They might possess good leadership qualities, needed for effectiveness of any planning process, especially in a turbulent environment.

Noble and Mokway (1999) made a significant contribution to the extant literature on strategic management in the sense that this study had rightly emphasized the role of marketing managers in the successful implementation of the marketing strategy. They assert that marketing strategy implementation requires manager’s commitment. When marketing managers perceived their role to be significant to the success of marketing strategy implementation, their commitment would improve. They would commit to a strategy when they perceived that it fits with the broad strategic direction of the organization. This commitment would increase when managers perceive the strategy to have
potentially significant consequences for their organizations and they received cross-functional support. They, however, found that management’s support and the scope of the marketing strategy did not determine the manager’s commitment to it.

In conclusion, the review of research literature that could be accessed shows that most studies concentrate on strategy formulation process. They pay little attention to marketing strategy implementation.

As Sashittal and Tankersley (1977) point out the wedding of strategy formulation and implementation can happen only when managers’ autonomy is ensured to a great extent.

**Section Six**

**Barriers to Implementation of Marketing Strategies**

**Toward the Rationale of this Study**

As discussed in the previous sections, organizations that engage in strategic marketing planning achieve better performance than those that did not, especially in a highly competitive and changing environment. Hence implementing strategic marketing planning in a multidimensional activity is not that easy and straightforward to practice the theory of strategy formulation and implementation as evidenced by the studies by Verhage and Waarts
These studies (in Dutch, Australia, UK and USA) reveal that most companies recognized the need for formal planning, but not all use it. Most managers make decisions intuitively. Only a small number of companies use sophisticated marketing planning prescribed in management literature. They tend to ignore planning techniques and information inputs and used standard computer software in the planning process. There was large number of failures in implementing strategic marketing planning. Mc Donald (1996) has identified two barriers which contribute to this sorry state of affairs: (1) Cultural (lack of belief in marketing planning) and (2) Cognitive (lack of knowledge).

The Cultural Dimensions of Failure

The root cause for the failure of the strategic marketing planning to improve organizational performance is that the proposed strategic changes do not fit with employees’ expectation and beliefs. Employees and managers stand apart from the top management’s ‘mind set’ or culture. As a result organizational members are not motivated and de-motivated and they may even sabotage the implementation of strategic marketing planning (Harris, 1996). Therefore, it is imperative that strategic marketing should be backed up
on innovative culture and climate in the organization. This means top managers should create a conducive climate and culture of inventiveness, openness and democratic decision making. Without such conditions, strategic marketing planning will not be fruitful (Menon and Varadarajan, 1992).

The Cognitive Dimension of Failure

Another barrier to marketing strategy implementation is the lack of knowledge about marketing strategy. Most marketing managers often interpret marketing strategy as financial planning and sales forecasting. Hence, the so-called marketing strategies have little strategic content (Piercy, 1992). As McDonald (1992 b) point out, this is because of the managers’ confusion between marketing function and marketing concept.

Lack of marketing skill inhibits marketing strategy implementation. To analyze the business environment marketing managers can use a variety of techniques like Ansoff matrix, market segmentation product life cycle analysis, and SWOT analysis profit impact of marketing strategy. Use of these techniques can break the traditional mindset of irrational economic approach, constructed judgmental processes and hence can improve the credibility of marketing strategy (Piercy and Morgan, 1994).
However, evidence shows that there is a large gap between theory and practice. The studies by Greenlay and Bayus (1994) and by Reid and Hinkley (1989), for instance, show that most marketing managers are not familiar with modern techniques of strategic marketing planning.

There is no reason to believe that all what is said above with regard to the cultural and cognitive barriers to strategic planning would not hold good in the Indian scenario too.

The Gap in Knowledge and the Rationale of the Present Study

The brief review of thought and research studies relating to marketing strategy cited above reveals that marketing strategy research contemplate on two aspects: The ‘content’ school emphasize on the ‘fit’ of the organization to its external environment. The ‘process’ school pays more attention on internal fit of the organization to achieve superior performance. However, most studies representing both the schools focus more on the strategy formulation than on strategy implementation (which is simply ‘taken for granted’). The review of literature in this regard by Heyer and Lee, 1992; Perlitz 1993) indicate that most of the strategy failures were caused by ill-implementation or behavioral problems in the organizations.
As Bonoma (1984) rightly observed inappropriate strategies but excellent implementation would yield better results than excellent strategies but poorly executed.

Section Seven

Status of Indian Studies Provoking this Study

The researcher is provoked to make the study in Indian context, as the Indian literature is sparse and scarce both from theoretical and research perspectives. Acceleration of economic reforms in the 1990s provided an impetus to researchers to explore the implications of the new environment and study the response of companies.

Understanding the rationale for the reforms and their reach itself became a subject for research. Researchers focused on understanding the effects in different sectors of the economy and made recommendations for further change (Mani, 1992; Sen and Dasm 1992; Sandesara, 1992; Jain, 1993; Sengupta, 1993; Patnaik and Chandrashekar, 1995; Kabra, 1996; Nagraj, 1997; Varma, 1998 and Wadhwa, 1998). Opportunities for further reforms were explored further by Morris (1997) and Parikh (1997). Researchers also focused on understanding the responses at the level of enterprises as well. Das (1996) attempted to model the responses under the deregulated scenario and identify areas demanding strategic actions. ‘Organizational refocusing’ and
organizational renewal were identified as the key response by Das. Khandwalla (1996) attempted to present some effective strategic and systemic responses open to firms under liberalization. Empirical investigation of enterprise response to economic reforms was attempted by Chokkar and Dixit (1997), Mustafi (1998), Ray (1998), Shankar (1994), and Venugopal (1998).

There seems to be no study rooted in theory-testing or deduction/proof of hypotheses. Hence, there is a strong rethinking of academic and practitioner interest in the field of marketing strategy and its effect on organizational performance.

In the background of the knowledge gained through the review thus far, posit that (1) organization should attain both external and internal fit to achieve good organizational performance; (2) the processes of strategy formulation and implementation are not separate activities; and (3) there is a need for an integrative approach that blends both schools of thought.

An integrative approach enables researches not only to analyze the environmental factors that influence the content of the strategy but also to investigate the process, in which the strategy is formulated and implemented to achieve better performance.

This approach is based on the idea that the formulation and implementation processes influence the content of a strategy; the processes
themselves are determined by previous strategic decisions (contents) as proposed by Jemison (1981).

The current study is an attempt to provide a comprehensive framework by investigating the issues related to strategy content, strategy formulation and implementation processes and to ascertain how these forces may influence performance.

**Conclusion**

Core concepts and research studies related to the broad field of the present study were reviewed in this chapter. Also, the role of marketing managers and the barriers they face in implementing marketing strategies were highlighted therein.

The provocation of the current study considering the scarce and sparse research interest in the field in India was outlined.

The next chapter, drawing from the insights gained by a review of related literature, lays a conceptual edifice for the current study.