CHAPTER THREE

CONCEPTUAL FRAMEWORK AND FORMULATION OF HYPOTHESES

Introduction

Based on the review of literature reported in the previous chapter, this chapter describes the development of: (a) the conceptual framework of the study and (b) the genesis of the hypotheses that emanate from the objectives of the study.

The Theoretical Base

An empirical study needs a theoretical foundation for generating hypotheses to be tested and for interpreting the result of the research study. The current study is rooted in the ‘contingency theory’ in the broad field of Management. The purpose is to investigate the marketing strategy-organizational performance relationship in medium sized corporate organizations.

The contingency theory views an organization as a ‘system’ composed of several subsystems delineated from the external environment (Kart and Rosenberyen). It enables the researcher to study the multivariate nature of marketing strategy-performance relationship.
Considering that marketing managers play a key role in adapting the organization to its environment, the study attempts to limit the marketing strategies as a strategic mean for marketing manager to fit their organizations to the environment. This fits to the dynamic concept of ‘organizational fit’ proposed by Miles and Snow (1984).

**Conceptual Framework of the Study**

The general framework of the current study is considered from the contingency theory (reviewed in Chapter Two). The study adopts an integrative approach in the sense that it aims to understand not only the influence of the external and internal conditions on the formulated marketing strategy and on the performance but also to explore both the process of strategy formulations and the attainment of desired performance. Hence, the conceptual framework posits five constructs of cause and effect linear model as described below:

1. **Construct I**, external business environment (EBE) and **Construct II**, process of strategy formulation (SF), exhibiting the internal environment of the organization together influence the **Construct III**, the credibility of marketing strategy (CMS).

2. **Construct III** (CMS) and **Construct II** (SF) influence **Construct IV**, the effectiveness of the marketing strategy implementation (SI).

3. **Construct IV** (SI) influences **Construct V**, achievement of financial and strategic performance (OP).
The following chart depicts the construction of the Conceptual Framework of the study with the constituents of the variables under each construct.

**Figure 3.1**

**Conceptual Framework of the Study**

- **CONSTRUCT I**
  - External Business Environment (EBE)
    - Technological changes
    - Market attractiveness
    - Market competitiveness

- **CONSTRUCT II**
  - Strategy Formulation (SF)
    - Innovative culture
    - Analytical capability
    - Involvement of Marketing Manager
    - Top management support

- **CONSTRUCT III**
  - Credibility of Marketing Strategy (CMS)

- **CONSTRUCT IV**
  - Strategic Implementation (SI)
    - Commitment of Marketing Manager
    - Autonomy of Marketing Manager
    - Evaluation and Control

- **CONSTRUCT V**
  - Organizational Performance (OP)
    - Financial Performance
    - Strategic Performance

- CMS depends on External Business Environment (EBE) and Strategic Formulation (SF)
- CMS and SF determines SI
- SI influences OP
Construct I

External Business Environment (EBE)

EBE refers to the surrounding conditions which directly or indirectly influence decisions relating to marketing strategies. These include, among others, the following three variables constituting EBE: Technological Changes (TC), Market Attractiveness (MA) and Market Competitiveness (MC).

TC is measured by the following items of questions (drawn from Cavusgil and Zou 1994; Dugal and Roy 1998):

1. The technology orientation in our industry is very high.
2. Competitors have made drastic changes in their product(s) in the last five years.
3. Competitors have made substantial changes in production methods in the last five years.
4. Internet has changed our business outlook and it has brought opportunities.

MA is measured by the following items of questions (drawn from Cavusgil and Zou 1994; Dugal and Roy 1998):

1. The potential market demand for our products is very extensive.
2. The brand name of our product is very familiar in the market.
3. Customers have good image about our products.
MC is measured by the following items of questions (drawn from Cavusgil and Zou 1994; Dugal and Roy 1998):

1. Market competition in our industry is very high.
2. Many new entrants have come into the market in the past five years.
3. Price competition in our industry is very high.
4. Customer preferences and expectations are very high.

**Construct II**

**Process of Strategy Formulation (SF)**

**(Internal Environment)**

SF refers to the process of developing the marketing strategy. It is a multi-dimensional process. It involves (a) internal organization conditions (such as innovative culture-IC, top management support-TMS on strategy formulation) (b) analytical dimensions (such as analytical competence of marketing manager-AC) and (c) behavioral dimensions (such as involvement of marketing managers-IMM). These dimensions together, lead to the commitment of the marketing managers to the formulated strategy.

IC is measured by the following items of questions (drawn from Menon and Varadarajan 1992; Wallace 1983):
1. Our organizational structure enables us to carry out Participative Management.

2. Our organizational climate encourages our subordinate to generate innovative ideas.

3. There is a general feeling of trust and confidence between different groups.

4. The management style encourages a high level of participation.

5. Our organization culture decreases interpersonal conflict between employees.

AC is measured by the following items of questions (drawn from Mc Coll-Kennedy et al 1990; Piercy and Morgan 1994):

1. How often did you use Portfolio Analysis as a tool when developing marketing strategies?

2. How often did you use SWOT Analysis as a tool when developing marketing strategies?

3. How often did you use Contingency (“What if”) Analysis as a tool when developing marketing strategies?

4. How often did you use Financial Ratio Analysis as a tool when developing marketing strategies?

5. How often did you use Experience Curve Analysis as a tool when developing marketing strategies?
6. How often did you use ------------------ (other than the above) as a tool when developing marketing strategies?

7. How often do you use the Strategic Position and Action Evaluation (SPACE) Matrix as a tool for analyzing financial strength and competitive advantage?

IMM is measured by the following items of questions (drawn from Wooldridge and Floyal 1992):

1. General strategic marketing option.
2. Evaluating strategic marketing option.
3. Search for details to make strategic marketing planning effective.
4. Take corrective action to suit changing environment.
5. All involved parties worked hard to make sure that the strategy was implemented successfully.

TMS is measured by the following items of questions (drawn from Piercy and Morgan 1994):

1. Our organization consults experts outside agencies for new ideas.
2. Our organization provides adequate time for developing strategic marketing plans.
3. Our organization uses a number of motivators to encourage good business operational performance.
4. Our organization provides adequate funds for developing strategic marketing plans.

5. Adequate resources were allocated to the implementation efforts.

**Construct III**

**Credibility of Marketing Strategy (CMS)**

CMS refers to the quality of marketing strategy. It indicates realism, accuracy, specificity, consistence, completeness and validity of the marketing strategy. This study defines marketing strategy as strategic decisions made by the organization in relation to the means to achieve the marketing strategies. It generally concerns the four major elements of marketing mix.

CMS is measured by the following items of questions (drawn from Cavusgil and Zou 1994; Piercy and Morgan 1994):

1. Our product strategy is realistic.
2. Our prices are competitive.
3. We provide a lot of discount to our customers.
4. Our pricing strategy is realistic.
5. We make every effort to improve the quality of our products.
6. New product development is always on our agenda.
7. Our promotion strategy is realistic.
8. Funds are never a constraint for promotion of our product.
9. We provide extensive after sales service to our customers.
10. Our distribution strategy is realistic.
11. We maintain cordial relationship with our distributors.
12. We provide adequate promotional support to our distributors.
13. We provide extensive funds for R&D.
14. We provide promotion, advertising expenditures above industry average.
15. Our products are high priced due to market segmentation.
16. We are always innovative in marketing techniques.

**Construct IV**

**Strategy Implementation (SI)**

SI refers to the actions initiated by the organization to actualize the formulated marketing strategy. Effectiveness of its evaluation and control (EEC) and commitment of the marketing manager (CMM) are the major activities in strategy implementation. This ensures alignment of the strategy with its internal and external environment. Autonomy of marketing managers (AMM) is another aspect of strategy implementation. This helps speedy decisions making to cope with any environmental change.

AMM is measured by the following items of questions (drawn from Dennison and McDonald 1995; Sashittal and Tenkersley 1997):
1. We have autonomy to adjust the marketing strategy and programs.
2. Our marketing personnel have appropriate skills in marketing management.
3. We upgrade the skills of our people through training workshops and seminars.

CMM is measured by the following items of questions (drawn from Rapert et al 1996):

1. People believe that the priorities assigned for important strategic factors are quite sound.
2. People would take up any work assignment to enable successful implementation of the strategies.
3. People believe strongly that the strategic plans will help the organization to achieve its performance goals.
4. The marketing strategies are quite inspirational to the people that they show a sense of total organizational commitment.
5. Every person was committed to make sure that they met their deadlines.

EEC is measured by the following items of questions (drawn form Dennison and McDonald 1995; Sashittal and Tenkersley 1997):

1. We keep on watching the changes in business environment.
2. We have a built-in evaluation and control mechanism to ensure the alignment of our strategies with the business environment.
3. We make adjustments in our marketing strategies and programs to cope with environmental changes.

4. We have an ideal communication network within the organization to ensure no intra or inter functional conflict.

5. How satisfied are the firm’s customers?

6. How well is the firm sustaining and even improving upon its core competencies and competitive advantages?

**Construct V**

**Organizational Performance (OP)**

OP refers to the functioning of the organization as a result of implementation of marketing strategy. Recent studies in this regard use (in addition to economic indicators like sales and profit) a strategic dimension on a parameter of organizational performance. This rationale of this parameter in a modern corporate organization should consider both the economic and extra-economic objectives like customer satisfaction and product quality improvement in the interest of long term survival. The current study uses both these parameters to measure the organizational performance. The economic parameter measures the achievement of financial performance (AFP) and extra-economic parameter measures the achievement of strategic performance (ASP).
AFP is measured by the following items of questions (drawn from Cavusgil and Zou 1994):

1. How would you grade your business in 2007-08 using Return of Investment (ROI)?
2. How would you grade your business in 2007-08 using Profit Margin (PM)?
3. How would you grade your business in 2007-08 using Market Share (MS)?
4. How would you grade your business in 2007-08 using Asset Growth?
5. How would you grade your business in 2007-08 using Earnings per share (EPS)?

ASP is measured by the following items of questions (drawn from Cavusgil and Zou 1994):

1. How would rate the achievement of improved awareness of your product/company?
2. How would you rate the achievement of response to competitive pressures?
3. How would you rate the achievement of improved market share position?
4. How would you rate the achievement of increased profitability?
5. How would you rate the achievement of expansion into new market?

6. How would you respond to market and follow the leader?

7. As a result of strategy implementation organization has gained experience and developed its managerial skills of the key players.

8. How have your competitors’ strategies changed?

9. How have your competitor reacted to our strategies?

10. Please specify ------- (any other measure).

**Genesis of Research Hypotheses**

The genesis and rationale of the hypotheses with respect to the relationship between different variables under the five constructs of the research model are described in the following pages:

**External Business Environment**

An organization is influenced by/ influences its macro and industry environment such as suppliers, consumers and government policies. These external environments determine the behavior of organization to achieve competitive advantage. The multidimensional nature of external environment may be classified into three dimensions:
- **Environmental munificence domain.**
  This refers to the capacity of the environment to provide, enhanced organizational growth (availability of resource-inputs and market for organization’s output).

- **Dynamism domain.**
  This refers to the instability and turbulence of the environment (unpredictability of consumers, competitors, market trends, industry innovation).

- **Complexity domain.**
  This refers to homogeneity/heterogeneity and concentration/ dispersion of environment (changing production requirements of different market segments and volatile competition).

The influence of environment on organizations have been studied both by scholars in industrial organization and by behavioral scientists. The former believe that industry structure influence strategy in organizations (Porter, 1981). Behavioralists believe that environmental variety (like change in market and technologies) reflects and influences organization structure (Burn and Stalker, 1961).

Porter (1991) posits that both the environment and industry are subject to change. Hence, it is the task of strategists to maintain a ‘fit’ between his organization and its environment.
As viewed by Prescott (1986) environment modifies, rather strengthens the strategy performance relationship. They influence the strategy orientation of the organizations (Miller 1987) and marketing tactics (Mc Kee et al 1989). Hence, the need for organizations to remain innovative and adaptive to the dynamic environment so that they utilize effectively the emerging opportunities and achieve sustained growth.

Technological changes, market attractiveness and market competitiveness are the three important variables of external business environment for the present study. They are as follows:

**Technological changes (TC).**

Knowledge is the prime source of environmental changes. It may be defined as the ideas, theories, tools, and the know-how associated with a specific product, sector, or society. While knowledge may be termed as science, it becomes technology when it becomes application oriented (leading to discovery of new products, production methods reducing cost and improving quality). For example, Invention of computer and microprocessors lead to development of CAD and CAM.

Technological changes increase the complexities and dynamism of industrial environment. As pointed out by Capon and Glazer (1987,p.3)
technological changes are caused by changing product life cycle, market segment, sources of competition, employee relation, organizational restructuring, government regulation and global market conditions.

The strategy formulation is very much influenced by the nature of technological environment in the industry. For example, decision on process improvement/product improvement strategy depends on the condition of technological environment. When managers perceive stable technological environment, process improvement strategy may be right. When it is turbulent product improvement strategy may be alright.

Thus, technological change increases the dynamism and complexities of environment. This, in turn, makes the organizational strategy more complex.

Since the current study considers marketing strategy in terms of its credibility, it is hypothesized that:

\[ H_1: \text{Higher the technological change (TC) in the industry, lower will be the credibility of the marketing strategy (CMS).} \]

**Market attractiveness (MA).**

Market attractiveness is the crucial determinant of the growth rate. It provides a measure of the latent market that contributes to the overall objective
of organizations. Even the best strategy will fail if there is no viable market, hence the importance of market attractiveness.

Product differentiation and product innovation (product enhancement) are the key factors leading to market attractiveness and growing markets. As the study of Buzzel and Gale (1987) indicate growing markets are characterized by rising productivity, low marketing costs, and high profit margin. Market attractiveness influence organizational performance and gears the organizations to grow faster. It may guide marketing manager in formulating sound marketing strategies (Burke 1984). Thus, it can be said that an increase in market attractiveness due to market growth demand expansion leads to an increase in the environmental munificent. Such environment helps (a) in formulation of credible marketing strategies with more accuracy and valid assumptions and (b) to avoid selection of, what Piercy (1977) call, “illusion market”. Hence it is hypothesized as

H₂: The higher the market attractiveness (MA), the higher will be the credibility of marketing strategy (CMS).

**Market competitiveness (MC).**

The industry in which an organization functions is the core element of its external environment. Porter (1980) defines an industry as a group of
organizations producing products that closely substitutes each other. Competition among the many units in an industry is influenced by several forces. Marketing managers should identify the strongest competitive force(s) while formulating marketing strategies.

In the current information technology era with minimum entry barriers and industry boundaries, technological changes and rivalry among organizations amplify market competition.

Apart from the competitive forces, an intensive competition may increase the complexity of business environment. Marketing manager, working under such an environment would face greater uncertainty than those working under a simple environment. (Dess and Beard 1983)

Therefore, like the effects of technological change, intensive market competition would negatively influence the credibility of marketing strategy (CMS) because managers would have tough time with getting accurate, reliable, complete data. Hence it is hypothesized as

\[ H_3: \text{Higher the market competition (MC), the lower will be the credibility of marketing strategy (CMS).} \]
Process of Marketing Strategy Formulation (SF)

(Internal Environment of the Business Unit)

A conducive external environment is a necessary but not a sufficient condition for effective strategy formulation. A good environment will be an illusion and will be of no use for an organization in an industry if it does not have adequate skills and resources to capitalize it. As Day and Wensley (1988) posits, the skills and resources are a source of an organization’s competitive advantage (which influences strategic decision making).

The process of marketing strategy formulation involves three dimensions namely, (1) organizational dimension (2) analytical dimension and (3) behavioral dimension.

The organizational dimension includes (a) innovative organizational culture (IC) and (b) top management support (TMS).

The analytical dimension includes the analytical competence of the marketing manager (AC), to analyze business environment.

The behavioral dimension relates specifically to marketing manager’s involvement (IMM) in strategy formulation process.
**Innovative culture (IC).**

Innovative culture refers to the existence of organizational culture which promotes creativity, innovative behavior and willingness to take chances (Menon and Varadarajan, 1992). Deshpande and Webster (1989) define Organizational Culture as the process of shared values and beliefs that help individuals understand organizational functions and provide knowledge of the means of behavior in the organization. The organizational culture, therefore, defines supports and sets the boundaries for an organization’s ability to function. Consistence with this view, this study visualizes innovative culture as a set of values and beliefs that influence an organization’s innovative culture. The innovative culture becomes a predictor of organizational growth due to its adaptability to change and involvement/commitment traits (Denison and Misbaa, 1995).

Without high involvement of managers, an organization cannot be responsive to environmental changes. The managers can bridge the gap between top management’s expectations and the reality. Hence their high involvement would boost a sense of psychological involvement and commitment to the organization and its goals.

The empirical evidences cited above suggest the following hypotheses:
H₄: Higher the innovative culture (IC) the higher will be the involvement of the marketing manager (IMM) in the process of marketing strategy formulation.

H₅: Higher the innovative culture (IC), higher will be the autonomy of the marketing managers (AMM) in strategic decision making.

**Top management support (TMS).**

Top management support refers to the extent to which manager positively perceive that top management supports and values the strategy formulation and implementation. Due to the dynamic nature of strategy formulation process, managers need top management involvement and support. The top management support does not only provide clear direction of organizational objectives but also facilitates the consistency of the formulated marketing strategy. Also, it indicates the willingness of top management to provide adequate resources for strategy making and for generating a sound strategy. Therefore, the top management support may have positive effects on the credibility of marketing strategy. It can also generate commitment of the marketing manager to the formulated strategies. Hence it is hypothesized as follows:
H6: Higher the top management support (TMS), higher will be the credibility of marketing strategy (CMS).

H7: Higher the top management support (TMS), higher will be the commitment of the marketing managers (CMM) to formulated strategies.

**Analytical competence of marketing managers (AC).**

As the business environment is becoming more and more complex, fast changing and unpredictable, the analytical competence of managers, is gaining more importance both in the formulation and implementation of marketing strategies. Managers have to use appropriate techniques to scrutinize problems and opportunities and to design suitable strategies. As Piercy and Morgan (1994) pointed out the use of management tools can reduce the lethargy of manager to use to mere ‘guesstimates’ or irrational economic approaches or unstructured judgments that may be inconsistent with reality.

Empirical evidences reveal that most managers ignore the use of management tools (for example, Greenlay and Bayus, 1994). Possibly, they lack the ability to understand the application of these tools.

Thus, it is imperative that managers must have analytical competence to perform their crucial role. This competence also determines the extent of
managers’ autonomy. Top management in successful companies delegate more authorities and responsibilities to middle managers so that they become better strategy makers. Hence it is hypothesized as follows:

H₈: Higher the analytical competence (AC) of the marketing managers, higher will be their involvement (IMM) in the process of marketing strategy formulation.

H₉: Higher the analytical competence (AC) of the marketing managers, higher will be the autonomy of the marketing managers (AMM) in strategic decision-making.

**Involvement of marketing manager (IMM).**

Individual perceptions of the manager about the process of strategy formulation and the extent to which they perceive their organization to allow their participation in strategy formulation influences the level of individual commitment of the ownership of the final strategies (Piercy, 1992).

As Piercy and Morgan (1990) view there are behavioral issues that negatively but significantly correlate with the degree of organizational support to customer-oriented strategy formulations. These issues will reduce the credibility of the marketing strategy (CMS) issue from the managers’ uncertainties /low understanding of the objectives of and role expectations by
the top management. They may also result from the managers’ disagreement to the strategies which will culminate in low involvement (Guth and Mac Milan, 1986). This may be due to lack of communication and participation of the managers in the strategy formulation. Thus, managers’ involvement refers to the extent to which they involve and participate in the formulation of marketing strategies. This would sharpen or change the strategy developed by top management (Nonaka, 1988). As the marketing managers are closed to the customers and other stakeholders, they can detect and judge the inclusion of potential variables into the strategy making agenda (Hutt, Reingen and Ronchetto, 1988).

Combined with adequate marketing knowledge and skills, as ‘boundary spanners’ in an organization, the marketing managers’ high involvement in strategy formulation, can enhance the organizational performance, as the study by Morgan, McGuinness and Thrope (2000) evidences.

In view of the ideas cited above, it is inferred that marketing managers’ involvement in strategy formulation process affects the strategies positively, because the managers can support strategy-making with current, accurate, complete and valid data. This involvement also creates a high degree of commitment of managers to the strategies.

Therefore, it is hypothesized as:
H$_{10}$: Higher the involvement of the marketing manager (IMM) in the process of marketing strategy formulation, higher will be the credibility of the formulated marketing strategy (CMS).

H$_{11}$: Higher the involvement of marketing managers (IMM) in the process of marketing strategy formulation, higher will be the commitment of the marketing managers (CMM) to the formulated strategy.

**The Credibility of the Marketing Strategy (CMS)**

Credibility of the marketing strategy leads to superior performance of an organization. Empirical studies reveal that only few organizations develop a credible marketing strategy (Greenley and Bayus, 1994). Most organizations use intuitive and informal strategies and market planning (McColl-Kennedy et al, 1990). One of the reasons for the lack of credibility of marketing strategy may be the lack of understanding among managers about marketing strategy itself. Many managers seem to mix up marketing tactics with marketing strategies. Consequently many so-called marketing strategies are no more than financial budgets. (Mc Donald, 1992; Piercy, 1992)

Low quality of marketing strategy is revealed by strategy failures. Giles (1991) has identified the following reasons for the failure:
(a) Strategies are mere mixture of budgets and wish lists of top management.

(b) Unmatched perception of management about market reality from the interface with customers or competitors.

(c) Strategy is not owned by implementers, due to poor internal communication.

John and Martin (1984) have developed a suitable dimensional model of a CMS. They are:

Realism: Rational strategy input in terms of practicality fitness to the market and actual managerial competence.

Accuracy: Good and accurate data base, an input for strategy formulation.

Specificity: Strategies are pronounced in specific and sufficient detail.

Consistency: Marketing Manager’s strategy fits with other organizational objectives.

Completeness: Marketing Manager’s strategy includes all the critical market elements.

Validity: Marketing Manager’s strategy is based on valid assumptions of internal and external environmental issues.
Consistent with the above criteria, this study defines CMS on a strategy that is realistic, accurate, specific, consistent, complete and valid.

It was hypothesized in the previous sections of this chapter that (a) TC and MC negatively affect CMS and (b) TMS, IMM and MA can minimize the negative effects and lead to generation of CMS.

Since a CMS alone is capable of effective implementation it becomes a guidepost for implementation of strategies. Considering the significance of effective evaluation and control of strategy implementation, it is hypothesized at this point as:

H_{12}: Higher the credibility of the marketing strategy (CMS), higher will be the effectiveness of its evaluation and control (EEC).

**Process of Marketing Strategy Implementation (SI)**

A good marketing strategy does not necessarily lead to successful performance. It depends on how well a strategy is translated into action by marketing managers. As Vasconcellos e sa (1990) view, a well formulated but badly implemented strategy will be effective (do right things), but not efficient (do things right); a correct implementation of badly formulated strategy will be efficient, but not effective. Therefore, organizations need both effectiveness and efficiency to optimize their performance.
This fact is supported by Bonoma’s (1984) study, which indicates that poor implementation tends to disguise both the ‘appropriateness’ and ‘inappropriateness’ of strategies.

An extensive review of literature by Cespedes and Piercy (1996) reveals that the main cause of the problems in marketing strategy implementation is the view of the conventional approach that marketing strategy formulation and implementation as ‘distinct and consequential’ activities. They conclude that this dichotomy leads to affect the intended result due to the inconsistent ways of the strategy implementation with the strategy formulation and its inability to cope with fast-changing, highly dynamic environment. The studies by Heyer and Lee (1992) and Feus and Chaharbaghi (1995) support this contention that autonomy of marketing manager and commitment are quite essential for effective evaluation and control of marketing strategies.

**Autonomy of marketing manager (AMM).**

Strategies provide a guidance direction for middle manager. They should not be abstractly or ambiguously worded. Then it will lead to wrong directions due to incorrect interpretations. On the contrary if the strategy is too detailed it will kill manager’s creativity; will also reduce their flexibility to implement the strategies. Therefore, top management must not make strategies too explicit. There should be enough scope for freedom or autonomy to
manager to adapt the strategies for the dynamic environment (Barlett and Ghosal, 1995).

While managers need top management support and commitment in terms of clear direction and authority delegation to implement the strategies, they also need autonomy to adapt to environmental changes and to make any revision of strategies to suit consumer needs and market dynamics. (Sashittal and Tankersley, 1997) As Carpenter and Golden (1997) point out without adequate autonomy, the managers will simply waste critical managerial resources or fail to respond to competitors’ strategies. Therefore, in implementing strategies managers have to find the right balance between directions and creativity. (Fenrer, Chaharbaghi and Wargin, 1995)

In the absence of autonomy of marketing managers, the evaluation and control of the strategy will be ineffective, as Piest and Ritsema (1993) point out.

Thus it is hypothesized as follows:

H_{13}: Higher the autonomy of the marketing manager (AMM), higher will be the effectiveness of its evaluation and control (EEC).
Commitment of the marketing manager (CMM).

The commitment of a marketing manager means the willingness of the manager to invest the best effort to implement the formulated marketing strategies. This commitment is yet another critical element in the implementation of a marketing strategy.

It is too often true that the top management formulates the strategy and leave its implementation to the functional level until a crisis shoots up. In such a situation, the functional manager fails to execute the strategy.

Commitment, Piercy (1992) asserts, embodies ‘understanding and agreement of a manager’ on a formulated strategy. Such commitment promotes and speeds up the success of strategy implementation, because they give a clear direction of the strategy and create a commitment to it (Dooley, Fryxell and Judge, 2000). The empirical studies by scholars like Priem, Harrison and Muir (1995) Rapert, Linch and Suter (1996) and Guth and Mac Millan (1986), clearly demonstrate that (a) manager’s commitment to the strategy would increase the chances of success of strategy implementation (b) group decision consensus promotes the commitment of the group to implement the decisions and (c) manager’s commitment on a formulated strategy enhances the functional performance, which in turn improves the organizational performances.
As rightly claimed by Piercy (1992) the most important and productive element to focus on strategic marketing is not the techniques and the formal tools / methods but the commitment and ownership of the strategy, because the real rewards do not come from the sophistication of getting the strategy act together and getting people internalized and motivated to organizational objectives and strategies.

Considering that the commitment of marketing manager to the formulated strategies embodies their understanding of and enforcement with the strategy, the commitment would facilitate them in evaluation and controlling the strategy, especially its alignment to the internal/external environments to achieve the desired performance, it is hypothesized as follows:

$H_{14}$: Higher the commitment of marketing managers (CMM) to the marketing strategy, higher will be the effectiveness of the evaluation and control (EEC) of strategy implementation.

**Organizational Performance (OP)**

Via Effectiveness of Evaluation and Control (EEC)

The formulated marketing strategy may serve only on a formal guideline. The time lag between formulation and implementation of a strategy may result in some invalid assumptions of the content of the strategy. In some
cases, the premises of the formulated strategy may fail to reflect the actual market condition. The organization’s estimate of resources may tend to over/under estimated. The marketing manager may face changes in consumer preferences. As stated in a previous section of this chapter marketing manager must do some improvisations and adaptations to keep the strategy remain fit with the environment. To do this, managers must perform an ongoing function of continuous evaluation and control of the marketing strategies and the environment (Sashittal and Tankersley, 1997).

Piest and Ritsema (1993) classify evaluation and control measures into two kinds: (1) Internal control and (2) External control.

(1) Internal control refers to the evaluation and control of activities that take place within an organization. It is a means to see the extent to which the formulated strategies have been implemented. It enables the managers to check whether the organization had side tracked its activities in irrelevant areas. It also ensures that the strategies are in perfect alignment with other functional and organizational strategies. This strategy alignment will smoothen the strategy implementation in achieving the intended performance and overall organizational objectives. (Feurer and Chaharbaghi, 1995)
The external control refers to the evaluation of the external environment which is highly uncertain. External control is concerned with validation of the assumptions of events. Due to the predictability of the environment manager should continually monitor the key assumptions of the external environment. This enables them to control any deviations before they take place (Tadapalli, 1992). Such continuous evaluation helps the managers to respond to the environmental changes on time and evaluate their impact on the desired performance goals.

Thus, evaluation and control function is the ‘heart’ of the strategy implementation. Marketing managers must make sure that the formulated strategies fit to the internal and external environments in order to effectively achieve the performance goals.

Therefore, it is hypothesized as:

**H₁₅:** Higher the effectiveness of evaluation and control (EEC) of marketing strategies, higher will be the achievement of financial performance (AFP).

**H₁₆:** Higher the effectiveness of evaluation and control (EEC) of marketing strategies, higher will be the achievement of strategic performance (ASP).
Measurement of organizational performance is a means of monitoring and maintaining organizational control over achievement of the vision and mission of an organization.

The measures of organizational performance, apparently at the end point, actually permeate the whole process of strategy formulation and implementation. These measures set standards and targets for the times to come.

Managers use the performance measures to communicate the strategies to organizational members to motivate and influence them to realize the targets. More importantly, the performance measures would facilitate the manager in evaluating, controlling and improving the formulated strategies. (Kald and Nilsson, 2000)

The domains of economic or financial performances and the non-economic performance are considered equally important for a study of the effective strategy management. The current study aims to investigate the nature of both the economic / financial and non-financial strategic performances resulting from the perceived strategy formulation and implementation.
Conclusion

The conceptual framework of the study and the hypotheses proposed for the study were detailed in this chapter. The relationships among the variables supporting the hypotheses are summarized and shown by means of a research model for the proposed study. The model is presented in the following page.

The procedure and methodology to be adopted for the conduct of study is detailed in the next chapter.