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Understanding the Marketing Department's Influence Within the Firm

Increasing debate centers on the decreasing influence of the marketing department within firms. This study investigates such influence and assesses its determinants and consequences. The results show that the accountability and innovativeness of the marketing department represent the two major drivers of its influence. However, the results do not indicate that the customer-connecting role of the marketing department increases its influence, though this role is important for shaping the firm's market orientation. A marketing department's influence is related positively to market orientation, which in turn is related positively to firm performance. This study also suggests a dual relationship between the marketing department's influence and market orientation. A key implication of this study is that marketers should become more accountable and innovative to gain more influence.

Keywords: marketing function, cooperation, market orientation, marketing capabilities, business performance

> Only 10 percent of executive meeting time is devoted to marketing. (Ambler 2003, p. 62)

> Marketing personnel do not care about customers and can't do much for customers, beyond feeding them with propaganda. When full-fare, first-class airline customers often lack a decent meal or even a pillow, the poor folks in marketing can only report on customer rage. (qtd. in Selden and MacMillan 2006, p. 114)

Marketing's role within firms has received much attention in the academic literature and popular press. The general conclusion has been that in many companies, the marketing function is in steep decline (Leeflang 2004; Webster, Malter, and Ganesan 2005). This claim is not really new; for example, Nath and Mahajan (2008, p. 65) maintain that "over the past three decades, marketing academics have raised their concern with marketing's decreasing influence at the level of corporate strategy." Yet the decline of marketing touches on more than just marketing's influence on corporate strategy. In line with the breadth, depth, and severity of this problem, a spate of articles, studies, seminars, and discussions recently have touched on the lack of respect marketing receives in organizations (Schultz 2003).

An anthology of the status of marketing in today's organizations reveals that marketing is in deep trouble. On the basis of existing discussions and publications, we might conclude that "marketing [has] died, was declared impotent, or most likely just became irrelevant to many senior managers" (Schultz 2005, p. 7). McGovern and colleagues (2004, p. 70) maintain that "misguided marketing strategies have destroyed more shareholder value, and probably more careers, than shoddy accounting or shady fiscal practices have." This assertion is confirmed by ex-LEGO chief Christian Majgaard, who believes that marketing has lost its strategic role and that few marketers remain involved in rolling out strategies (Murphy 2005). Instead, most marketers are engaged in more tactical decisions, particularly advertising, sales support, and public relations (Sheth and Sisodia 2005a). The diminished role and influence of marketing emerges in a roundtable discussion published in *Journal of Marketing* (Brown et al. 2005) and in several publications by Sheth and Sisodia (2002, 2005a, 2006). These developments have important consequences, as follows:

- The marketing function has dropped lower on the corporate hierarchy.
- Marketing and management issues are receiving less attention in the boardroom (McGovern et al. 2004).
- Marketing is now perceived as a cost, not an investment.
- Marketers are being marginalized, in the sense that many strategically important aspects of marketing have moved to other functions in the organization (Sheth and Sisodia 2005b).
- The synergies that result from mixing marketing decisions have disappeared.
- The roles of the general manager, chief financial officers (CFOs), and "other penny pinchers and number crunchers"

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- have become more important than the role of chief marketing officers (CMOs) (Nath and Mahajan 2008).
- Most CMOs are in the hot seat, with tenures averaging 22.9 months (Hyde, Landry, and Tipping 2004).

However, many statements about the role of marketing in modern firms remain anecdotal or journalistic. Academics also have investigated and elaborated on the role of marketing in empirical studies. For example, Homburg, Workman, and Krohmer (1999) examine marketing's influence within the firm and, in a survey of U.S. and German companies, find that marketing had substantial influence—at least ten years ago. They also find that marketing's influence is related to (1) external contingency variables, such as the frequency and unpredictability of market-related changes; (2) competitive strategies; and (3) institutional determinants, such as whether the chief executive officer (CEO) has a marketing background. In addition, Moorman and Rust (1999) demonstrate that the marketing function contributes to perceptions of the firm's financial performance, customer relationship performance, and new product performance beyond just the firm's market orientation. They conclude that to be profitable, firms must not only be market oriented but also have a strong and influential marketing department.

The objectives of this study are twofold. First, we aim to determine and explain the level and determinants of the marketing department's influence within the firm. To this end, we specify and calibrate a more complete model than has been developed and tested in previous models (e.g., Homburg, Workman, and Krohmer 1999; Moorman and Rust 1999; O'Sullivan and Abela 2007). Second, assuming the increased dispersion of marketing within the firm, we aim to gain a deeper understanding of the interplay between the marketing department's influence and market orientation. Therefore, we explicitly consider the role of market orientation and the effects of the marketing department's influence and market orientation on firm performance.

To realize these aims, we undertake an empirical investigation of Dutch firms that employ more than 250 people. We use both qualitative and quantitative studies. The qualitative study involves in-depth interviews with CMOs, marketing managers, and CFOs. The quantitative study consists of an extensive survey of Dutch firms. With these efforts, we collect data about the marketing department's influence within the firm, its antecedents, and its consequences.

This study builds on prior investigations of the role of marketing within firms and its consequences. In this respect, Moorman and Rust's (1999) research is the most important. Our main contributions to these studies are as follows: First, we include additional marketing department capabilities as antecedents of marketing departments' influence: innovativeness of the marketing department, creativity of the marketing department, and the marketing department's cooperation with other departments. Second, we include three measures of marketing influence (perceived influence, top management respect, and decision influence), while prior studies have investigated only one influence measure. Third, we explicitly include a link between marketing departments' influence and market orientation in our model because dominant marketing departments may induce a market-oriented culture (Harris 1999). Fourth, the widely cited claims about the declining role of the marketing function require new studies that explicitly focus on whether strong marketing departments are actually required for firms.

We organize the rest of this article as follows: We present our conceptual model and discuss the factors that may determine the marketing department's influence within the firm. Many of these factors also coincide with the factors proposed to contribute to marketing's decreasing influence. Then, we discuss the sample, data collection procedure, measurement of the included variables, and econometric model and describe the empirical results. In additional analyses, we also investigate the relationships between crucial variables in several alternative models. Finally, we present theoretical and management implications and suggestions for further research.

Conceptual Model

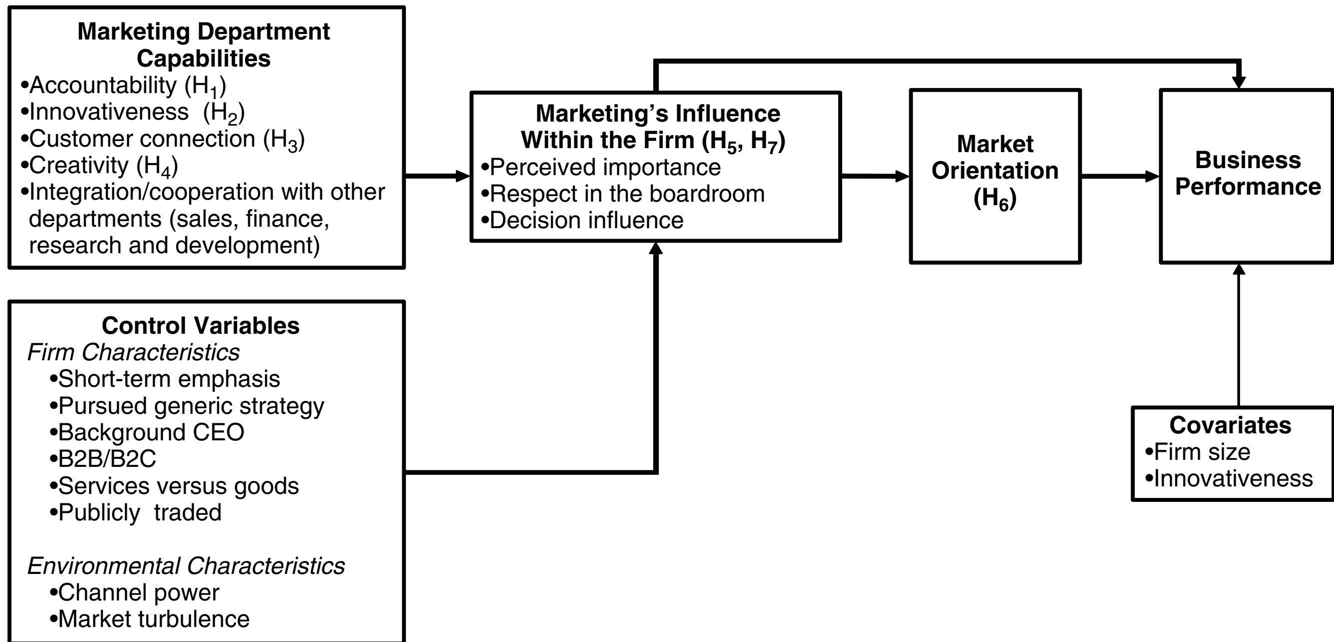
On the basis of an extensive literature study, we derive the conceptual model in Figure 1, in which the main variable of interest is the marketing department's influence within the firm. We use three measures of this influence. Following Moorman and Rust (1999), we measure the perceived importance of the marketing department within the firm. We also include top management respect for marketing (O'Sullivan and Abela 2007), and we consider the decision influence across both marketing and nonmarketing decisions (Homburg, Workman, and Krohmer 1999). Following the extensive literature on marketing capabilities (e.g., Day 1994; Vorhies and Morgan 2005), we include marketing department characteristics as the central variables that should influence the marketing department's influence. This group of variables includes those previously related to the marketing department's influence within the firm, such as accountability and customer-connecting capabilities (e.g., Moorman and Rust 1999), and other constructs, such as creativity and integration with other departments.

To control for other variables and following the work of Homburg, Workman, and Krohmer (1999), we include institutional variables and competitive strategies, which we label "firm characteristics." Homburg, Workman, and Krohmer show that some institutional variables (i.e., marketing background of the CEO and the type of industry) are positively related to the marketing department's influence. Nath and Mahajan (2008) also indicate the importance of generic strategies.

In line with Homburg, Workman, and Krohmer (1999) and Webster, Malter, and Ganesan (2005), we include environmental characteristics (i.e., market turbulence and channel power) as a second group of control variables. Homburg, Workman, and Krohmer label these characteristics as "external contingency factors," which mirrors the contingency theory stream in strategic management literature.

In our conceptual model, we assume that the influence of the marketing department has a positive relationship to market orientation, which in turn should be related to business performance (e.g., Kirca, Jayachandran, and Bearden 2005). Beyond this claim, the marketing department's influ-

FIGURE 1
Conceptual Model



ence within the firm should link directly to business performance, as Moorman and Rust (1999) advocate and empirically show. To the best of our knowledge, this study is only the second empirical test of this important claim. In an additional analysis, we also consider the potential impact of market orientation on the marketing department's influence. Following prior literature in strategic marketing, we control for firm size and the innovativeness of the firm (Desphandé, Farley, and Webster 2000).

Antecedents of the Marketing Department's Influence

Main Variables

Accountability. In many firms, marketers have a difficult time justifying their expenditures in terms of direct return on investment. In other words, the inability to account for marketing's contribution has undermined its standing within the firm (O'Sullivan and Abela 2007). As McGovern and colleagues (2004, p. 74) state, "the [marketing] field is chock-a-block with creative thinkers, yet it's short on people who lean toward an analytic, left-brain approach to the discipline." Two aspects are relevant in this respect. First, many marketers do not measure the effect of their actions, because they are unable or unwilling to do so or because they do not use the appropriate metrics and/or methods. As a consequence, many advertisements have no effect on sales (Vakratsas and Ambler 1999), sales promotions have no persistent influence on sales at either the brand or the category sales level (Nijs et al. 2001), and new products suffer from low success rates. Not surprisingly, CEOs cannot get clear, compelling answers about marketing's impact (see Kumar 2004, p. vii). Marketing productivity could increase if managers were able to measure it. Recent calls for more attention for accountability, marketing metrics, and dashboard marketing may be helpful in this respect (Farris et al. 2006).

Second, appropriate specifications of metrics, especially metrics that measure long-term or persistent effects, are lacking. McGovern and colleagues (2004) argue that many managers do not know what to measure or how to interpret the results. For example, a manager might collect customer satisfaction scores and customer retention rates, but if he or she cannot explain these scores (in relation to marketing activities), the data are not very useful (Leeflang and Wittink 2000). Accountability also involves a determination of the effects of marketing activities on the value of the firm. Some recently successful attempts have helped determine these effects (e.g., Gupta, Lehmann, and Stuart 2004; Joshi and Hanssens 2004; McAlister, Srinivasan, and Kim 2007; Pauwels et al. 2004; Tellis and Johnson 2007).

The importance of accountability has been acknowledged widely (Lehmann 2004; Rust et al. 2004). Moorman and Rust (1999) show a positive relationship between accountability and the marketing department's influence within the firm, and O'Sullivan and Abela (2007) report that top management is more satisfied with marketing when it is more accountable. Thus, we expect the following:

H_1: The accountability of the marketing department is positively related to the influence of the marketing department within the firm.

Innovativeness. McGovern and colleagues (2004) consider innovativeness one of the most important business drivers, and many empirical studies confirm this finding (e.g.,

Han, Kim, and Srivastava 1998). Marketing might play an essential role in the innovativeness of firms, in that it could initiate new innovations or translate customer needs into the pipeline of innovations. Thus, we define the innovativeness of the marketing department as the degree to which it contributes to the developed new products within the firm. Webster, Malter, and Ganesan (2005, p. 41) mention "that [CEOs] are often disappointed by the level of innovation in their business, for which they hold marketers at least partially accountable" A McKinsey (2004) study confirms that CEOs want the marketing function to play a more active role in new business development. Webster, Malter, and Ganesan also conclude (p. 41) that "marketing must redouble its efforts to prove its value to the innovation stream," guided by "valid and reliable studies of evolving customer needs, wants, attitudes, preferences, buying behaviour and so forth." That is, marketing should use its translation capabilities in a more adequate and effective way to regain its value within the firm. Finally, Menon and colleagues (1999) suggest that an innovative culture represents the fundamental antecedent of effective marketing strategy making (see also Atuahena-Gima and Li 2000). Given the importance of innovativeness for firm performance and strategy making, we assume that innovative marketing departments are more influential within the firm when their capabilities match business requirements. Thus:

> H_2: The innovativeness of the marketing department is positively related to the influence of the marketing department within the firm.

Customer connection. Marketing usually claims to represent the customer to the company. However, Sheth and Sisodia (2005a, p. 12) conclude that "it remains mostly about representing the company to the customer, using every trick in its bag to make customers behave in the company's best interests." Recently, Selden and Macmillan (2006, p. 114) accused marketing of failing to connect with the customer. Marketers should actively advocate for customers across all departments within the company (Hoekstra, Leeflang, and Wittink 1999). The customer-connecting role of the marketing department differs from market orientation. Market orientation pertains to an organizationwide belief to monitor and understand customer/market needs. Customer orientation constitutes an important part of market orientation (Narver and Slater 1990). The customer-connecting role of the marketing department pertains to the extent to which the marketing department is able to translate customer needs into customer solutions and the extent to which it demonstrates the criticality of external customers and their needs to other organizational functions (Hauser, Simester, and Wernerfelt 1996). In practicing this connecting role, the marketing function should emphasize a customer vantage point. The marketing department's ability to connect with the customer increases its influence within the firm (Moorman and Rust 1999).

Despite this clear evidence, the relationship between customer-connecting capabilities and the marketing department's influence is not without controversy. Many managers share the idea of developing, managing, and maintaining client relationships (Shah et al. 2006), as advocated in strategic management literature (e.g., Gulati and Oldroyd 2005). However, less clear is who is responsible for the firm's relationships with its customers. In the course of a roundtable discussion, many executives mentioned that the customer must be a shared responsibility throughout the organization (Brown 2005), but none mentioned the marketing department as solely responsible (see Greyser 1997; Gummesson 1987; McKenna 1991). Day (1992, p. 327) suggests that "[p]aradoxically, the deeper the marketing concept is embedded within an organization and becomes the declining theme for shaping competitive strategies, the more likely the role of marketing is diminished" (see also Webster, Malter, and Ganesan 2005). Thus, as more functions connect to the customer, marketing becomes less relevant. Still, following prior evidence, we expect the following:

> H_3: The customer-connecting capability of the marketing department is positively related to the influence of the marketing department within the firm.

Creativity. A critique of marketing is that multiple marketers live in a world of control and have no imagination. Andrea Ragnetti, CMO of Philips, states that, in general, marketers do not represent the creative link between the company and its customers. Herein, we define the creativity of the marketing department as the extent to which it develops actions to market products or services that represent meaningful deviations from common marketing practices in product or service categories (Andrews and Smith 1996). A marketing department's creativity differs from its innovativeness; creativity pertains to how marketing (communication) programs (i.e., positioning, branding, and promotions) deviate from common practice, while innovativeness pertains to the marketing department's contribution to new product/service development. Marketing program creativity has not previously been considered an antecedent of the marketing department's influence within the firm, but Levitt (1986) considers the search for meaningful differentiation a central tenet of the marketing effort. If firms do not succeed in achieving this differentiation, they may be forced to rely solely on sales promotions or price wars (e.g., Mela, Gupta, and Lehmann 1999; Van Heerde, Pauwels, and Gijsbrechts 2007), which erode margins and decrease the impact of marketing within the organization (Webster, Malter, and Ganesan 2005). Menon and colleagues (1999) reaffirm the importance of creativity in their finding that strategy creativity affects market performance. Thus, ample conceptual evidence indicates that the creativity of the marketing department should be positively related to the marketing department's influence. However, it could be argued that common marketing practices are optimal. Deviations from this optimum lead to suboptimal results, which may make more creative marketing departments less influential. Despite this, we hypothesize the following:

> H_4: The creativity of the marketing department is positively related to the influence of the marketing department within the firm.

Integration/cooperation. In general, cross-functional cooperation is considered beneficial for the firm (Srivas-

tava, Shervani, and Fahey 1998), as acknowledged by multiple firms (e.g., Unilever, Procter & Gamble) that make cross-functional teams common practice. However, clashes between marketing and other departments also have been reported in the popular press and are considered a cause of marketing's decline within the firm (e.g., Kotler, Rackham, and Krishanaswamy 2006; Schultz 2003).

In the academic literature, multiple studies have investigated cooperation between marketing and other departments, including sales, research & development (R&D), and finance (e.g., De Ruyter and Wetzels 2000; Griffin and Hauser 1996; Homburg and Jensen 2007; Homburg, Jensen, and Krohmer 2008; Hyman and Mathur 2005; Leenders and Wierenga 2002; Maltz and Kohli 1996), with the general idea that more cooperation should lead to better performance (i.e., better new product development performance at the marketing–R&D interface). Luo, Slotegraaf, and Pan (2006) show that cross-functional coopetition, which refers to the joint occurrence of cooperative and competitive behaviors, has a positive effect on a firm's customer and financial performance as a result of increased market learning. The effect on marketing influence is less clear. On the one hand, more cooperation could increase influence because it prevents marketing from becoming an uninfluential separate entity (or silo) in the organization and prompts it to promote its plans within the firm. On the other hand, more cooperation may cause the loss of sovereignty in marketing decisions and create further dispersion of the marketing department's responsibilities, with its concomitant loss of influence. These contrasting views do not suggest an explicit assumption about the direction of the relationship between cooperation with other departments and marketing influence.

Control Variables

Beyond the marketing department's capabilities, we include firm and environmental characteristics that may affect its influence within the firm (e.g., Homburg, Workman, and Krohmer 1999). We discuss each included variable and the rationale for including it briefly. We include these controls solely to account for some observed effects. Given the focus of this study, we do not formulate explicit hypotheses or consider the potential interrelationships between these controls and our core constructs.

Firm characteristics. First, we include "short-term emphasis." Corporate management developed a much sharper focus on financial performance measures in the 1960s and 1970s, and the consequence has been a greater pressure to meet the numbers (i.e., deliver strong financial performance) (Lehmann 2004). This pressure increases as the economy suffers and (global) competition grows. Short-term financial measures (i.e., the tyranny of the profit-and-loss statements) still dominate management functions, to the detriment of strategic thinking, customer focus, and brand equity (Webster, Malter, and Ganesan 2005). Furthermore, a short-term emphasis impedes product/service innovations and reduces investments in brands, customers, and new business development, which in turn should decrease the influence of the marketing department, which is usually responsible for securing long-term benefits. Second, we control for the chosen generic strategy. Specific business-level strategies often require different marketing organization structures (Olson, Slater, and Hult 2005). Following Homburg, Workman, and Krohmer (1999), we include the generic business strategies, formulated by Porter (1980), in our model. The marketing department's influence should be greater when firms pursue a differentiation strategy, and there is some evidence of a lesser influence when a firm pursues a cost leadership strategy. Third, we control for the background of the CEO. Marketing should play a relatively more important role within firms whose CEOs have a marketing background (Homburg, Workman, and Krohmer 1999). Fourth, given the importance of satisfying shareholders, we control for whether a firm is publicly traded. Several studies have revealed that marketing activities, such as creating satisfied customers and corporate and brand advertising, are positively related to shareholder value and greater customer lifetime value (e.g., Anderson, Fornell, and Mazvancheryl 2004; Gupta, Lehmann, and Stuart 2004), for which marketing is usually responsible. However, publicly traded firms may emphasize returns on investments in marketing activities, which marketers consider difficult to show, and this emphasis might result in less influence. Fifth, we include two industry characteristics as control variables: (1) business to business (B2B) versus business to consumer (B2C) and (2) services versus goods (cf. Homburg, Workman, and Krohmer 1999).

Environmental characteristics. We include perceived channel power as an environmental control variable. Since the 1990s, ongoing debate has raged about the increasing power of channel partners (Ailawadi 2001). Webster, Malter, and Ganesan (2005) maintain that the shift (increase) in channel power also has led to the decline and dispersion of the marketing department's influence. Producers place more importance on trade promotions and the field sales force; they also are forced to pay slotting allowances (Ailawadi 2001; Bloom, Gundlach, and Cannon 2000). These trends pull funds away from advertising, which lowers the influence of marketing within the firm.

We also account for the potential role of market turbulence, defined as the rate of change in the environment surrounding the firm, such as technology, competition, and customer preferences (e.g., Kohli, Jaworski and Kumar 1993; Menon et al. 1999). The marketing department tends to be active in analyzing environmental changes (e.g., Menon et al. 1999). In a rapidly changing environment, this information becomes crucial for decision making, and the marketing department should be more influential (Homburg, Workman, and Krohmer 1999).

Marketing Influence and Market Orientation

Moorman and Rust (1999) consider the value of the marketing function beyond a firm's market orientation. They do not consider marketing influence a potential antecedent of market orientation. In this study, we initially include a direct link between the marketing department's influence

and market orientation. Subsequently, we relate both marketing influence and market orientation to performance.

Market orientation is usually defined as a business culture that (1) places the highest priority on the profitable creation and maintenance of superior value for customers while considering the interest of other stakeholders and (2) provides norms of behaviors regarding the organizational generation and dissemination of and responsiveness to market information (e.g., Kohli and Jaworski 1990; Langerak 2003). Researchers have also stressed the importance of an organizationwide belief or orientation toward market needs (Kohli and Jaworski 1990). Cultural dominance of market orientation is required over other organization subcultures to achieve an organizationwide market-oriented culture (Harris 1999). A way to achieve this dominance is through top management support (Kirca, Jayachandran, and Bearden 2005). Harris (1999) suggests that a marketing department that represents a separate subculture can dominate the broader organizational culture. Following this reasoning, we argue that a strong, dominant marketing department can induce a market-oriented culture within the firm. In support of this view, Gebhardt, Carpenter, and Sherry (2006) note that market connections, which are typically orchestrated by the marketing department, are crucial for creating a market-oriented culture.

There are two caveats surrounding a marketing department's influence as an antecedent of market orientation. First, the ongoing debate about the diffusion of the marketing concept within firms (e.g., McKenna 1991; Webster, Malter, and Ganesan 2005) suggests that the initial role of marketing as a driver of diffusion of the marketing concept could become less relevant over time. In this case, a strong marketing department might not be necessary to create greater market orientation. Following the cultural reasoning, a market-oriented culture is now dominant in all elements of the organization. Thus, the marketing department representing the market-oriented subculture is no longer required to be dominant to be market oriented. Second, it could be argued that an organizationwide adoption of the marketing concept implies an influential marketing department. In other words, market orientation is an antecedent of the marketing department's influence rather than the marketing department's influence being an antecedent of market orientation.[1] This also suggests a possible dual causality between the marketing department's influence and market orientation. We investigate this dual causation in a separate analysis.

Acknowledging the potential absence of a relationship between the marketing department's influence and market orientation and a possible dual relationship between the marketing department's influence and market orientation, we offer the following hypothesis:

> H_5: The influence of the marketing department is positively related to market orientation.

[1]We thank an anonymous reviewer for raising this point.

Antecedents of Business Performance

Market orientation represents a crucial theoretical construct in the marketing literature (e.g., Deshpandé and Farley 1997; Kohli and Jaworski 1990; Kohli, Jaworski, and Kumar 1993; Narver and Slater 1990) because the marketing concept posits that market-oriented firms should achieve better performance. Recent meta-analyses support this link (Cano, Carrillat, and Jaramillo 2004; Ellis 2006; Kirca, Jayachandran, and Bearden 2005). However, in a five-country study, Desphandé, Farley, and Webster (2000) show that market orientation measured at either the customer or the supplier level is not related to business performance. Despite these divergent findings, we follow meta-analytical results and assume a positive relationship between market orientation and business performance. Thus, we hypothesize the following:

> H_6: Market orientation is positively related to business performance.

We also include the innovativeness of the firm as a covariate of business performance (Desphandé, Farley, and Webster 2000). We define this as the extent to which there is a strong emphasis on R&D, technological leadership, and innovations within the firm (Covin and Slevin 1989). Note that innovativeness of the firm differs from the marketing department's innovativeness. Whereas the marketing department's innovativeness considers the contribution of this department to newly developed products or services (i.e., through delivering new product ideas), a firm's innovativeness reflects the strategic emphasis on being an innovative firm.

Moorman and Rust (1999) suggest that beyond its indirect effect on business performance through market orientation, the marketing department's influence within the firm also has a direct relationship to business performance. They argue that in addition to shared knowledge (market orientation), more specialized knowledge (influence of the marketing department) drives business performance. To the best of our knowledge, Moorman and Rust's study is the only one that investigates these two relationships simultaneously. Following their results and rationale, we hypothesize the following:

> H_7: The influence of the marketing department is positively related to business performance.

In the preceding sections, we discussed our conceptual model and the underlying relationships. An overview of our hypotheses and the expected effects of the included control variables appear in Table 1.

Research Methodology

Data Collection

The study consists of two stages. In the first stage, we conduct qualitative interviews with 25 marketing and finance executives of leading Dutch firms with a twofold objective. First, we need to determine whether the proposed model is complete. Second, we aim to gain a better understanding of

TABLE 1
Variables and Their Expected Effects

Marketing Department Characteristics	Definition	Hypothesis (Expected Effect)
Antecedents of the Marketing Department's Influence Within Firms		
Accountability	Capability to link marketing strategies and actions to financial performance measures	1 (+)
Innovativeness	Ability to initiate innovative concepts/products/services within the firm	2 (+)
Creativity	Ability to come up with new and creative marketing programs	3 (+)
Customer connection	Capability to link the focal offer of the firm to customer needs	4 (+)
Integration/cooperation with other departments	Degree of communication, collaboration, and cooperative relationships between marketing and other departments: sales, finance, and R&D	No expectation
Control Variables		
Short-term emphasis	Focus in achieving results (short- versus long-term)	(–)
Pursued generic strategy	Porter's generic strategies	
	•Differentiation	(+)
	•Cost leader	(–)
Background CEO	Marketing background of CEO	(+)
B2C	The firm's focus on B2C versus B2B markets	(+)
Services focus	The firm's focus on services versus goods markets	No expectation
Channel power	Degree to which the firm confronts powerful channel partners	(–)
Market turbulence	The rate of changes in customer preferences, production, or service technologies and modes of competition in the firm's principal industries	(+)
Antecedents of Market Orientation		
Marketing department's influence	Measured with three constructs: •Perceived influence •Top management respect •Decision influence	5 (+)
Control Variables		
Pursued generic strategy	Differentiation	(+)
	Cost leader	(–)
Short-term emphasis	See above	(–)
Antecedents of Business Performance		
Marketing department's influence	See above	7 (+)
Market orientation	The extent to which firms behave, or are inclined to behave, according to the marketing concept (Kirca, Jayachandran, and Bearden 2005; Kohli and Jaworski 1990)	6 (+)
Control Variables		
Firm size	Number of full-time employees	
Firm innovativeness	Extent to which firms emphasize innovation as a growth strategy	(+)

the importance of marketing in modern firms. The qualitative study reveals that the model is complete, and accountability appears to be a particularly important driver of marketing influence.

The second stage of our study consists of a large-scale, Internet-based survey among top marketing and financial executives of for-profit firms with at least 250 employees and at least one Dutch subsidiary. We use the REACH (Review and Analysis of Companies in Holland) database as our sampling frame, which contains 2500 eligible firms. From these, we collect 1795 personal e-mail addresses of marketing and finance executives and 411 general e-mail addresses. We sent e-mails with formal invitations to participate in a survey about the role of marketing within Dutch firms. We used several methods to stimulate responses. First, respondents received three types of rewards: (1) two popular marketing articles, (2) an invitation to a special seminar presenting the research results, and (3) a customized report benchmarking their scores against the average scores. Second, we used a reminder e-mail, combined with a reminder by surface mail, and one final reminder e-mail. In total, 296 respondents participated in the survey, resulting in a response rate of 15.3% for the total list of personal e-mail addresses; the response rate among the general e-mail addresses was much lower at 4.8%. We excluded all respondents who did not complete the entire survey, leaving a sample of 213 respondents. Similar to prior research (e.g., Moorman and Rust 1999), the majority

of our sample consists of marketing executives (72.3%), though 21.1% are financial executives and 5.6% are general managers (e.g., CEOs).[2]

We find no nonresponse bias among our respondents, according to Armstrong and Overton's (1977) test, in which we compare early and late respondents' scores on the included constructs ($p > .05$). However, this type of research mainly attracts involved respondents; therefore, we also asked respondents about their readership of a Dutch monthly marketing journal and a weekly general management journal. Readers of the marketing journal tended to answer significantly differently on several constructs, and this effect remains even when we control for function (i.e., marketing or finance). No significant differences emerge for readers of the management journal. We control for readership of the marketing journal by including a readership dummy (0 = no readership, and 1 = readership).

Survey Development and Measurement

To measure the constructs, we use constructs that are available in the extant literature on (marketing) strategy and market orientation. In Appendix A, we provide a description of the measurement of each construct, the items, and the literature source, as well as the coefficient alpha and composite reliability. For these scales, we used existing scales as a basis and source of inspiration. We included new items when necessary. For example, for the customer connection scale, we added two additional items to Moorman and Rust's (1999) customer–product connection knowledge and skills scale.

We discuss our measures of the three marketing department influence indicators in greater depth here. Following Moorman and Rust (1999), we measure perceived marketing influence with an attitude-based scale. The following is one example item: "The activities of the marketing department are considered more important than other activities." Top management respect focuses on the perceived respect for the marketing department among the top management and board of the firm. We adapt items from top management support scales (e.g., Van Bruggen and Wierenga 2005); for example, "Top management acknowledges the strategic importance of the marketing department." We measure decision influence using the method originally applied by Homburg, Workman, and Krohmer (1999). Each respondent divides 100 points among four departments (marketing, sales, finance, and R&D/production) for seven marketing decisions (i.e., pricing; advertising; segmentation, targeting, and positioning; customer satisfaction measurement and management; customer service; relationship and loyalty programs; and distribution) and five nonmarketing decisions (i.e., general business strategy, information technology investments, partner choice, new product development, and expansion to foreign markets). Influential departments should receive more points.

To measure market orientation, we use a shortened scale developed by Deshpandé and Farley (1997). This scale has a strong focus on customer orientation. Although it is correlated with other dimensions of market orientation (e.g., information dissemination), it does not explicitly include these dimensions. To measure subjective business performance, we use Moorman and Rust's (1999) scale, measured for the firm itself and relative to its competitors.[3]

Validity and Reliability of Measures

To assess the clarity and wording of the questions, we solicited nine marketing academics and five managers to comment on them. We also asked them to assess whether they believed the questions were representative of the underlying constructs; this ensured construct validity. We used two pretests to optimize our survey further. First, 21 participants in an executive marketing course filled out the survey. On the basis of the results, we reduced the length and skipped some redundant items. Second, 12 participants in an executive management program filled out the revised survey, which prompted some additional, minor changes.

The coefficient alphas of most of the multi-item scales are greater than .70. We uncover coefficient alphas of approximately .60 for channel power and market turbulence. We further assess the reliability and validity of the scales using exploratory and confirmatory factor analysis (CFA). The exploratory factor analysis reveals sufficiently high loadings per item per construct, and the items belonging to each construct are classified into separate factors. We execute CFAs for the reflective multi-item scales in our model (see Appendix A). The first CFA includes the marketing department characteristics. The fit of this model is sufficient (goodness-of-fit index [GFI] = .93, comparative fit index [CFI] = .97, and root mean square error of approximation [RMSEA] = .06), and all standardized factor loadings are greater than .4 ($p < .05$). In a second CFA, we include perceived marketing influence, top management respect, and market orientation. Again, the model fit is adequate (GFI = .90, CFI = .94, and RMSEA = .07), and all standardized factor loadings are greater than .4 ($p < .05$).[4] The calculated composite reliabilities are all greater than .70 (Bagozzi and Yi 1988; Steenkamp and Van Trijp 1991). We also test for discriminant validity with a pairwise restriction of models, such that the correlation between the latent factors is 1. All executed chi-square difference tests show significantly better model fits without these restrictions (Anderson and Gerbing 1988).

We test for common method bias as follows: First, we include an item regarding economic confidence ("I have much confidence in the Dutch economy"), which is not related to the variables in our study. We calculate correla-

[2]We have multiple respondents for only four firms in our sample; therefore, we do not average these replies; instead, we consider each respondent a separate case (Van Bruggen, Lilien, and Kacker 2002).

[3]In addition to these subjective business performance data, we collect objective performance data from the REACH database (i.e., return on assets). However, we have data only until 2006, and we collected our survey data in 2007. We also estimated a model with 2006 performance data, but for these data, we could not find significant relationships.

[4]We run an exploratory factor analysis for the three integration constructs. A three-factor solution provides evidence of three separate factors: coordination with sales, coordination with finance, and coordination with R&D. The rotated factor loadings are all greater than .8 and have low cross-factor loadings (all less than .25).

tions between this question and the important constructs in our questionnaire and find no significant and very low correlations.[5] Second, an exploratory factor analysis of all included items reveals that many factors are derived and explain 70.6% of the variance. If one general factor were derived, it would explain only 17.5% of the variance. Together, these two tests indicate no evidence of common method bias (e.g., Lindell and Whitney 2001; Malhotra, Kim, and Patil 2006).

Sample Description

The firms in our sample mainly operate in B2B markets, with a 3.07 average score on a ten-point scale (1 = "turnover totally from B2B," and 10 = "turnover totally from B2C"). In line with recent trends in Western economies, the firms primarily focus on services, with an average score of 5.85 on a ten-point scale (1 = "turnover totally from goods," and 10 = "turnover totally from services"). The sample firms are active in a variety of industries (e.g., retail, tourism, business services, construction), though the business service sector is the best represented (23.5%). The average number of full-time employees is 974, and 27.7% of the firms are publicly traded. Approximately 20% employ more than 1000 full-time employees. For only 8% of the included firms is the primary background of the CEO marketing, and marketing is represented in the board for 36.8%. Finally, for 19% of the surveyed firms, marketing is a line function, whereas for 51%, it is a staff function.

Econometric Model

Following our conceptual model, we formulate the econometric model as follows:

$$(1)\quad MI_k = \alpha_{k,0} + \sum_{m=1}^{7} \alpha_{k,m} MD_m + \sum_{f=1}^{7} \alpha_{k,7+f} FC_f + \sum_{e=1}^{2} \alpha_{k,14+e} EC_e + \alpha_{17} RM + \varepsilon_{k,MI_k} \quad (k = 1, 2, 3),$$

$$(2)\quad MO = \beta_0 + \sum_{k=1}^{3} \beta_k \times MI_k + \varepsilon_M, \text{ and}$$

$$(3)\quad Perf = \gamma_0 + \sum_{k=1}^{3} \gamma_k \times MI_k + \gamma_4 \times MO + \sum_{l=1}^{2} \gamma_{4+1} \times Z_l + \varepsilon_p,$$

where MI_k measures marketing influence in three different ways, MD_m are the five marketing department characteristics, FC_f are the seven firm characteristics, EC_e are the two environmental characteristics, and RM is the Dutch marketing journal control variable. In Equation 2, MO refers to our market orientation measure, which is explained by MI_k. In Equation 3, Perf (firm performance) is related to MI_k, MO, and Z_l, where Z_l are the two covariates (i.e., firm size). We estimate the model using seemingly unrelated regression to account for contemporaneous correlations between the error terms.

Multicollinearity might affect our estimation results. The vast majority of the correlation coefficients are less than .4 (see the correlation matrix in Appendix B), which indicates no severe multicollinearity problems (Leeflang et al. 2000). Furthermore, the variance inflation factor scores are all less than 6 (Hair et al. 1998). Thus, we conclude that multicollinearity does not affect our estimation results.

Empirical Results

Before we test our model, we describe the marketing influence results. In Table 2, we report the average scores for each of our measures in the total sample and per function, for which we provide the decision influence scores for marketing and nonmarketing decisions. The average perceived influence is 3.69, and there is no significant difference between respondents from a marketing function and respondents from other functions (i.e., finance and general management). This average score suggests a moderate influence. Top management respect is significantly higher, with an average score of 5.12 ($p < .01$). Finance executives believe that the marketing function receives significantly more respect from the board than marketing executives do ($p < .01$). The average importance of marketing across different decisions is 36.81. For marketing decisions, this score is significantly higher, with a value of 43.00 ($p < .01$), whereas for other decisions, it is significantly lower at 27.24 ($p < .01$). Marketing executives tend to score the decision influence higher than other executives.

To assess the influence of marketing across decisions, we calculate the average influence per decision per department (see Table 3). The marketing department is most influential in marketing decisions pertaining to advertising; customer satisfaction measurement and management; segmentation, targeting, and positioning; and relationship and loyalty programs. The sales department is far more influential in customer service, pricing, and distribution decisions. The influential scores for these decisions are lower than those reported by Homburg, Workman, and Krohmer (1999). They perform a survey of German and U.S. marketing managers in three industries, and their data refer to the 1990s.

Marketing has a relatively strong influence in the formulation of the business strategy, though for the other decisions, marketing seems to have only a moderate influence (with scores of 30 and 26) and usually ranks second. Again, the marketing scores are lower than those reported by Homburg, Workman, and Krohmer (1999).

Model Results

Antecedents of Marketing Influence

In Table 4, we report the estimation results of Equation 1 regarding the determinants of marketing influence. The

[5]It might be argued that this survey question on economic climate could be used as a moderating variable. However, the influence of economic climate on marketing practices is usually studied only with time-series data on economic climate (e.g., Lamey et al. 2007). Moreover, our study does not focus on this issue. Thus, we do not include this variable as potential moderating variable.

TABLE 2
Averages and Standard Deviations of the Marketing Department's Influence Measures: Differences Between Marketing and Finance/General (n = 213)

	Overall (SD)	Marketing (SD)	Finance/General (SD)	*p*-Value Difference Between Marketing and Finance
Influence perception (1 = low, 7 = high)	3.69 (1.13)	3.76 (1.11)	3.51 (1.17)	.15
Top management respect (1 = low, 7 = high)	5.12 (1.32)	4.93 (1.37)	5.66 (1.00)	.00
Decision influence total (0 = low, 100 = high)	36.81 (16.45)	39.46 (15.92)	29.88 (15.88)	.00
Decision influence: marketing decisions (0 = low, 100 = high)	43.00 (18.15)	45.54 (17.43)	36.38 (18.45)	.00
Decision influence: other decisions (0 = low, 100 = high)	27.24 (17.60)	30.16 (17.70)	19.65 (15.01)	.00

TABLE 3
Decision Influence Across Departments and Functions (n = 213) (Allocation of 100 Points)

	Marketing	Sales	R&D	Finance	Marketing Score (Homburg, Workman, and Krohmer 1999)
Marketing Decisions					
Advertising	69	23	4	3	65
Customer satisfaction measurement and improvement	57	30	12	2	44
Segmentation, targeting, and positioning	55	33	8	5	N.A.[a]
Relationship and loyalty programs	51	35	6	8	N.A.
Customer service	28	51	18	3	31
Pricing	20	48	13	18	30
Distribution	18	45	24	13	34
Other Decisions					
Strategy	34	32	16	18	38
Product development	30	25	39	7	32
Expansion to foreign markets	26	33	4	28	39
Choice of a business partner	26	33	13	23	33
Investments in information technology	26	16	15	42	N.A.

[a]Not available in Homburg, Workman, and Krohmer (1999).

results show the importance of accountability and innovativeness of the marketing department as determinants of marketing influence. These variables are consistently positively related to each of the three considered measures of marketing influence ($p < .05$). However, we find no strong support for a positive relationship between the creativity of the marketing programs and the marketing department's influence. For perceived influence, we find a mildly significant, positive coefficient ($p < .10$). Customer connection has no significant coefficient in any of the three equations. For the cooperation measures, we find two significant coefficients. Remarkably, the cooperation between marketing and finance is negatively related to perceived marketing influence ($p < .10$), though it is significantly and positively related to top management respect ($p < .01$). This result suggests that top management appreciates such cooperation.

We find only a few firm characteristics that are significantly related to marketing influence. Short-term orientation is negatively related to top management respect ($p < .01$), and perceived marketing influence and top management respect for the marketing department are significantly greater in B2C than in B2B firms ($p < .01$). The results also show that a cost leadership strategy is associated with less decision influence ($p < .01$). No significant relationship between the background of the CEO and marketing influence emerges, and for the environmental control variables, we again find no significant coefficients.

In summary, our estimation results demonstrate the importance of accountability and innovativeness of the marketing department, in strong support of H_1 and H_2. The effect of other included variables is less evident, and H_3 and H_4 are not supported. For the majority of the other

TABLE 4
Estimation Results: Antecedents of the Marketing Department's Influence (Equation 1) (n = 213)

	Perceived Influence	Top Management Respect	Decision Influence
Constant	2.25**	3.99***	22.69***
Marketing Department Characteristics			
(Contribution to explained variance)	*(53.1%)*	*(39.4%)*	*(63.51%)*
Accountability	.14**	.21***	3.23***
	(9.5%)	(11.1%)	(16.7%)
Innovativeness	.27***	.15**	7.07***
	(15.7%)	(6.8%)	(32.3%)
Customer connection	–.02	–.03	1.44
	(1.4%)	(1.5%)	(6.6%)
Creativity	.12*	.12	–.92
	(7.8%)	(5.7)	(4.4%)
Marketing–finance cooperation	–.10*	.17***	.54
	(7.6%)	(9.6%)	(3.0%)
Marketing–sales cooperation	.06	.04	–.01
	(4.4%)	(2.4)	(.0%)
Marketing–R&D cooperation	.09	.03	–.06
	(6.5%)	(2.1%)	(.0%)
Firm Characteristics			
(Contribution to explained variance)	*(37.8%)*	*(50.6%)*	*(22.1%)*
Short-term orientation	–.09	–.29**	–.14
	(6.8%)	(17.3%)	(.0%)
Differentiation strategy	.24	.34	–2.06
	(6.2%)	(7.0%)	(.4.1%)
Cost leadership strategy	.17	.12	–5.87**
	(3.9%)	(2.1%)	(10.5%)
CEO background marketing	.16	.31	–3.27
	(2.3%)	(3.4%)	(3.7%)
B2C	.07***	.07***	.15
	(10.8%)	(8.5%)	(1.8%)
Services	–.01	–.06**	–.05
	(.1%)	(7.6%)	(.1%)
Publicly traded	.32***	.25	–.22
	(7.4%)	(4.6%)	(.0%)
Environmental Characteristics			
(Contribution to explained variance)	*(1.8%)*	*(2.2%)*	*(7.7%)*
Channel power	–.04	–.00	–.57
	(2.2%)	(.0%)	(2.3%)
Market turbulence	.00	–.06	–1.44
	(.1%)	(2.0%)	(5.4%)
Control			
Readership marketing journal	.24*	–.37**	3.20
	(6.4%)	(7.7%)	(6.6%)
R^2 (adjusted R^2)	.26 (.20)	.32 (.26)	.41 (.36)

*p < .10.
**p < .05.
***p < .01.

variables, we find no significant results. Finally, we observe that marketing department characteristics constitute the most important group of variables, contributing 39%–64% of the explained variance across the three measures.[6]

[6]It could be argued that the effect of our antecedents of marketing influence and the link among marketing influence, market orientation, and business performance are moderated by factors such as chosen generic strategy and market turbulence (e.g., Langerak 2003; Matsuno and Mentzer 2000; Olsen, Slater, and Hult 2005; Slater and Narver 1994). We found few significant effects. Detailed estimation results are available on request.

Link with Market Orientation

In the second column of Table 5, we display the estimation results for the effects of the marketing influence measures on market orientation (Equation 2). Both the marketing department's perceived influence ($p < .01$) and top management respect for the marketing department ($p < .01$) are positively related to market orientation. Together, these two variables contribute to approximately 50% of the explained variance. No significant coefficient results for decision influence ($p > .10$). Thus, our results support H_5 for both the

TABLE 5
Estimation Results of the Effects of Marketing Influence on Market Orientation (n = 213) (Contribution to Explained Variance)

	Equation 2	Additional Analysis
Constant	2.04*	1.28**
Perceived influence	.21* (39%)	.20** (25%)
Top management respect	.27** (50.9%)	.22* (29%)
Decision influence	.00 (10.1%)	–.06 (8%)
Customer connection		.29* (37%)
R^2 (adjusted R^2)	.12 (.11)	20 (.19)

*$p < .05$.
**$p < .01$.

TABLE 6
Estimation Results of the Effects of Marketing Influence and Market Orientation on Subjective Business Performance (Equation 3) (n = 213) (Contribution to Explained Variance)

	Model with Marketing Influence	Model with Market Orientation	Full Model (Equation 3)
Constant	3.65*	3.15*	3.11*
Perceived influence	–.01 (3.3%)		–.06 (11.6%)
Top management respect	.12* (42.3%)		.05 (9.2%)
Decision influence	.00 (.00%)		.00 (1.1%)
Market orientation		.26** (63.5%)	.26** (51.3%)
Firm size	.00 (21.9%)	.00 (15.5%)	.00 (11.7%)
Innovativeness	.09* (31.8%)	.08* (20.9%)	.08* (15.8%)
R^2 (adjusted R^2)	.07 (.04)	.21 (.19)	.21 (.19)

*$p < .05$.
**$p < .01$.

marketing department's perceived influence and top management respect.

A particularly noteworthy finding is the lack of a significant relationship between customer connection and our measures of the marketing department's influence. This result does not confirm Moorman and Rust's (1999) findings and suggests that marketing does not need to function as a customer advocate within the firm. However, even if marketing's connection with customers does not increase its influence, it might still be necessary for the firm to become market oriented. Therefore, we include customer connection as an antecedent of market orientation in Equation 2, but we exclude it from Equation 1. The estimation results in the third column of Table 5 show that customer connection is significantly related to market orientation ($p < .01$). The coefficients for the marketing department's perceived influence and top management respect remain significant. Thus, the customer-connecting role of the marketing department seems irrelevant for shaping the marketing department's influence, but it is highly relevant for creating a firm's market orientation.

Link with Business Performance

In Table 6, we report the estimation results for the three models we use to explain business performance: (1) a model with only marketing influence and covariates as independent variables; (2) a model with market orientation and covariates as independent variables; and (3) a model with market orientation, marketing influence, and covariates as independent variables (Equation 3) (see Moorman and Rust 1999). In the first model, top management respect has a positive, significant impact on business performance ($p < .05$). In the second model, market orientation also has a positive, significant effect ($p < .01$). In the full model, market orientation has a significant effect ($p < .01$), though the significant effect of top management respect disappears. The R-square of the third model is significantly larger than that of the first model ($p < .01$), though it is not significantly larger than that of the second model ($p > .10$). In all three models, firm innovativeness has a significant effect ($p < .01$). In summary, we find support for H_6 but not for H_7. These estimation results also suggest that market orientation fully mediates the relationship between marketing influence (top management respect) and business performance, which contradicts the findings in prior research (Moorman and Rust 1999).

Robustness Checks

We conduct several robustness checks to assess the stability of our findings. First, our model has many explanatory variables, especially in the marketing influence equation (Equation 2). Therefore, we estimate the model per group of variables. The significance levels of the included variables do not change substantially, and none of the insignificant coefficients become significant. Second, we split the date into two equal-sized samples. Although the significance levels decrease because of the smaller sample sizes, in general, the signs of the coefficients are stable. Third, we investigate whether the estimated effects of actual decision influence differ for marketing and other decisions (e.g., Homburg, Workman, and Krohmer 1999). The results are similar for both decision types. Fourth, we estimate a model that includes the presence of marketing on the board instead of the background of the CEO. The coefficients for this variable are not significant in any of the four influence models. Fifth, we estimate separate models for marketing and other executives. Although there are some differences between these two groups, the results are largely consistent. We consistently find that accountability and marketing innovativeness are related to the marketing department's influence. Sixth, it might be argued that short-term orientation and pursued generic strategy are also antecedents of market orientation. We include these variables in Equation 2 as well. Short-term orientation is significantly, negatively related to market orientation, while the coefficients for

generic strategies are not significant. The significance of the coefficients for marketing influence measures did not change. Seventh, in the same vein, innovativeness and firm size might be related to the influence measures and market orientation. We included these two variables in Equations 1 and 2. The coefficients in the influence equations were not significant, though they were significant and positive in the market orientation equation. The other coefficients in Equation 2 did not change.

The Dual Relationship Between Marketing Department Influence and Market Orientation

In our tested conceptual model, we explicitly assume that marketing department influence is an antecedent of market orientation (see Moorman and Rust 1999), and we find support for this link (see Table 3). As we noted previously, it could be questioned whether marketing department influence is an antecedent of market orientation or whether market orientation is an antecedent of marketing department influence. However, inferring causal relationships with cross-sectional (survey) research is difficult because only associations between constructs can be established, and there is no temporal order in the cause (marketing influence) and effect (market orientation) (for an extensive discussion, see Rindfleisch et al. 2008). Still, there might be dual relationships between included constructs, which might reflect potential dual causation. To assess this issue, we follow Reibstein, Lovelock, and Dobson's (1980) approach.

We estimate a model in which we allow a direct link back from market orientation to the influence measures, while keeping the direct relationship from marketing department influence to market orientation. We include only the marketing capabilities as antecedents of marketing department influence, and we use the other antecedents (e.g., short-term orientation, generic strategy) as predictors of market orientation to keep the model identified. The model can be formalized as follows:

$$\text{(4)} \quad MI_k = \alpha_{k,0} + \sum_{m=1}^{7} \alpha_{k,m} MD_m + \alpha_8 \times MO + \alpha_9 \times RM + \varepsilon_{k,MI_k} \quad (k = 1, 2, 3),$$

$$\text{(5)} \quad MO = \beta_0 + \sum_{k=1}^{3} \beta_k \times MI_k + \sum_{f=1}^{7} \beta_{k,3+f} FC_f + \sum_{e=1}^{2} \beta_{k,10+e} EC_e + \varepsilon_M, \text{ and}$$

$$\text{(6)} \quad Perf = \gamma_0 + \sum_{k=1}^{3} \gamma_k \times MI_k + \gamma_4 \times MO + \sum_{l=1}^{2} \gamma_{4+l} \times Z_l + \varepsilon_p.$$

We estimate this model as a simultaneous equation system with three-stage least squares. The estimation results for Equations 4 and 5 appear in Table 7. We also estimate a model without MO in Equation 4. This model has significantly lower fit than the other model according to a likelihood ratio test ($p < .01$).

In the estimated model, the significance of the coefficients for marketing department characteristics (MD_m) remain the same in the perceived marketing influence and decision influence equations ($p < .05$), though most of these characteristics became insignificant in the top management respect equation ($p > .10$). Market orientation has a significant effect in the equations of perceived marketing influence and top management respect ($p < .01$), though we cannot determine a significant effect in the decision influence equation ($p > .10$). The coefficients for perceived marketing influence ($p < .10$) and top management respect ($p < .01$) are positive and significant in the equation that explains market orientation. We find no significant coefficient for decision influence. In summary, our results provide evidence for a dual relationship between marketing department influence and market orientation.

We do not report the coefficients of Equation 6. These are similar to those reported in Table 6.

Discussion

The Marketing Department's Influence

Triggered by the ongoing discussion of the declining role of the marketing function within firms, we investigate the marketing department's influence. Our results indicate that the actual decision influence of marketing departments is limited to advertising; relationship management (including satisfaction measurement and improvement); and segmentation, targeting, and positioning. Decision areas that originally were dominated by marketing, at least according to most marketing textbooks, such as pricing and distribution, are now covered by other departments, such as sales and finance. Overall, our findings support claims in the popular and scientific press that marketing is losing ground within firms (e.g., Schultz 2005; Webster, Malter, and Ganesan 2005).

Our model outcomes show that marketing department characteristics mainly explain the marketing department's influence. This result emphasizes the important role of marketing department capabilities (e.g., Day 1994) but also implies that the marketing department can gain influence, despite negative institutional and contingency factors, such as short-term orientation and increased channel power.

Accountability and innovativeness are the key antecedents of the marketing department's influence. The importance of accountability confirms findings by O'Sullivan and Abela (2006) and Moorman and Rust (1999). The important role of the marketing department's innovativeness as an antecedent of its influence has not been shown in prior research. In addition, no strong support is found for the marketing department's creativity as an antecedent of its influence. The empirical support for innovativeness and accountability and the lack of support for creativity present some noteworthy avenues for further research. It might be argued that creativity is much more difficult to assess than accountability and innovativeness. The "intangibility" of

TABLE 7
Dual Causality of the Marketing Departments' Influence and Market Orientation[a] (n = 213) (Contribution to Explained Variance)

	Perceived Influence	Top Management Respect	Decision Influence
	Marketing Department's Influence (Equation 4)		
Constant	1.30**	.66	8.67***
Marketing Department Characteristics			
Accountability	.11** (10.8%)	.09 (7.3%)	3.00*** (20.1)
Innovativeness	.20*** (17.9%)	.04 (4.1%)	6.79*** (40.0%)
Customer connection	.02 (2.0%)	.02 (2.1%)	1.11 (6.6%)
Creativity	.08 (7.1%)	.03 (3.5%)	–1.12 (6.9%)
Marketing–finance cooperation	–.13** (14.2%)	.20** (17.4%)	.77 (5.6%)
Marketing–sales cooperation	.03 (3.0%)	.00 (.0%)	–.17 (1.3%)
Marketing–R&D cooperation	.07 (7.7%)	–.03 (2.3%)	–.41 (3.0%)
Market orientation	.31*** (28.5%)	.73*** (54.6%)	1.43 (8.9%)
Control			
Readership marketing journal	.22* (8.6%)	–.36** (11.7%)	2.83 (7.6%)
	Market Orientation (Equation 5)		
Constant	.67		
Marketing Department's Influence			
Perceived influence	.54* (36.1%)		
Top management respect	.42*** (30.0%)		
Decision influence	–.01 (7.7%)		
Firm and Environmental Characteristics			
Short-term orientation	–.11* (9.8%)		
Differentiation strategy	.14 (4.1%)		
Cost leadership strategy	–.01 (.0%)		
CEO background marketing	.05 (1.3%)		
B2C	.02 (3.2%)		
Services focus	.02 (4.2%)		
Publicly traded	–.13 (3.3%)		
Channel power	.00 (.0%)		
Market turbulence	.01 (.0%)		

*$p < .10$.
**$p < .05$.
***$p < .01$.
[a]We do not report R^2 because they are difficult to interpret in three-stage least squares. Care should be taken when drawing strong conclusions from this analysis.

changing marketing practices as a result of creativity contrasts the "tangibility" of initiating new offerings and showing accounting figures. Moreover, innovativeness fits the current emphasis on creating organic growth of firms, and accountability fits the current emphasis on financial results. Further research could focus on the construct of creativity and how a marketing department can regain more influence with creativity despite its intangible nature and the current "misfit" with top management practices.

Our results do not confirm the marketing department's ability to translate customer needs into customer solutions (and/or products or services) as an important determinant of its influence (Moorman and Rust 1999). Moorman and Rust (1999) label this as the "customer–product connection," while we label this ability as "customer connections." Moorman and Rust consider this customer–product connection one of the three customer connection components. They also consider accountability and service quality connection elements of customer-connecting capabilities of the marketing department. In this study, we do not include the service quality role. A possible explanation for our finding is that the marketing concept is now widely adopted in multiple layers of the organization—that is, "marketing is everywhere." As a result, the customer-connecting role of the marketing department is no longer distinctive, and the marketing department no longer solely owns the customer within the firm (see Webster, Malter, and Ganesan 2005). Despite the absence of a significant relationship to the marketing department's influence, the customer-connecting role is still important because it is positively related to market orientation. That this last link is present in our study and not in Moorman and Rust's can also be explained by the scale we use to measure market orientation, which focuses more on customer needs.

In this study, we explicitly include the integration of the marketing department with other functions. We find that integration with the finance department is positively related to top management respect but negatively to perceived influence.

The Marketing Department's Role Within the Firm

In this study, we investigate the influence of the marketing department and its relationships to market orientation and performance in depth. The importance of this investigation is emphasized in the ongoing discussions on the dispersion of marketing within the firm (e.g., Brown 2005; Webster, Malter, and Ganesan 2005). As a consequence, the firm may become more market oriented even when the influence of the marketing department disappears. Thus, the organizationwide adoption of the marketing concept, which can be considered a victory of marketing thought, might lead to a declining influence of the marketing function.

We show that at least in our sample, there is no direct relationship between marketing influence and business performance. Market orientation mediates this link. This contrasts with Moorman and Rust's (1999) research. Several factors might explain this. First, our study is executed approximately ten years after theirs. During this time, firms may have become more market oriented, creating a less strong need for an influential marketing department. Second, our study differs in terms of sample. We study Dutch firms, while Moorman and Rust study U.S. firms. Prior research in market orientation has shown that the effects of market orientation on performance studies in European countries tend to show more significant relationships between market orientation and business performance than studies executed in the United States (Langerak 2003). Thus, international studies on this relationship are warranted. Third, we use a reduced set of items to measure market orientation (Dephandé and Farley 1997), while Moorman and Rust use extended market orientation scales (Kohli and Jaworski 1990; Kohli, Jaworski, and Kumar 1993; Narver and Slater 1990). Items of this shortened version tend to focus more on customer orientation (see Appendix A). The mere focus on the customer orientation part of market orientation may take some explanatory power away from the marketing department influence measures (Ellis 2006). At this point, we believe that wide adoption of the marketing concept within firms across multiple departments may be the best explanation for this finding. Because of this wide adoption, the incremental value for performance of a strong marketing department is less clear. We have no strong empirical justification for this contention. Further research is warranted to investigate this issue.

The next relevant question is whether firms need a strong marketing department. Our initial answer to this question is yes. Firms with a strong marketing department are more market oriented, and subsequently these market-oriented firms have better performance. In line with our conceptual model, we show that this line of reasoning holds. Furthermore, we show that a firm with a marketing department with a strong customer-connecting capability is more market oriented. Thus, initially we show that the customer-oriented subculture embedded in the marketing department fosters a firm's market-oriented culture within the firm. However, it could be argued that this view is too simplistic. Therefore, we also considered a link from market orientation to the marketing department's influence by estimating a system of simultaneous equations. This analysis suggests that market orientation can also be considered an antecedent of perceived marketing influence and top management respect. At the same time, perceived marketing influence and top management respect remain significant antecedents of market orientation. This suggests an enhanced view on the relationship between marketing influence and market orientation that goes beyond extant knowledge in this area (e.g., Moorman and Rust 1999). Market orientation and the marketing department's influence simultaneously influence each other. Market-oriented firms tend to have stronger marketing departments, and influential marketing departments induce a stronger market orientation. This result highlights the importance of a dual culture. Note that our previous statements are based on (dual) associations and not on empirically validated causal relationships.

The results suggest that market orientation and the marketing department's influence develop simultaneously. We further investigate this issue in more detail by classifying firms using a median split as low versus high market-

oriented firms and firms with no influential marketing department versus those with an influential marketing department. We combine these two classifications, which results in four groups. Next, we calculate the average score per group for accountability, innovativeness, customer connection, and performance (see Table 8). Firms appear in all four categories, and the four firm types differ significantly on the included variables. As our model shows, there is a positive relationship between the marketing department's influence and market orientation. However, to perform well, an influential marketing department is not absolutely necessary. If market orientation is high, there is no significant difference in performance between firms with low and those with high marketing department influence. These results suggest that an influential marketing department is mainly relevant when the firm is not market oriented. This is highlighted in statements from General Electric top managers Jeffery Immelt (CEO) and David Calhoun (vice chairman): "It's not that GE hated customers; it just was not customer centric. Marketing had become a lost function during the 1990's, so restoring it was a fat opportunity to make GE more competitive. It's the basis of an important change in GE culture, making it more externally focused, measuring GE's success by customers 'success'" (Colvin 2005, p. 32).[7] Influential marketing departments can then instigate a change to a market-oriented culture, which then should foster marketing influence. However, Table 8 also suggests that market-oriented firms can have either an influential or a noninfluential marketing department without any performance repercussions (at least within the limitations of our cross-sectional data).

Finally, theoretical and practical arguments can be used against having weak marketing departments. Marketing execution involves coordinating and integrating all marketing instruments. If marketing activities move to other functions, there is little to coordinate or integrate, especially if the department falls to the bottom of the corporate hierarchy. Another danger is that the accumulated knowledge about customers and how they connect with the firm may either disperse or be lost within the firm, without a clear indication of who is responsible for the customer (e.g., Brown 2005). Although multiple authors reflect on this topic, such as suggesting a corporate marketing staff function (Sheth and Sisodia 2005b) and an integration of marketing tactics, strategy, and culture (e.g., Webster 2005), there is little research on this topic. Additional empirical research should be devoted to understanding the dynamics of the development of the marketing function and its relationship to performance.

Management Implications

This research shows a weakened position of the marketing department. Our results do not clearly suggest that firms should have strong marketing departments, because there is no strong link between the marketing department's influence and performance. However, because the marketing department's influence is related to market orientation, which is related to performance, an influential marketing department is still beneficial. We believe that marketing departments should aim to regain their influence. The question is how this can be achieved. Our results suggest two general solutions: (1) Marketing departments should become more accountable for the link between marketing actions and policies and financial results, and (2) marketing departments should become more innovative by increasing their share in new product/service concepts, which implies a greater contribution of marketing to organic growth.

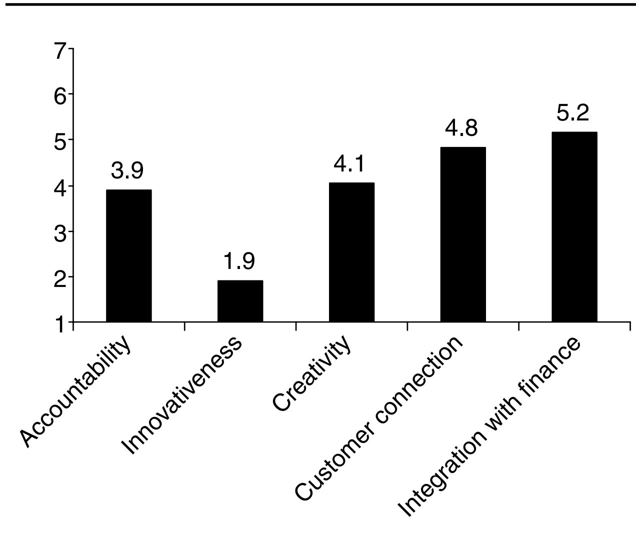
We emphasize the importance of improvements in these capabilities in Figure 2, which shows the average score per capability. (Note that we rescaled the innovativeness score to a seven-point scale.) Marketing departments have the lowest scores on innovativeness and accountability. To

[7]We thank an anonymous reviewer for this citation.

TABLE 8
Combining Marketing Influence and Market Orientation

		Market Orientation: Low	Market Orientation: High
Perceived Marketing Department Influence	High	n = 38 (17.8%) Accountability = 4.1 Innovativeness = 36.8 Customer connection = 4.8 Performance = 4.5	n = 52 (24.4%) Accountability = 4.40 Innovativeness = 33.1 Customer connection = 5.4 Performance = 5.0
	Low	n = 75 (36.2%) Accountability = 3.4 Innovativeness = 22.0 Customer connection = 4.4 Performance = 4.4	n = 46 (21.6%) Accountability = 3.7 Innovativeness = 21.6 Customer connection = 5.1 Performance = 4.9

FIGURE 2
Average Scores for Important Marketing Department Capabilities



achieve greater accountability, marketers should develop capabilities in analytics, finance, and cost accounting. Marketing departments require a financial behavioral change. Marketing plans should include a financial section that features the planned financial consequences (i.e., pre–return on investment) of their marketing actions. Marketing departments should also embrace more testing. In evaluation reports, they should report return on investment along with other performance metrics of marketing plans and executed marketing campaigns (e.g., Rust, Lemon, and Zeithaml 2004; Verhoef, Koenders, and Knaack 2008).

To increase the innovativeness of marketing departments, marketers might capitalize on their market and customer knowledge to develop successful new product and service concepts. They could build on new trends, such as customer codevelopment and customer solutions (e.g., Prahalad and Ramaswamy 2005; Tuli, Kohli, and Bharadwaj 2007). At the same time, marketers should be trained in techniques, such as lateral thinking, to transform customers' desires and needs into explicit product ideas (Kotler and De Bres 2003).

Limitations and Further Research

This study has several limitations. First, we only study firms in one country, which indicates the need for a large-scale, international study that compares and analyzes marketing's position across several countries. A second limitation is that we did not include actual performance data; we used only self-reported performance. In general, the use of self-reported performance data can lead to stronger relationships between constructs, such as market orientation and performance (e.g., Cano, Carrillat, and Jamarillo 2004). A third limitation is that we only had single informants. The outcomes of our study would have been more reliable if we had multiple respondents per firm and respondents from additional functions, such as strategy and human resource management. Although we also included financial officers, the majority of our sample consisted of respondents with a marketing function. Further research could try to use a more balanced sample. Finally, the use of cross-sectional data has inherent limitations for inferring causal relationships and studying dynamics.

This study also points to some specific research avenues. The importance of accountability calls for further research into how firms might become more accountable. Thus far, marketing scientists have developed multiple models to assess marketing's return on investment (e.g., Rust, Lemon, and Zeithaml 2004), but a dearth of research considers how marketing departments should implement accountability. Research is also needed on the potential moderating variables that affect the relationship between marketing influence and antecedents. Potential moderators might include market growth, economic climate (expansion versus recession), and technology focus, among others. In the same vein, the moderating variables of the relationships among marketing influence, market orientation, and business performance should be investigated. The most important issue for further research pertains to an improved understanding of the interrelationships between the marketing department's influence and market orientation. Our additional analysis suggests an interplay between the two constructs. Research could focus on how the subculture of the marketing department adds to the overall market-oriented culture, and vice versa. For this purpose, both in-depth qualitative studies and longitudinal, quantitative studies would be required. Further research could also use a more exploratory approach, in which the different manifestations of the marketing function with different levels of market orientation are investigated using cluster analysis. It would also be relevant to study whether the influence of the marketing functions differs between specific industries, and industry might be a moderator of the studied relationships. Finally, we believe that the failure of the marketing department's influence to explain significant incremental variance in performance beyond market orientation calls for further research.

APPENDIX A
Scales

Construct (Inspired or Based on) (Reflective Versus Formative Items in Multi-Item Scale)	Items	Coefficient Alpha	Composite Reliability
Accountability of marketing department (Moorman and Rust 1999) (reflective)	The marketing department in our firm (1 = "fully disagree," and 7 = "fully agree"): •Is effective at linking their activities to financial outcomes. •Shows the financial outcomes of their plans. •Has little attention for financial outcomes of their activities. (R)	.75	.77
Innovativeness of marketing department	What is the percentage of introduced new products in the last five years that were initiated by the following department? Please divide 100 points across four departments: (1) R&D, (2) marketing, (3) sales, and (4) other. The points assigned to marketing department are used as the innovativeness score of the marketing department.	N.A.	N.A.
Customer-connecting role of marketing department (Moorman and Rust 1999) (reflective)	The marketing department in our firm is (1 = "fully disagree," and 7 = "fully agree"): •Is effective at translating customer needs into new products or services. •Promotes customer needs in our firm. •Rarely shows how customer needs can be taken into account in our strategy. (R) •Has not sufficient knowledge and skills to translate customer needs into technical specifications. (R)	.79	.78
Creativity of marketing department (Andrews and Smith 1996) (reflective)	Compared to what our competitors were doing the last year, our marketing programs of the last year were: •Dull (1) …. exciting (7) (R) •Fresh (1) … Routine (7) •Novel (1) … predictable (7) •Trendsetting (1) … warmed over (7) •Nothing special (1) … an industry model (7)	.89	.83
Integration/coordination with other departments (sales, finance, and R&D) (Maltz and Kohli 1996) (formative)	To what extent has the marketing department and the specific department had problems concerning coordination of activities in the past three years? (1 = "no problems at all," and 7 = "very many problems") To what extent has the marketing department and the specific department hindered each other's performance in the past three years? (1 = "no hinder at all," and 7 = "hindered a lot")	.86 .78 .82	N.A.
Short-term orientation (Baker, Black, and Hart 1982)	If you would describe the orientation of your firm, is this: •A short-term orientation (1) … A long-term orientation (10)	N.A.	N.A.
Generic strategy (Porter 1980)	Please indicate which of the following generic business strategies is most applicable for your firm: •Cost leadership: strategy to obtain the lowest costs in the market. •Differentiation: focusing on being better in different features of the product/service that are important to customers. •Cost focus: targeting a relative small segment in the market that is cost-consciousness. •Differentiation focus: targeting a relative small segment in the market that desires a unique and good product and that is willing to pay a higher price for this.	N.A.	N.A.
Marketing background of CEO (Homburg, Workman, and Krohmer 1999)	What is the primary background of the CEO within your firm? •General management, finance, technical, marketing, law, other	N.A.	N.A.

APPENDIX A
Continued

Construct (Inspired or Based on) (Reflective Versus Formative Items in Multi-Item Scale)	Items	Coefficient Alpha	Composite Reliability
Publicly traded	Is your firm publicly traded?	N.A.	N.A.
B2B versus B2C	Please indicate the percentage of your turnover that arises from B2B or B2C markets: •B2B (1) … B2C (10)	N.A.	N.A.
Goods versus services	Please indicate the percentage of your turnover that arises from goods or service markets: •Goods (1) … services (10)	N.A.	N.A.
Market turbulence (Menon et al. 1999) (formative)	Can you indicate the level of change in the last three years in the most important market where your firm was active on the following elements (1 = "no change," and 7 = "very frequent changes"): •Production/process technology •Introduction of new products/services •R&D activities •Legal and political surrounding •Competitive intensity •Customer preferences	.69	N.A.
Channel power (Slater and Narver 1994) (formative)	Our firm has a strong negotiation position towards our customers. (R) Our customers have a strong negotiation power. Our customers are more powerful than the suppliers (including our firms).	.59	N.A.
Perception influence marketing department (Moorman and Rust 1999) (reflective)	The functions performed by the marketing department are generally considered to be more critical than other functions. Top management considers the marketing department to be less important than other functions. (R) Marketing tends to dominate other functions in decision-making. The marketing department is considered to be more influential than other departments.	.93	.72
Top management respect (Van Bruggen and Wierenga 2005) (reflective)	The top management of our firm: •Has little respect for the activities of the marketing department. (R) •Considers the marketing department an expensive department. (R) •Recognizes the strategic importance of the marketing department.	.82	.84
Decision Influence (Homburg, Workman, and Krohmer 1999)	Distribute by each of the 12 decisions 100 points over the following departments: sales, marketing, R&D/operations, finance (departments with a high influence receive more points than departments with a low influence): •Marketing decisions: price, distribution, advertising messages, customer satisfaction measurement and improvement, customer service, loyalty and relationship programs, segmentations, targeting and positioning. •Other decisions: direction of strategic business unite, expansion into new geographic markets, new product development, investments in information technology (efficient resource planning, customer relationship management, Internet).	N.A.	N.A.

APPENDIX A
Continued

Construct (Inspired or Based on) (Reflective Versus Formative Items in Multi-Item Scale)	Items	Coefficient Alpha	Composite Reliability
Market orientation (Deshpandé and Farley 1998) (reflective)	•Our business objectives are driven primarily by customer satisfaction. •We constantly monitor our level of commitment and orientation to serving customer needs. •We freely communicate information about our successful and unsuccessful customer experiences through all business functions. •Our strategy for competitive advantage is based on our understanding of customer needs. •We measure customer satisfaction systematically and frequently. •We have routine or regular measures for customer service. •We are more customer focused than our competitors. •I believe this business exists primarily to serve customers.	.86	.85
Business performance (Moorman and Rust 1999) (formative)	Relative to your firm's stated objectives, how is your firm performing on: (1 = "much worse," and 7 = "much better"). Relative to your competitors, how is your firm performing on: (1 = "much worse," and 7 = "much better") •Customer satisfaction •Customer loyalty •Turnover •Profitability •Market share •Cost level	.88	N.A.
Firm size	How many employees in terms of full-time equivalents does your firm have in the Netherlands?	N.A.	N.A.
Innovativeness firm (Covin and Slevin 1989)	In our firm top managers have: •A strong emphasis on selling goods/services known and proven in the market (1) … a strong emphasis on R&D, technological leadership, and innovations (10).	N.A.	N.A.

Notes: R = reverse scored. N.A. = not applicable.

APPENDIX B
Correlation Matrix of Constructs in Model (n = 213)

Variable	Acc	Minv	Ccon	Cr	Cos	Cfin	Crd	Shr	Dif	Cl	CEO	B2C	Ser	Pub	Chp	Mtu	Pmi	Tmr	Dim	Mor	Perf
Accountability (Acc)	1.00																				
Marketing innovativeness (Minv)	.20	1.00																			
Customer connection (Ccon)	.42	.33	1.00																		
Creativity (Cr)	.24	.23	.41	1.00																	
Cooperation sales (Cos)	.05	–.06	.19	.07	1.00																
Cooperation finance (Cfin)	.02	–.02	.14	.02	.28	1.00															
Cooperation R&D (Crd)	.11	–.08	.07	.13	.16	.42	1.00														
Short-term orientation (Shr)	–.03	.00	–.17	–.13	–.20	–.18	–.11	1.00													
Differentiation strategy (Dif)	–.11	.04	.02	.01	.05	–.01	–.03	–.22	1.00												
Cost leadership strategy (Cl)	.14	–.03	.01	–.09	–.07	–.05	.08	.23	–.68	1.00											
CEO marketing (CEO)	.02	.12	.08	.07	.08	–.03	–.01	.03	–.04	–.13	1.00										
B2C	–.01	.04	.02	.07	–.03	–.10	.08	.07	–.07	.11	–.01	1.00									
Services (Ser)	.07	.05	–.04	–.01	–.03	.07	.10	–.02	–.07	.01	–.08	–.03	1.00								
Publicly traded (Pub)	.09	.05	–.01	–.07	–.15	–.06	–.17	.10	.00	.04	–.03	.01	–.11	1.00							
Channel power (Chp)	–.09	.15	.00	.07	.11	.08	.03	.04	–.02	.04	.06	–.13	.04	.11	1.00						
Market turbulence (Mtu)	.00	.01	.10	.19	.03	–.14	–.05	–.17	.02	–.08	–.01	.04	.04	–.04	–.06	1.00					
Perceived marketing influence (Pmi)	.27	.34	.21	.25	.03	–.08	.08	–.10	.06	.01	.06	.21	–.02	.12	–.02	.06	1.00				
Top management respect (Tmr)	.21	.18	.20	.18	.18	.22	.13	–.34	.14	–.10	.08	.13	–.18	.09	.01	–.01	.43	1.00			
Decision influence marketing (Dim)	.38	.56	.33	.15	–.02	.08	.00	–.04	.03	–.06	.02	.02	.04	.04	.00	–.07	.41	.19	1.00		
Market orientation (Mor)	.25	.14	.35	.30	.18	.08	.17	–.33	.16	–.13	.05	.09	.13	–.09	.02	.10	.30	.33	.14	1.00	
Business performance (Perf)	.09	.03	.21	.20	.11	.27	.18	–.27	.07	–.03	–.01	.09	.13	–.11	–.06	.12	.09	.13	.08	.43	1.00

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