

DOES CEO LEADERSHIP STYLE  
IMPACT ON  
ADOPTION OF THE MARKETING CONCEPT?

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## **Abstract**

An exploratory investigation using a case study approach was undertaken in five organisations in different sectors, to explore whether there is any connection between CEO leadership style and adoption of the marketing concept by the organisation. Findings emerged on several levels.

The market orientation and marketing concept, beyond the level of customer focus, is not well understood in organisations. The integration of market orientation and marketing effort across the organisation presents as the most problematic component of the marketing concept, as well as the one where CEO leadership style has the most potential to impact.

The language of leadership theory is not actively assumed by people working in the case study organisations. The way people experience leadership style is ultimately personal, interpersonal and difficult to describe. Leadership attributes are valued differently in different organisations. Highly regarded leadership strengths result in perceived weaknesses being forgiven.

In relation to the main research question, intuitively most people believed there is a connection between CEO leadership style and adoption of the marketing concept, but this was difficult to test at an organisational level due to small sample sizes and because each case study business presented with relatively high market orientations and CEOs with appropriate leadership styles. The CEO leadership themes commonly determined to be relevant were people focus (in terms of customers and staff), vision, change orientation, and passion/enthusiasm for the business.

Survey data at the individual level was aggregated across the five organisations and analysed. Results showed the above attributes, and others associated with transformational leadership approaches, were related to perceptions of market orientation. While these results cannot be statistically generalisable because of the small and unrepresentative sample used, the findings suggest that the link between individual organisation members' perceptions of market orientation and CEO leadership would be worthy of a larger study.

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# **Chapter One: Introduction**

## **The Research Question**

Leadership, while being the subject of much literature, has no commonly held definition (Cammock, 2003). Its characteristics have been variously described. For example, leadership is believed to be distinctive, purposeful, an act of faith, and an interactive system (Cammock, 2003). Yet it attracts resistance (Cammock, 2003). “The genius of the leader lies in synthesising a vision that reflects and simultaneously extends the highest aspirations of his or her followers” (Cammock, 2003, p. 8). The way a Chief Executive Officer (CEO) does this and mobilises the characteristics of leadership to achieve results for the business can be referred to as ‘CEO leadership style.’

The marketing concept is the guiding philosophy for an organisation pursuing a market orientation (Gray, Matear, Boshoff & Matheson, 1998; McCarthy & Perreault, 1990). In pursuit of competitive advantage, the three core themes underlying the marketing concept are customer focus, coordinated activities and profitability (Kohli & Jaworski, 1990/1999).

This study explores whether there is any relationship between CEO leadership style and adoption of the marketing concept in organisations.

## **Answering the Research Question**

In exploring the possibility of this relationship, Chapter Two outlines the extant literature on the related topics: marketing concept, leadership and, briefly, CEO impact in organisations. Chapter Three explains the case study methodology of the research in more detail. The results themselves are recounted and discussed in Chapters Four to Ten.

Chapter Four covers findings of case study Organisation A, which is a national organisation in the vehicle maintenance business.

Chapter Five reviews results of case study Organisation B, which is a city-based art and culture business.



Chapter Six explores the research topic in relation to Organisation C, a national organisation, which is involved in manufacture and service delivery in the agricultural sector.

Chapter Seven details findings for Organisation D, a regional retailing firm.

Chapter Eight considers the research question in Organisation E, a regional health-support operation.

Chapter Nine examines results in aggregate in relation to the marketing concept and CEO<sup>1</sup> leadership style.

Chapter Ten discusses the research question of whether there is any relationship between CEO leadership style and adoption of the marketing concept. This final chapter integrates the findings, links them back to the literature, identifies limitations in the current study, and provides suggestions for further research.

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<sup>1</sup> All top leaders are referred to as “CEO” in this study, regardless of whether this was in fact their title.

## Chapter Two: Literature Review

This literature review explores past and current thinking on the marketing concept and leadership, with a brief section exploring CEO impact on organisations.

In relation to the marketing concept, the review covers what it is; why it is considered useful and relevant, as well as the problems with it; measuring it and the problems with measuring it. In relation to leadership, this overview covers the major schools of leadership thought, some of the commonly revered theories, and contemporary leadership observations. The role and impact of CEO leadership in organisations is briefly considered.

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## **2.2 The Marketing Concept**

### **2.1.1 Describing the Marketing Concept and Market Orientation**

Drucker (1954) popularised the marketing concept when he suggested the creation of a customer was the singularly relevant purpose of enterprise, and hence the organisation must rally its resources to commit to the identification and satisfaction of consumer needs. However, the notion of satisfying customer needs had been recognised in the literature from early in the twentieth century. For example, in 1912 Shaw wrote “[g]oods are being made to satisfy rather than to sell” (p.736) and “[t]oday the more progressive business ... is searching out the unconscious needs of the consumer and is then producing the goods to gratify them” (p.708). Copeland, too, in 1923 suggested manufacturers seeking economies in selling products firstly required “an elementary analysis of the habits of consumers” (p.288) in buying the particular items produced. These comments are relevant for the twenty-first century, too.

With the invigorated attention Drucker’s (1954) suggestion prompted, the concept evolved. Now marketing literature is full of statements, such as “[a] substantial market orientation must be the foundation for a business’s competitive advantage strategy” (Narver & Slater, 1990, p. 34), and “every student in Marketing 101 learns that market orientation – ‘being close to the customer’ – should drive business” (Pelham & Wilson, 1999, p. 169). However, what exactly constitutes a market orientation in practice appears somewhat elusive (Kohli & Jaworski, 1990, 1999). Similarly, while it has become generally accepted that the marketing concept is the guiding philosophy for a market-oriented organisation, there is no consensus on what constitutes adoption of the marketing concept. Furthermore, it can be inferred from the literature that being market oriented and adopting the marketing concept tend to be perceived as the same thing.

Obstructing progress in this research is the use of language and lack of consensus on meaning. There are numerous definitions of ‘marketing orientation’, ‘market orientation’ and ‘marketing concept’, none of which can be determined to be right or wrong. Borrowing from the concepts of philosophy, the definitions are ‘essentialist’ in nature (Popper, 1976); the abstract concepts cannot be tested and proven to be true or untrue.

However, reification attempts abound, as authors try to conceptualise differences (for examples, see Brannback, 1997; Harvey, Lusch & Cavarkapa, 1996). Presumably their aim is to refine the best approach to managing strategic choices about markets and the marketing concept in an organisation. Such debates may be interesting, but it is questionable whether they have contributed to this practical result.

For example, while the marketing and market orientations are generally considered synonymous, Kohli and Jaworski (1990) prefer to refer to a 'market orientation' because this terminology "clarifies that the construct is not exclusively a concern of the marketing function" (p 3), as can be implied from the term 'marketing orientation.' Further, they believe 'market orientation' "is less politically charged and ... focuses attention on markets" (Kohli & Jaworski, 1990, p 4). While this argument makes sense, perpetuating discourse of this kind does not necessarily help businesses actually achieve the 'market' or 'marketing' orientation. Popper (1976) cautions against abandoning real problems for the sake of verbal ones. Valentin (1996) probably agrees when he says "the marketing concept is ... a muddle of diverse slogans and prescriptions that *impede* seminal discourse" (p.16, emphasis added). In fact, this could be a factor contributing to some researchers calling for a halt to debate about a market orientation (for example, Henderson, 1998).

### **2.1.2 Adopting the Marketing Concept**

The discussion on what constitutes adoption of the marketing concept or market orientation is diffuse. The most common thread appears to be the customer orientation (Houston, 1986). Some researchers (for example, Deshpande, Farley & Webster, 1999) explicitly view customer and market orientations as being synonymous. However, Shapiro (1988) believes a market orientation means "a great deal more than the cliché 'getting close to the customer'" (p 120).

Kohli and Jaworski (1990, 1999) agree in that they define *market orientation* from the perspective of information or 'intelligence' generation, dissemination and responsiveness. However, Narver and Slater (1990) "infer from the literature that *market orientation* consists of three behavioral components - customer orientation, competitor orientation, and interfunctional coordination - and two decision criteria - long-term focus and profitability" (p 21, emphasis added).

Kohli and Jaworski (1990) do not agree. They claim that a review of the literature on the *marketing concept* reveals that "Three core themes or 'pillars' underlie ... [marketing concept definitions]: (1) customer focus, (2) coordinated marketing, and (3) profitability" (p 3). Sometimes, though, profitability is replaced by, or supplemented with, achievement of organisational goals (cf Houston, 1986; Lusch & Lusch, 1987; Meziou, 1991; Wrenn, 1997). Certainly, this approach is broader in that it caters for noncommercial enterprises, which may not have profit as one of their goals. It can be argued, too, that these three 'pillars' incorporate notions of long term focus and an eye to competitive activity, the two 'missing' elements from Narver and Slater's (1990) assertions.

### ***Marketing Concept as Culture***

Rather than expressing adoption of the marketing concept through a set of business activities, as in Kohli and Jaworski's (1990, 1999) approach, adopting the marketing concept can be a matter of organisational culture (Gainer & Padanyi, 2002). The work of Deshpande and Farley (2004), Deshpande and Webster (1989), Gray et al. (1998), Narver and Slater (1990), and Turner and Spencer (1997) takes this approach. Certainly, distinguishing 'culture' and 'activity' is consistent with some researchers' explanation of the differences between market orientation and the marketing concept: that the marketing concept is the philosophy, which may be part of the business' culture, and a market (or marketing) orientation is the implementation of the marketing concept (Gray et al., 1998; McCarthy & Perreault, 1990). As already noted, though, the terms 'market orientation' and 'marketing concept' tend to be used interchangeably.

Hurley and Hult (1998) maintain it is *both* market-oriented culture and market-oriented activity that determines market orientation and, further, that there may be a causal relationship between activities and culture since "market orientation can be embedded in the culture of an organisation and affect market vigilance and action" (p. 43). While Gainer and Padanyi (2002) believe the assumption of culture driving behaviour is questionable, it does seem worthy of further attention. Certainly, other researchers have suggested that placing too much emphasis on market-oriented activity potentially does not recognise the impact of employee commitment and organisational politics on adoption of the marketing concept (Harris, 1999; Tadepalli & Avila, 1999). Gainer and Padanyi (2002) have themselves posited that market orientation, for the non-profit sector at least,

comprises both market-oriented activities and market-oriented culture, “with culture mediating the relationship between market-oriented activities and organisational performance” (Gainer & Padanyi, 2002, p. 184). Gray et al. (1998), too, suggest that successful implementation of the marketing concept may also require an employee orientation. This is in line with Mohr-Jackson’s (1991) notion that ‘internal customers’ may be relevant when considering the marketing concept.

### ***Lack of Consensus***

In summary, this review illustrates the lack of consensus on what a market orientation, or adoption of the marketing concept, means in operational terms. Fundamentally, an organisation should measure its adoption of the marketing concept through its achievement of a market orientation. However, if you don’t know what the marketing concept or a market orientation is, how do you measure achievement of it? The first question has to be, is it useful to try?

### **2.1.3 The Relevance of Adopting the Marketing Concept or Being Market-Oriented**

In determining whether a market orientation is relevant, and adopting the marketing concept is useful, noteworthy questions arise: Is adopting a marketing orientation a more effective strategy than any other orientation, such as being sales- or production-oriented? Does being market-oriented contribute to the success of the business? Does it yield greater organisational performance than another approach? The answers to these questions are explored in this section.

### ***Other Business Approaches***

Generally, three business approaches are considered to exist as rivals of the market orientation: production (or product) orientation, sales orientation, or societal orientation. Each orientation is briefly outlined.

If an organisation is production-oriented, the “key [to] business success is producing quality goods and services at reasonable cost” (Gray et al., 1998, p. 903). Emphasis is usually on volume, and standardisation is considered a means of containing costs. If the goods are a reasonable price, people will buy them; they will practically sell themselves (Mandell & Rosenberg, 1981).

If an organisation is sales-oriented, the “key to business success lies in persuading potential customers to buy your goods and services through advertising, personal selling or other means” (Gray et al., 1998, P. 903). The emphasis is on informing customers, and there is an implication that people won’t buy the goods or services, or enough of them, unless there is an assertive, or perhaps even aggressive sales approach (Mandell & Rosenberg, 1981).

If an organisation adopts a societal orientation, or a ‘societal marketing orientation’ as it is sometimes known (for example, Kotler, 1983; Lusch & Lusch, 1987), the “key to business success lies in satisfying [the interests of] important ‘publics’ of the company” (Gray et al., 1998, p. 903). ‘Publics’ include customers, employees, shareholders, government agencies, suppliers and the general public. Enhancing social well-being is important, and this is another driving factor in goal-setting and decision making.

### ***No One Right Approach***

In fact, a market orientation may not be the right approach for a business. Houston (1986) identifies artists, ideologists and religious leaders as “proselytizers who achieve their objectives by having the markets accept *their* unique offerings” (p. 84). Salespeople, too, are seldom able to change the product to meet the needs of an individual, instead having to sell the existing product and help the customer see how it fits their needs (Houston, 1986). As a further example, Ennew, Filatotchev, Wright and Buck (1993) discuss the specific case of the former Soviet Union and the relevance of the market orientation to its businesses. They conclude that under a ‘soft budgeting system’, where survival of the business is not dependent on its profitability, there is no need for a market orientation. Stratemeyer and Hampton (2001) suggest professional staff attitudes in professional service organisations may hinder acceptance of a market orientation. Non-profit organisations may emphasise responsible use of their public money and see the market orientation as inappropriate for them (Gainer & Padanyi, 2002). There is empirical evidence to suggest a market orientation can enhance business performance in the non-profit sector (Gainer & Padanyi, 2005), but these organisations may be more comfortable with the notions of a societal orientation.

Accordingly, research needs to be able to take into account the relevance and role of the market orientation to the business(es) being studied, and businesses need to assess the cost-benefit of being market oriented (Kohli and Jaworski, 1990, 1999).



### ***The Marketing Concept and Business Success***

There are claims that “there is a large body of marketing literature that supports the argument that higher levels of market orientation would lead to better organizational performance” (Kaynak & Kara, 2004, p.743). Proof that it does, though, is not universally conclusive. Many of the reported studies are somewhat limited in their scope and generalisability.

Several writers claim relatively few studies tried to link adoption of the marketing concept to business success prior to the 1990s (Appiah-Adu & Ranchhod, 1998; Balakrishnan, 1996; Bhuian, 1998; Esslemont & Lewis, 1991; Lawton & Parasuraman, 1980; Narver & Slater, 1990; Pelham & Wilson, 1996; Ruekert, 1992; Slater & Narver, 1994, 2000; Van Egeren & O'Connor, 1998). Further, attempts to do so have met with varying levels of success. A growing number of authors suggest that there is a positive relationship (for example, Chan & Chau, 1998; Day & Nedungadi, 1994; Deng & Dart, 1994; Jaworski & Kohli, 1993; Narver & Slater, 1990; Wrenn, 1997; Wright, Pearce & Busbin, 1997). Others have found that consistent evidence is lacking (for example, Esslemont & Lewis, 1991; Greenley, 1995a, 1995b; Kohli & Jaworski, 1990, 1999; Narver, Jacobson & Slater, 1999).

Recent analysis by Gainer and Padanyi (2005) indicates a relatively positive position. They summarise that a comprehensive review of “empirical literature revealed that 13 of 19 studies found a significant positive relationship between market orientation and at least one performance variable, while only six did not” (Gainer & Padanyi, 2005, p. 854). Studies, though, revealing only one performance variable do need to be cautiously considered.

One cause of lack of clear findings could be difficulty with catering for factors other than a market orientation that may impact business success. Thwaites and Lynch (1992) mention that environmental, organisational, strategic and managerial factors may impact organisational performance outcomes. Greenley (1995a, 1995b) and Narver et al. (1999) also found that the environment moderated the market orientation–business performance relationship. Similarly, Narver and Slater (1990) caution that factors other than a market orientation may affect profitability.

### ***Measuring Business Success: The Role of Profitability***

Another issue evident from the literature on this subject is difficulty determining what constitutes business success. According to Esslemont and Lewis (1991), “[c]onventional measures of business success include return on investment ..., profit margin or markup, market share, the rate of increase in profit and rate of increase in net assets” (p 1). Indeed, the literature reveals that the emphasis is on market share (Esslemont and Lewis, 1991; Mohr-Jackson, 1991; Thwaites and Lynch, 1992) and profitability (Griffin, 1982; Houston, 1986; Kohli & Jaworski, 1990, 1999; Meziou, 1991; Mohr-Jackson, 1991; Narver & Slater, 1990; Thwaites & Lynch, 1992). Profitability itself is measured by various means, such as return on assets, return on investment (ROI), or return on net assets (Narver & Slater, 1990).

In fact, the role of profitability in the marketing concept is controversial. While it is considered to be part of the marketing concept by some writers (Kotler, 1988; Mandell & Rosenberg, 1981; Stanton, 1984), others believe it is better viewed as a ‘consequence’ of market orientation (Kohli & Jaworski, 1990, 1999; McNamara, 1972; Mohr-Jackson, 1991; Narver & Slater, 1990). This argument has merit. It is not usually possible to start with ‘profitability’ as part of the business equation (except in the purchase of a going concern), although *aiming* at it can be a business premise.

There are some obvious impediments to gaining clarity on profitability’s role. The first is that a market-oriented organisation is not to know with any degree of certainty what its profitability would have been had it adopted another business approach. The obvious answer is for research to involve comparisons of business approaches – not merely degree of market orientation – and profitability results within industries.

A second issue in relation to measuring profitability is determining when to do it. Some businesses will inevitably have difficulty reconciling short-term profitability and cash flow issues with activities that may secure the long-term future and profitability of the business. This is obviously a perplexing problem and a solution currently evades marketing academics and practitioners. However, research design should recognise this difficulty.

Yet another difficulty associated with relating adoption of the marketing concept and being market-oriented to business success is the reluctance of firms to divulge sensitive profitability and/or market share information. This is evidenced by the low usable responses to the three New Zealand studies mentioned in Esslemont and Lewis (1991). Deng and Dart (1994) and Jaworski and Kohli (1999) also noted this concern. Trust needs to be evident for businesses to feel comfortable divulging such information, and the respondents need to know or have access to the data. Research design needs to take into account both of these factors.

### ***Research Examples***

To provide examples, this section highlights results over the years of some of the studies that attempt to link market orientation with positive business performance.

Hooley and Lynch (1985, cited in Esslemont & Lewis, 1991) found that use of formal marketing planning techniques are associated with business success among United Kingdom firms. However, van der Walt, Lysonski, Queree, Harper and Hales (1989) did not find a definite relationship between the use of marketing planning and performance in New Zealand. Further, the Lawton and Parasuraman (1980) study (cited in Kohli & Jaworski, 1990) revealed “that the adoption of the marketing concept had no apparent effect on the sources of new product ideas, the use of marketing research in new product planning, and the innovativeness of new product offerings. ... Lawton and Parasuraman (1980) caution, however, that additional research using new measures is needed before firm conclusions can be drawn” (Kohli & Jaworski, 1990, p 13).

In three separate studies in New Zealand in 1987, 1988 and 1989 reported by Esslemont and Lewis (1991) it was not possible to demonstrate a clear association between a marketing orientation and business success. One of the studies even found a negative correlation. The writers summarised their findings thus: “The limitations of the studies means that results do not justify the conclusion that the marketing concept is false. But it remains true that the only investigations in New Zealand of the truth of the marketing concept have failed to provide any support for the concept” (Esslemont & Lewis, 1991, p 6). A decade later, though, Gray et al. (1998) found positive relationships in their New Zealand-based research. However, overall market orientation and profitability showed the weakest connection. Customer satisfaction and market orientation showed the strongest

correspondence. They found that “the strongest relationship with ROI appears to be interfunctional co-ordination, [as a subset of market orientation,] suggesting that the sharing of market and product information throughout the organisation and the use of co-ordinated planning methods may be linked with improved business efficiency and profitability” (p. 899).

Narver and Slater’s (1990) research shows support for market orientation being an important determinant of profitability in both commodity and non-commodity businesses. However, the study was conducted in just one American corporation. Greenley (1995a, 1995b) embarked on a large-scale replication in the United Kingdom, and found no direct relationship between market orientation and performance. (As noted earlier, environmental factors mediated results.)

Mohr-Jackson’s (1991) qualitative research with executives revealed outcomes of a market orientation that fell into two main categories: favorable business performance indicators, (such as ROI, return on expenses, productivity, costs, sales, volume, market share, sales growth, profits, and customer satisfaction,) and positive affects on employees, (such as ownership, security, job satisfaction, full participation, involvement, motivation, enthusiasm, empowerment, absenteeism, accident rate, productivity, and effectiveness). However, the limitations of qualitative research need to be remembered when considering these results. In particular, it is difficult to know whether executives would have been merely parroting normative ideals in relation to adoption of the marketing concept, or whether there really was factual evidence to substantiate their perceptions.

In summary, some studies have potentially promising results indicating that adopting the marketing concept may contribute to business success in the right conditions, and there is a growing body of such evidence. Other research reveals somewhat vague findings that “the use of modern, rational marketing methods *may* be a factor in bringing about company success” (Griffin, 1982, p. 57, emphasis added). The literature on contribution of a market orientation to business success highlights the arguably more elementary issue of measurement of the marketing concept itself. A plethora of measures has been used, and this could partially explain the variability in results.

### 2.1.4 Measurement of Market Orientation and the Marketing Concept

There is no consensus on how to measure market orientation and adoption of the marketing concept. This section reviews some of the measures that have been used. Firstly, the measurement systems are considered. Some of the less well-known measures are then briefly discussed, before outlining more commonly acclaimed scales: the effectiveness rating instrument; Narver and Slater's (1990) market orientation scale; Kohli, Jaworski and Kumar's (1993) MARKOR scale; Deng and Dart's (1994) measures; and two parsimonious reconciliations of scales. Finally, an observation is made about market orientation activity and market orientation results.

#### *Measurement Systems*

Qualitative research on the market orientation and adoption of the marketing concept has employed depth interviews (for example, Mohr-Jackson, 1991). Quantitative studies make use of mainly self-completion questionnaires, using a variety of scales. The most commonly used scales have been Likert scales (for example, Franzak, 1992; Stewart, 1991), three to seven point itemised-category scales – such as weak to strong, and exactly to not at all – (used by Gainer & Padanyi, 2005; Griffin, 1982; Meziou, 1991; Romer & Van Doren, 1993; Ruekert & Walker, 1987; Thwaites & Lynch, 1992), dichotomous questions on the existence of specified marketing techniques (Greenley & Shipley, 1992), and forced choice questions on marketing approaches and philosophies employed (Thwaites & Lynch, 1992).

As well as the scales themselves being suitable, it is important to consider whether it is appropriate or relevant to ask managers in an organisation to assess their own marketing performance. Self-perceptions could be biased, and this would affect results. Further, personnel in different roles may have different views, as evidenced by Gray et al.'s (1998) findings that marketing leaders tended to have more optimistic views of market orientation than their CEOs. Kaynak and Kara (2002) similarly observed that managers in different roles can have different perceptions. Therefore, it may be inappropriate to consider only one person's assessment. The market, too, may have a different view. In fact, Deshpande et al. (1999) argue that "[a]n organization's evaluation of its level of customer orientation should come from its customers rather than merely from the company itself" (p. 87). Despite the logic of this, few studies have sought to incorporate customer perspectives.

Overall, though, in pursuit of quality information, it is more appropriate to seek multiple sources of information and/or use multiple methods to determine market orientation.

### ***Less Well-Known Measures***

According to Meziou (1991), research prior to his on the adoption of the marketing concept by small firms concentrated on providing respondents with a brief description of the marketing concept and then asking them if that description accurately portrayed their business philosophy (p 72). He validly alleges this is superficial, and questions whether other studies relating to medium and large organisations have actually used indicators that are comprehensive enough to reflect the extent to which the marketing concept is implemented (p 72).

Meziou (1991) used 14 measures in his research. They included the use of customer research, emphasising customer satisfaction at all levels of the organisation, striving to achieve production efficiency, formulating one-year marketing plans and long-term plans, emphasising profits rather than sales as company goals, monitoring the business environment, giving the marketing function a direct link to the top of the organisation's management hierarchy, and coordinating activities of the marketing department with activities of other departments. Webster (1988) suggests similarly comprehensive indicators of a 'true' market orientation.

However, while Meziou (1991) and Webster (1988) use many measures, it needs to be remembered that quantity is not necessarily commensurate with quality. There must be sound reasoning behind each measure adopted. Of course, this is difficult, given the earlier-mentioned essentialist foundation from which measures must be derived.

The research on industry-specific adoption of the marketing concept accentuates difficulty in determining measures. Studies seem to have selected some marketing functions (for example, promotion), activities (for example, research), and ideologies (for example, reporting relationships) to test, and there has been little cross-referencing of research or sharing of variables (Franzak, 1992; Greenley & Shipley, 1992; Griffin, 1982; Romer & Van Doren, 1993; Ruekert & Walker, 1987; Stewart, 1991). The measures were usually tailored to the particular research, the situation, and the preferred definition of the market orientation or marketing concept. While this is good in that instance-specific results can

presumably be applied more practically to good effect, it does not help in gaining consensus on measures that are fundamental to the adoption of the marketing concept. Further, it seems likely that expediency is the determinant of measures employed, rather than accuracy in ascertaining market orientation. This means that firms are not to know if the research-identified areas of weakness in adopting a market orientation are valid or important.

### ***The Effectiveness Rating Instrument***

However, Esslemont and Lewis (1991) claim that one method of market orientation measurement “has found broad acceptance” (p 2). It “is the marketing ‘effectiveness rating instrument’ (ERI), developed by Kotler (1982) and used by Kotler and others ... to assess the extent of the adoption of the marketing concept in various industries” (p 2). Dunn, Norburn and Birley (1994) likewise refer to the multiple use of this instrument as a justification for using it in their research.

The ERI comprises fifteen questions - three questions on each ‘marketing attribute.’ The five ‘marketing attributes’ are: customer philosophy, an integrated marketing organisation, adequate marketing information, a strategic orientation, and operational efficiency. Total scores from each of the five ‘marketing attribute scores’ make up the ‘marketing orientation score.’ However, while the method of measurement may have found broad acceptance, the rationale behind the five marketing attributes and the three questions on each is not clear. Further, recent literature makes no mention of this instrument.

### ***The Narver and Slater (1990) Measures***

Narver and Slater’s (1990) measures of market orientation are based on their view that the market orientation comprises competitor-orientation, customer-orientation and interfunctional coordination (Kohli et al., 1993; Narver & Slater, 1990). This is consistent with their view that market orientation “is the organization culture ... that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business” (Narver & Slater, 1990, p. 21). Their study indicates that their three behavioural components assume equal weights (Narver & Slater, 1990). As noted earlier, they separate profitability and long-term focus from their description of market orientation, instead suggesting these are ‘decision criteria’ – both consequence and purpose of pursuing a market orientation.

In total, Narver and Slater (1990) had 15 items in their market orientation measure, with high Cronbach reliability measures for the three categories of competitor-orientation, customer-orientation and interfunctional coordination. When considered at the individual item level, two elements had reliability correlations of less than 0.4 when considering two decimal places. One item had this low score when considering only one decimal place. Although it is not specifically stated, this is probably why replication studies include only 14 items in the market orientation measure (Greenley, 1995b [1995a specifies 13 measures, but this is presumably an error, seeing as the articles refer to the same sample]; Hooley et al., 2000).

Gainer and Padanyi (2005) reviewed 25 studies published between 1990 and 2000 that attempted to link market-orientation with organisational performance. Ten of the studies used all or major portions of the Narver and Slater (1990) scale. It tends to be the scale used when market-oriented culture is of interest to the researchers. Seven of the ten studies found that market-oriented culture directly affects organisational performance (Gainer & Padanyi, 2005).

### ***The Kohli et al. (1993) MARKOR Scale***

Kohli and Jaworski (1990) noticed that “a close examination of the literature reveals a lack of clear definition, little careful attention to measurement issues, and virtually no empirically based theory” (p 1) in relation to market orientation. Their response was to research and develop nineteen research propositions for how their definition of market orientation can be tested. Discussions with managers led them to their earlier-noted conclusion that “market orientation refers to the organizationwide generation of market intelligence pertaining to current and future needs of customers, dissemination of intelligence within the organization, and responsiveness to it” (Kohli et al., 1993, p. 468).

Their nineteen research propositions include measures of what they term ‘antecedents’ to the market orientation, and linkages among marketing orientation components. Their market orientation antecedents fall into three categories: senior management factors, interdepartmental dynamics, and organisational systems. Each category features several components, such as the communication-action ‘gap’ of top management, and risk aversion of top management for ‘senior management factors’; interdepartmental conflict, and



interdepartmental connectedness for ‘interdepartmental dynamics’; and departmentalisation, formalisation, and acceptance of political behaviour for ‘organisational systems.’ They also propose measures for each of their consequences of the market orientation: customer responses, business performance, and employee responses. Mediating these consequences are supply- and demand-side moderators. For example, they propose environmental moderators of the market orientation–business performance linkage, such as market turbulence, competition, and the general economy.

Kohli and Jaworski (1990) note that “[o]ur propositional inventory and integrative framework represent efforts to build a foundation for the systematic development of a theory of market orientation. However ... much work remains to be done in terms of developing a suitable measure of market orientation and empirically testing our propositions” (Kohli & Jaworski, 1990, pp 16-17).

They continued their work, and adaptations to the measures occurred in 1993. Jaworski and Kohli (1993) constructed, pre-tested and tested a 32-item market orientation scale under the three headings of ‘intelligence generation’, ‘intelligence dissemination’, and ‘responsiveness.’ Their validation analysis resulted in measure reduction to a 20-item scale. This scale, called the MARKOR scale, tests the degree to which an organisation is market oriented, rather than forcing an either/or evaluation (Kohli et al., 1993).

The scale has been used by other researchers, including Balabanis, Stables and Phillips (1997) in a United Kingdom study, Kaynak and Kara (2002 and 2004) in Central Asia and mainland China studies, and Siguaw, Simpson and Baker (1999) in their study of the influence of market orientation on channel relationships. In Gainer and Padanyi’s (2005) aforementioned review of 25 published studies attempting to connect market orientation with business performance, five used the MARKOR scale. They all found that market-oriented activities directly contribute to organisational performance (Gainer & Padanyi, 2005).

### ***The Deng and Dart (1994) Measures***

Deng and Dart (1994) reviewed marketing literature to arrive at their definitions of marketing concept and market orientation. Then they used robust procedure in analysing data from 248 Canadian firms to establish a four-component measure of market orientation.

Their components are customer orientation, competitor orientation, interfunctional coordination, and profit emphasis. They claim their 25-item scale is “a stepping stone in the development of better and more complete measures of market orientation” (Deng & Dart, 1994, p. 737).

Unfortunately, while Deng & Dart’s (1994) work incorporated consideration of Kohli and Jaworski’s (1990) research propositions, their study overlapped Kohli et al.’s (1993) development of the MARKOR scale. Deng and Dart’s (1994) measures have not enjoyed the same popularity as that measure; their’s remains relatively underemployed in the literature.

### ***Parsimonious Scales***

Several studies have tried to come up with a best way to measure market orientation, or distinguish which scale is best. For instance, Pelham and Wilson (1999) refer to Pelham’s unpublished doctoral dissertation study favouring Narver & Slater’s (1990) scale. It achieved the best reliability and validity scores. Others have worked to rationalise market orientation measures. Two attempts are outlined here – those by Deshpande and Farley (1999) and Gray et al. (1998).

In their study of corporate culture, customer orientation and innovativeness in Japanese firms, Deshpande et al. (1999) had compiled a nine-item scale to measure market orientation. It was derived from qualitative interviewing and literature review data. Deshpande and Farley (1999) sought to synthesise this measure with those devised by Narver and Slater (1990) and Kohli et al. (1993) to come up with a parsimonious scale. Their research involved a multi-national sample of 82 executives from 27 firms. Results led to the development of a new ten-item scale, which focuses on market activities. Specifically, it does not deal with notions of market orientation as culture, nor any non-customer related activities, such as collecting competitor information. Accordingly, their data-driven definition of market orientation was “the set of cross-functional processes and activities directed at creating and satisfying customers through continuous needs assessment” (Deshpande & Farley, 1999, p. 228). Definition proliferation thus continues.

The Gray et al. (1998) research involved 490 New Zealand business leaders. They attempted to reconcile Narver and Slater’s (1990), Jaworski and Kohli’s (1993) and Deng

and Dart's (1994) measures to come up with a 'better' way of measuring market orientation. Exploratory factor analysis of their study results confirmed 20 items for determining market orientation. The components are grouped under five headings: customer orientation, competitor orientation, interfunctional coordination, responsiveness, and profit emphasis. The dimensions of market orientation suggested by their solution "appear to have more in common with Narver and Slater's original model (Narver & Slater, 1990) than the later conceptualisation of Jaworski and Kohli (1993)" (Gray et al., 1998, p. 894). However, this scale, like the Deng and Dart (1994) one, has not received significant attention in the literature.

### ***Market Orientation 'Activity' versus Market Orientation 'Results'***

An issue not adequately addressed by the empirical studies is the importance of recognising that "simply engaging in market-oriented activities does not ensure the *quality* of those activities" (Kohli & Jaworski, 1990, p 16). Therefore, studies that have concentrated on determining whether organisations carry out marketing activities and have concluded that a firm is market-oriented or not as a result, actually may not have had a sound basis for doing so. The quality and extent of activities needs to be considered in addition to 'having' or 'performing' the function. This is linked to the aforementioned issue of self-scoring inventories involving only one executive in an organisation. Views within a management team are likely to be different (for example, see Narver & Slater, 1990). Similarly, as discovered by Deshpande et al. (1999), views of customers and others in the marketplace may be different again.

Methods of determining quality of market orientation may need to be devised. At the very least, studies should acknowledge the variability of view likely within an organisation and outside it.

### **2.1.5 Summary**

The following is a summary of what is evident from the literature on the marketing concept:

- The marketing concept is the guiding philosophy for a market-oriented organisation. Thus, the terms 'marketing concept' and 'market orientation' tend to be used interchangeably.

- The marketing concept tends to be multi-faceted, even although there is no consensus on each element. Consistent elements seem to be customer orientation, and integrated marketing and business efforts. A goal orientation is sometimes included. The importance of information and profitability, as well as consideration of competitors and the marketplace at large, feature highly in the literature. Profitability is also widely noted as either a component or, perhaps more logically, as a decision-making element or result of market orientation.
- There are many measures of market orientation. The most commonly used are Narver and Slater's (1990) measures, which are based on a 'cultural' view of market orientation, and Kohli et al.'s (1993) MARKOR scale, which is based on an 'activity' view of market orientation.
- Since 1990, a growing number of studies have attempted to link market orientation with business success. While results are promising, they are not universally conclusive.

## **2.2 Leadership**

The introduction to this thesis states there is no commonly held academic definition of leadership, despite it being the subject of much literature. 'Leadership' is another essentialist concept; no definition of it can be determined to be true or false (Popper, 1976). Further, "the quest for precision, in words or concepts or meanings, is a wild-goose chase" (Popper, 1976, p. 28), so this review considers leadership theories, rather than definitions. The theories provide means of understanding different perspectives on leadership styles, which might be considered appropriate in organisations.

There is a huge number of leadership theories. This part of the literature review summarises some of the renowned leadership theories, and briefly considers emerging themes in contemporary leadership literature. Organisational culture's impact on leadership is outlined, and some issues with measuring leadership style are noted.

### 2.2.1 Leadership Theory

For decades, leadership theory has been represented in text books as following three major themes: leadership as a combination of traits, identification of behaviours associated with effective leadership, and determining whether situational drivers dictate effective leadership approaches (for example, Inkson & Kolb, 2002; Robbins, Bergman, Stagg & Coulter, 2000; Stoner, 1982). Each approach – traits, behaviourism, and situational or contingency leadership – has spawned several theories about how leadership works.

### 2.2.2 Trait Theory

Whether leaders are born or made has been the subject of much rhetoric over the years. Trait theory is varyingly used to support or discount the notion that leaders are born. Cause and effect arguments apply, for “[i]f traits are ‘associated’ or ‘correlated’ with leadership, this does not necessarily mean that those traits ‘cause’ or produce leadership capability” (Inkson & Kolb, 2002, p. 313). In the 1940s trait theory lost favour, as analysis of research led to several conclusions, which were: attempts to select leaders based on traits had met with little success, many traits appeared to differentiate leaders from followers, different situations demanded different leadership traits, and considering only traits ignored interactions between leaders and their groups (Bass, 1990).

However, some traits are consistently identified in the literature as being associated with effective leadership: intelligence, assertiveness, ability to take risks, self-confidence, high energy and drive, task competence, willingness to take responsibility, willingness to absorb stress and tolerate frustration and delay, ability to influence others (Bass, 1981, 1990). Other studies add characteristics such as desire to lead, integrity, and knowledge of the business (Kirkpatrick & Locke, 1991). The literature of the twenty-first century refers to the ‘big five model’ of personality, which is based on seventy years of statistical research (Hogan & Hogan, 2004). The five dimensions of the model are extraversion/surgency (assertiveness), agreeableness, conscientiousness, emotional stability, and intellect/openness to experience (Hogan & Hogan, 2004). Of these, the most consistent predictor of both leadership emergence and effectiveness is the extraversion/surgency dimension (Hogan & Hogan, 2004). Today, then, some researchers still assert “who we are is how we lead” (Hogan & Kaiser, 2005, p. 169).

### 2.2.3 Behavioural Theories

The behaviourist models argue that effective leadership is not about what a leader ‘is’, rather it is about what a leader ‘does’ (Stoner, 1982). Thus, they suggest that many ‘traits’ of leadership, such as task competence and knowledge of the business, are in fact learned behaviours. Theories included in this cluster include the University of Iowa Studies (Bass, 1990), the Ohio State studies (Bass, 1990; Stogdill, 1974), the University of Michigan studies (Kahn & Katz, 1960), Likert’s four systems approach (Bass, 1990), and Blake and Mouton’s (1985) managerial grid.

Bass (1990) provides compelling insights suggesting these theories (and others) are variants of each other in terms of their attempts to explain leadership preference for use of power on an authoritarian-democracy continuum. The following summary of these theories confirms this view.

#### *The University of Iowa Studies*

Kurt Lewin and his associates explored three leadership styles in their studies: autocratic, democratic and laissez-faire styles (Robbins et al., 2000). The autocratic style is characterised by a leader who dictates work methods and makes unilateral decisions with limited employee participation (Robbins et al., 2000). A democratic leader delegates authority, involves employees in decision making, and uses feedback as an opportunity for coaching (Robbins et al., 2000). Laissez-faire leaders give employees freedom to make decisions and complete work the way they see fit (Robbins et al., 2000). Both democratic and authoritarian leadership implies and requires a high level of leadership activity and engagement, contrasted with laissez-faire leadership, which has low levels of leadership activity and engagement (Bass, 1990).

#### *The Ohio State University Studies*

These studies, led by Hemphill and his associates, posit that leadership can be differentiated on two factors: consideration and initiating structure. The factors were derived from various studies involving 150 statements reflecting expected leadership behaviours (Bass, 1990).

‘Consideration’ refers to the extent to which a leader has job relationships based on mutual trust and respect for employees’ contributions (Robbins et al., 2000) and the extent of concern shown for employee welfare (Bass, 1990). ‘Initiating structure’ refers to the extent to which a leader initiates group activity, organises it and details the way work is done (Bass, 1990). Features of initiating structure include maintaining standards and meeting deadlines, clear channels of communication and patterns of work organisation, and orientation toward the task and goal achievement (Bass, 1990). Leaders are categorised as high or low on each of these dimensions, with the most desirable leadership description being ‘high-high’ (Robbins et al., 2000).

Various issues undermine early confidence in this theory as one helpful for explaining leadership style, especially the vagaries of factors and factor analysis, and various instruments used to measure consideration and initiating structure (Bass, 1990). The different instruments (see Schriesheim & Kerr, 1974) were also the subject of rater-bias through unexplained modifications to measures, and inclusion of punitive, coercive, arbitrary behaviours in the initiating structure measures (Bass, 1990). Notably, though, organisational contingencies and culture emerged as factors contributing to the impact of a leader’s initiation and consideration (Bass, 1990) and hence the overall (perception of) effectiveness of leadership style.

### ***The University of Michigan Studies***

Researchers at the University of Michigan, in massive research effort over 27 years, accumulated evidence regarding production- versus employee-oriented leadership (Bass, 1990). Production-oriented leaders emphasise technical or task aspects of work, and are concerned mainly with accomplishing work tasks. Hence they regard employees as the means to that end (Robbins et al., 2000). Employee-oriented leaders emphasise interpersonal relationships by taking personal interest in the needs of their employees and accepting individual differences among them (Robbins et al., 2000).

From over 500 studies completed between 1950 and 1977 the University of Michigan researchers concluded that people-focused leadership results in higher productivity and greater employee satisfaction than production-focused leadership. (Bass, 1990).

Another variant of the democratic-autocratic debate, these studies went on to inspire thought regarding leadership patterns' organisational impact. In effect, Likert's (1961) system four leadership, and Blake and Mouton's (1985) managerial grid both provide more advanced conceptualisation of the autocratic-democratic style continuum. These theories are briefly outlined.

### ***Likert's Four Systems Approach***

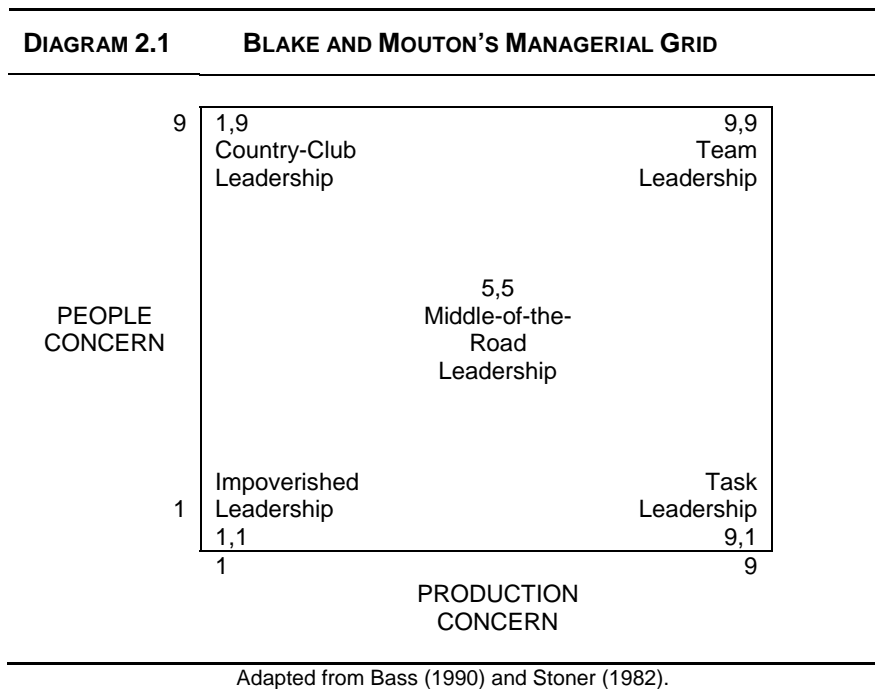
Likert's work considered and conceived of four systems of interpersonal relationships in large organisations (Bass, 1990), rather than directly considering leadership style per se. In this way his approach considers organisational culture, which impacts which leadership style can and perhaps should be adopted. Likert (1961) advocates movement away from systems (1) and (2), (1) being exploitative autocratic and (2) being benevolent autocratic, toward systems (3), consultative, and (4), democratic. This is tantamount to encouraging moves away from autocratic leadership to democratic leadership.

### ***Blake and Mouton's Managerial Grid***

Blake and Mouton (1985) conceptualised 'concern for people' and 'concern for production' in a nine-by-nine grid, pictorially summarised in Diagram 2.1.

'Impoverished' leaders, having little concern for production or people, put forward the minimum effort required to stay in the organisation (Bass, 1990). 'Task' leaders (Robbins et al., 2000; Stoner, 1982), also known as 'authority-obedience' leaders (Bass, 1990; Inkson & Kolb, 2002), focus on efficiency in operations, so that human factors interfere as little as possible. In contrast, 'country-club' leaders focus on thoughtful attention to the needs of people for satisfying relationships, leading to a comfortable, friendly organisational atmosphere and work tempo (Bass, 1990; Inkson & Kolb, 2002; Robbins et al., 2000; Stoner, 1982). 'Middle-of-the road' leaders, (Inkson & Kolb, 2002; Robbins et al., 2000; Stoner, 1982) also known as 'organization man' leaders, (Bass, 1990) achieve adequate organisational performance by seeking to balance getting the work done with maintaining staff morale. 'Team' (Bass, 1990; Inkson & Kolb, 2002; Robbins et al., 2000; Stoner, 1982) or 'democratic' (Stoner, 1982) leadership is profiled as the most effective style. These leaders achieve high task efficiency and high morale by coordinating and integrating work-related activities (Robbins et al., 2000) and building commitment, optimising trust and respect (Bass, 1990; Inkson & Kolb, 2002; Robbins et al., 2000).





### ***Behavioural Theories: Leadership Effectiveness***

The behavioural theories have much in common in relation to people and task foci, and descriptions of autocratic, democratic and laissez-faire styles. However, studies seeking to determine which leadership behaviour is most effective have met with mixed results (Bass, 1990; Robbins et al., 2000). While democratic or people oriented styles may result in higher employee satisfaction, they may not result in higher performance (Robbins et al., 2000). On the other hand, there is consensus from the research that laissez-faire leadership is the least satisfying and effective management style (Bass, 1990). Research results suggested that consideration of particular situations may explain differences in effectiveness (Bass, 1990), and thus in the 1970s leadership discussion widened to include situational theories. Some of these are outlined in the next section.

#### **2.2.4 Situational and Contingency Theories**

Tannenbaum and Schmidt (1973) raised the notion that managers had a choice in adopting a leadership style, and that they should take into account three separate “forces” before doing so: forces in the manager, forces in the subordinate staff, and forces in the situation. In other words, they suggested that effective leadership depends on a number of factors, not

simply the traits, or the behavioural style, and, further, that there is an interaction between a leader's traits and behaviour, and the situation in which the leader operates.

Thus, contingency or situational leadership theories aspire to identify the factors most important in a given work situation, with a view to predicting the leadership style that would be most effective (Stoner, 1982).

Arguably, the most popular situational models in the literature are Fiedler's least preferred co-worker model (Fiedler, 1965), House's (1971) path goal theory, Vroom and Yetton's (1973) leader participation model, and Hersey and Blanchard's life cycle theory of leadership (Hersey & Blanchard, 1993). Each model is briefly outlined here.

### ***Fiedler's Least Preferred Co-Worker Model***

Fiedler (1965) identified three elements in a situation that help determine the most effective leadership style: leader-member relations, task structure, and position power. He used eight combinations of these variables against his two types of leaders to determine what sort of leader was most effective in each situation. His two types of leaders he described as 'high LPC' and 'low LPC.' 'LPC' means 'least preferred co-worker', and refers to the descriptions leaders give of the one co-worker they have least enjoyed working with.

In fact, while Fiedler's model is a situational one, he actually posited that leadership style was relatively fixed (Robbins et al., 2000) as either high or low LPC (although results from some studies dispute stability of LPC scores [see Bass, 1990]). The leader's LPC is determined from a 16-18 attribute questionnaire regarding the leaders' feelings about the person with whom they work least effectively. A high-scoring LPC indicates a relationship-focused leader, and a low-scoring LPC indicates a task-focused leader (Bass, 1990). To this point, then, the model is not dissimilar from the behavioural ones. However, while the internal consistency and stability of LPC has been evidenced, its validity is a more complex question (Bass, 1990) and there is debate regarding whether LPC is measuring task orientation or something else (Bass, 1990).

In fact, the meaning of LPC is unclear and controversial and several researchers have attempted to give LPC alternative meanings, such as it being considered a measure of social distance, cognitive complexity, motivational priority, or a value-attitude continuum

(Bass, 1990). Fiedler's reconciled position was that "the main effects of LPC on a leader's behavior are weak in comparison to the effects of the interaction of LPC with the favourableness of the situation to the leader" (Bass, 1990, p. 501).

Therefore, the contribution of the theory rests in its contention that leadership style is suited or unsuited to a situation. However, this too is controversial.

Situational control can be described by very many variables, which Fiedler acknowledged (Bass, 1990). However, his model relies on just three variables – leader-member relations, task structure and positional power (Bass, 1990). Combinations of the three variables yield octants that describe a given situation, and the model, derived from research data, proposes the situations in which the high and low LPC leaders will be successful. While some studies have largely replicated the model's predictions of situations in which high and low LPC leaders' will be suitable, other studies and results within the octants have returned such variability, and even reverse results, that it is difficult to have confidence in the model (Bass, 1990).

Despite this, or perhaps because much about the model lends itself to empirical testing, pre-1990 it was the most widely researched leadership model (Bass, 1990).

### ***Path-Goal Theory***

While House (1971) is often attributed with path-goal theory, it has its roots in work done by Georgopoulos, Mahoney and Jones (1957), and has been continually modified based on research results (Bass, 1990). The path-goal approach is an exchange theory of leadership, attempting to explain why contingent reward works and how it influences the motivation and satisfaction of a leader's direct reports (Bass, 1990). It contends that leaders focus on clearing the 'path' for followers to achieve their 'goals' and providing the necessary direction or support to ensure those goals are compatible with organisational goals (Robbins, et al., 2000).

House and Mitchell (1974) contended that path-goal leadership was needed only in certain circumstances, in order to complement what is missing in a situation to enhance a person's motivation, satisfaction and performance. Factors that determine what is missing are the

environment being worked in, the task itself, and the motivation and competence of the employee (Fiedler & House, 1987).

There is empirical support for the path-goal theory of leadership (see House & Mitchell, 1974; Silverthorne, 2001; Wofford & Liska, 1993), but it is a complex theory and it has proved difficult to test the theory's deduced relationships (Bass, 1990). Deduced relationship results have been varied and even contradictory (Bass, 1990; Wofford & Liska, 1993). Further, often the path-goal research uses the behavioural bases of 'consideration' and 'initiating structure' (from the Ohio State University studies mentioned earlier) and their interplay to explain and understand group satisfaction and effectiveness (Bass, 1990). As such, much of the criticism of the theory stems from how to measure the variables. In their meta-analyses of 120 studies that tested path-goal theories' hypotheses, Wofford and Liska (1993) recommended that "a more fruitful course for future research is to move away from the examination of broad leadership styles and place emphasis on the determinants and effects of short-term leader behaviors" (p. 875).

#### ***Vroom and Yetton's Leader Participation Model***

Vroom and Yetton (1973) argued that leader decision behaviour must adjust to reflect the demand characteristics of the situation (Bass, 1990). Their model is a decision-tree comprising seven yes-no questions about the situational demands. These contingency variables are: quality requirement, leader's information, problem structure, importance of employee acceptance, employee commitment, employee-organisation goal congruence, and likelihood of employee conflict. Answers to the questions indicate the type of leadership style that is required to generate a positive outcome. They posit seven alternative leadership responses ranging through directive, consultative, participative and delegative styles.

The Vroom-Yetton model was derived from rigorous deduction, and it lends itself well to empirical testing (Bass, 1990). Such research has both supported and refuted the model (Bass, 1990).

Vroom and Jago (1988) revised the model to expand the number of contingency variables to twelve, and five point ratings were substituted for the yes-no responses (Bass, 1990). Effectiveness and commitment were also added as alternative outcomes a leader might seek

(Bass, 1990). They developed a computer model to help manage the complexity the additions created (Vroom, 2004), and this new leader participation model, together with its upgraded version in 2000, has allegedly considerably improved the validity of the original Vroom-Yetton construction (Bass, 1990; Vroom, 2004).

### ***Hersey and Blanchard's Life Cycle Theory of Leadership***

Hersey and Blanchard's model was developed in the 1960s based on understanding of empirical research, and it has been successively adapted (Hersey & Blanchard, 1993).

The model again identifies task-oriented behaviour and relationship-oriented behaviour, and categorises each as either high or low. The combinations are reflected in a two-by-two grid to show four different leadership styles: telling, selling, participating and delegating. Their model further maintains that the right leadership style is contingent on the level of the followers' maturity – in terms of willingness and ability to take responsibility for directing their own behaviour – since it is the followers who accept or reject the leader.

Their 'Leadership Effectiveness and Adaptability Description' (LEAD) questionnaire provides brief descriptions of twelve different situations with four different response choices, which correspond to the leadership styles. They propose there are 'right' or most effective leadership responses, and these afford the highest scores. As a result of completing the questionnaire, leaders can determine if they do use the 'correct' style for the situation, or if they have a predisposition to a particular mode of leadership.

The model has been widely criticised for its lack of rigour, and "fuzzy" prescription and application (Bass, 1990). Several studies have found considerable fault with it, its premises and the results it achieves (Bass, 1990). Bass (1990) reports Blake and Mouton's belief that all of the LEAD questions require a fifth choice, which reflect their 9,9 'team leadership' style. These views were supported by positive research findings, resulting in the observation that "emphasis on the maturity of the subordinates to determine when direction or participation is appropriate is of minor importance, in contrast to a number of other variables [involved]" (Bass, 1990, p. 493). Other researchers question whether leaders should vary their style to suit the situation or whether consistency is more desirable. Evidence is mixed (Bass, 1990), and it is unlikely that leaders will meet all people's expectations in this regard.

Yet the model is still used in modern research (for example, Silverthorne, 2000; Silverthorne & Wang, 2001). It has some empirical support as an approach to improve learning and it does appear to be popular in this setting (Bass, 1990). Its intuitive appeal as a leadership development tool may be in its capacity to encourage authoritarian managers to be more flexible in response, and to legitimate the democratic manager's decision to take a directive approach at times (Bass, 1990).

In 1982, the model was revised by Blanchard and three associates, and subsequently referred to as Situational Leadership<sup>®</sup> II (The Ken Blanchard Companies, 2001). In this model, the four leadership styles were relabelled to directing (instead of telling), coaching (instead of selling), supporting (instead of participating), delegating (no change). 'Development level' replaced maturity; and 'competence' and 'commitment' replaced ability and willingness, respectively. There was corresponding change and development of the leadership style measurement instruments.

Numerous dissertations, theses and research papers have been written about the model. The mixed results are explained by The Ken Blanchard Companies (2001) as being "confounded by differing levels of understanding of the model and review of the research" (p. 7). They call for researchers to be consistent in using the latest research instruments, rather than older versions, and suggest that greater emphasis be given to "match" studies, which examine leadership style in relation to employee perceived development level on a specific goal or task. If researchers are seeking significant findings, they respectfully draw attention to the multitude of findings that preclude demographic variables, other than perhaps gender, from being robust indicators of leadership style.

### **2.2.5 Transactional and Transformational Leadership**

In the late 1970s, Burns (1978) suggested that leadership can be considered transactional or transformational. Bass's (1985a) development of these ideas is credited with reigniting interest in leadership research during the 1980s and 1990s (Antonakis, Cianciolo & Sternberg, 2004).

Transactional leadership focuses on tasks, communication, interplays of values, needs and influence (Burns, 1978; Inkson & Kolb, 2002). Transformational leaders are people who inspire followers to achieve a totally different organisation, based on the leader's vision, but also built on the followers' needs and aspirations (Bass, 1985a). They do this by raising followers' "level of consciousness about the importance and value of designated outcomes and ways of reaching them; [they get] ... the followers to transcend their own self-interests for the sake of the team, organization, or large polity; and [raise] ... their level of need on Maslow's ... hierarchy from lower-level concerns for safety and security to higher-level needs for achievement and self-actualization" (Bass, 1990, p. 203). A third aspect of this leadership paradigm is sometimes noted: 'nontransactional' or 'laissez-faire' leadership (Gardner & Stough, 2002). This 'do nothing' style creates a negative relationship between the leader and the performance of direct reports (Gardner & Stough, 2002). Laissez-faire leadership formed part of the University of Iowa studies mentioned earlier. In fact, the transformational and transactional leadership models are hybrid approaches (Sashkin, 2004) that borrow from all of trait, behavioural and contingency theories of leadership.

Factor analytic studies reported by Bass (1990) suggest transformational leadership is conceptualised on four correlated dimensions: charismatic leadership, (later changed to 'idealised influence' [Hinkin & Tracey, 1999],) inspirational leadership, (later changed to 'inspirational motivation' [Hinkin & Tracey, 1999],) intellectual stimulation, and individualised consideration. "Factorially, transactional leadership is contingent reinforcement, expressed usually as contingent reinforcement and management by exception" (Bass, 1990, p. 54). The Multifactor Leadership Questionnaire, known as MLQ, measures the factors in transactional and transformational leadership. It is now in its fifth version (Avolio, 2004). Studies reported by Bass (1990) and Avolio (2004) suggest it is a robust instrument, although research during the 1990s leaves others unconvinced (for example, Hinkin & Tracey (1999) cite several dissenting studies).

In response, several researchers have embraced the concepts of transformational and transactional leadership and developed their own views of how leadership traits, behaviours and/or situational contexts interact to be described as 'transformational.' In an overview of eight such approaches, Sashkin (2004) identifies three *personal characteristics* that are common to most of those transformational leadership theories: vision, need for and use of

‘power,’ and self-confidence. Three common *behavioural variables* emerged in his analysis: expression of vision, expression of power (thus mirroring two of the common personal characteristics), and expression of respect and concern for others. Sashkin (2004) observes that *context* is dealt with least consistently; some of the eight approaches he reviewed ignore it altogether. However, for those that employed it, organisational context was most often considered in terms of the culture of the organisation, and some theories noted the importance of the context provided by the external environment.

In general, studies on the transformational-transactional leadership paradigm have revealed that direct reports who rate their leaders as transformational also say that the organisations they lead are highly effective, that they are prepared to work hard and exert extra effort for transformational leaders, and they prefer working for them over transactional leaders (Bass, 1990). Levels of commitment, cohesion, potency, identification, trust and satisfaction are higher (Avolio, 2004). There is also growing evidence that transformational leadership is associated with positive impact on both individual follower and work-group performance (Avolio, 2004). However, it is best remembered that transactional and transformational approaches should not be seen as alternative or opposing approaches (Bass, 1985b; Seltzer & Bass, 1990), as “transformational leadership augments the effects of transactional leadership on the efforts, satisfaction, and effectiveness of subordinates” (Bass, 1990, p. 53). Therefore, “the tendency to rewrite history, ‘upgrading’ good, solid transactional leaders and managers to the more glorious role of ‘transformational leader’ ... [is to be avoided, for] most transformational leaders also tackle one transaction at a time to share their vision and get acceptance from others” (Inkson & Kolb, 2002, p. 320).

As with the Hersey and Blanchard model, training and development programmes that teach transformational leadership theories and use methodologies that employ their principles, result in beneficial change in leadership behaviour on-the-job (Bass, 1990). Overall, though, while Bass (1990) contends that much of the research of the 1980s “was initiated with this new paradigm in mind” (p. 902), he also believed “[m]uch more still needs to be done, especially in teasing out the dynamics involved” (p. 902). His call to action was answered, and transactional and transformational leadership approaches have been “the most widely researched constructs in the leadership literature throughout the 1990s” (Avolio, 2004, p. 1558), a situation which is predicted to continue (Avolio, 2004). (For



example, see Avolio, Howell & Sosik, 1999; Gardner & Stough, 2002; Hinkin & Tracey, 1999; Jung & Avolio, 2000; Oshagbemi, 2004; Palmer, Walls, Burgess & Stough, 2001; Sashkin, 2004.)

### **2.2.6 Contemporary Literature**

#### ***Attribution Theory***

Contemporary literature is trending towards applying attribution theory to leadership – that is, making sense out of cause and effect relationships (Robbins, et al., 2000). This means relatively narrowly defined aspects of leadership, such as charisma, influence and power, credibility, vision, primal leadership, and emotional intelligence are receiving attention (for example, Goleman, Boyatzis & McKee, 2002; Kouzes & Posner, 1993; Nanus, 1992). Notably, many of these issues are components of the broader transformational leadership thinking, and they are not discounted by the other theories – especially contingency theories, where the aim has to be to ‘apply the right amount’ for the particular situation. Therefore, the resulting efforts from attention on specific issues inform the more complex realm of transformational and transactional leadership paradigms.

#### ***Zenger and Folkman’s Work***

Ulrich (2002) claims that Zenger and Folkman’s (2002) work complements and builds on the results-based leadership contribution of Ulrich, Zenger and Smallwood (1999). Ulrich et al. (1999) believe that leadership is a multiplication-factor-combination of attributes and results. Their book, though, focuses on results, while Zenger and Folkman’s (2002) book focuses on attributes.

Zenger and Folkman (2002) acknowledge the overabundance of literature on leadership and the possibility that it shows more about what is not known than about what is known. In their research on extraordinary leaders they strived, unsuccessfully, to identify one, two or three common leadership capabilities. They concluded, “[t]here clearly is no one pattern that covers all organizations, nor leaders within any one organization. Our data support the conclusion that effective leadership is incredibly complex and diverse. Providing one simple key to leadership is just not workable” (p. 19). However, they later state that “[l]ove, desire, motivation, inspiration, and passion are in the final analysis the greatest differences between good leaders and great leaders” (p. 136).

Empirical factor analysis of their data of over 200,000 assessments on over 25,000 leaders resulted in development of their conceptual framework of five clustered leadership elements, working together like the poles of a tent. The centre pole of the model is ‘character,’ and the four side poles are ‘personal capability,’ ‘focus on results,’ ‘interpersonal skills,’ and ‘leading organisational change.’ They note that “for many leadership roles, the first four tent poles may be all that are required, ... [for] it is not until a person gets into leading broad, strategic change that the final tent pole is required” (p. 15). Acknowledging the contribution of the competency movement to understanding about leadership behaviour and the prevalence of this approach in leadership development, Zenger and Folkman’s (2002) model identifies 16 competencies, which are associated with the five leadership poles.

Importantly, these researchers present twenty insights about leadership, many of which they claim to be new ideas. They are also useful for developing good leaders into great leaders, which is the major purpose of their work. These twenty insights are (Zenger and Folkman, 2002, pp. 15-27):

1. Great leaders make a huge difference, when compared to merely good leaders.
2. One organization can have many great leaders.
3. We have been aiming too low in our leadership development activities.
4. The relationship between improved leadership and increased performance outcomes is neither precisely incremental nor is it linear.
5. Great leadership consists of possessing several “building blocks” of capabilities, each complementing the others.
6. Leadership culminates in championing change.
7. All competencies are not equal. Some differentiate good from great leaders, while others do not.
8. Leadership competencies are linked closely together.
9. Effective leaders have widely different personal styles. There is no one right way to lead.
10. Effective leadership practices are specific to an organization.
11. The key to developing great leadership is to build strengths.
12. Powerful combinations produce nearly exponential results.
13. Greatness is not caused by the absence of weakness.

14. Great leaders are not perceived as having major weaknesses.
15. Fatal flaws must be fixed.
16. Leadership attributes are often developed in nonobvious ways.
17. Leaders are made, not born.
18. Leaders can improve their leadership effectiveness through self-development.
19. The organization, with a person's immediate boss, provides significant assistance in developing leadership.
20. The quality of leadership in an organization seldom exceeds that of the person at the top.

Zenger and Folkman's model has been used in New Zealand organisations with some degree of success. For example, HortResearch won the Human Resource Institute of New Zealand's 2005 HR Initiative of the Year Award with their Zenger and Folkman (2002)-based leadership development programme. Over two years HortResearch recorded significant improvement in personal and leadership effectiveness and in the morale of staff whose leaders participated in the programmes. A number of other organisational measures improved during this time, such as a reduction in the number of disengaged employees and voluntary employee turnover (HRINZ, 2006). The American-based Zenger Folkman Company assists organisations with this empirically based model, which must be tailored to achieve optimal organisational effectiveness.

### ***Current Writing***

Finally, a brief review of contemporary activity would not be complete without at least acknowledging that current literature is full of individuals positing leadership insight in many settings. For instance, as well as business books, which Hogan and Kaiser (2005) harshly assert are mostly "empirical nonsense" (p. 174), there is a wide range of biographical and autobiographical contributions from not only business (for example, Welch & Byrne, 2001), but also political (for example, Edward, 2001), community, and sporting leaders (for example, Matheson, 2006; Sefton, 2004). These works may make interesting reading, but, as Hogan and Kaiser (2005) suggest, their contribution to rigorous research-based debate on leadership is lacking.

### **2.2.7 Organisational Culture and Leadership**

People in organisations “develop a set of mutually acceptable ideas and beliefs about what is real, what is important, and how to respond. The culture of an organization is this shared learned pattern of behavior, transmitted from one generation to the next” (Bass, 1990, p. 586). Organisational culture includes and embodies symbols, language, ideology, belief, ritual and myth (Pettigrew, 1983).

Leaders play an important role in transmitting an organisation’s culture and values (Kouzes & Posner, 1987), and the profound impact top leaders have is especially noticeable when they are replaced (Pettigrew, 1983). New leaders result in changes in organisational systems of belief, power relationships, and, ultimately, organisational culture (Pettigrew, 1983). However, leaders both influence and are constrained by their organisational context, for “man creates culture and culture creates man” (Pettigrew, 1983, p. 97). It is in this way that leadership style is important in relation to organisational culture. “Cultural norms arise and change because of what leaders tend to focus their attention on, their reactions to crises, their role modeling, and their recruitment strategies” (Bass, 1990, p. 588). “[L]eadership and culture are two sides of the same coin” (Schein, 2004, p. 1).

Precisely how leadership and organisational culture interact is the subject of an emerging area of research (for example, Koene, Vogelaar & Soeters, 2002; Sala, 2003). However, the constant interplay between them is evident when considering the summaries of leadership theories in this review. The overviews of Likert’s System Four leadership, the Ohio State University Studies, the transformational leadership paradigm, and Zenger and Folkman’s (2002) work all specifically noted the impact of organisational culture. The role of leaders in transmitting organisational culture and values is easily inferred from the other theories as well.

### **2.2.8 Issues with Measuring Leadership Style**

Theories of leadership have spawned development of (sometimes several) ways to measure the particular style a leader has. Leadership style inventories are useful in that they help managers understand their own leadership preferences and may help leaders learn to be

flexible (Belasco, 2005). However, Belasco (2005) stresses that inventories are an information tool, not a decision tool.

Over the years access to leadership measures has become increasingly problematic, with significant intellectual property and copyright issues emerging. For example, Hersey and Blanchard's situational leadership tests are covered by licensing agreements, which has given rise to the opening of consulting business offices around the globe. As a further complication, The Center for Leadership Studies operates the Situational Leadership<sup>®</sup> model, and Blanchard International Group operates Situational Leadership<sup>®</sup> II, a development by Ken Blanchard and others, which has been discussed earlier.

So, too, the popularity of measuring leadership style has meant development of many more theories of leadership that have been copyrighted to particular consulting firms. Human Synergistics Leadership/Impact<sup>®</sup> Model is an example (Jones, Dunphy, Fishman, Larne & Canter, 2006).

Ultimately, though, measuring leadership style against a particular theory may be restrictive in what is discovered. As Bass (1990) observes, "disciplinary backgrounds, theoretical preferences, and preconceptions ... limit the range of research" (p. 888). It is certain if researchers use a particular theory, one of those theory's styles will emerge to be proved or disproved in a particular situation. In this way, possibly improving understanding of important facets of leadership style is ignored in the quest to fit leadership into the pre-determined patterns of a pre-determined theory. Further, as this review of the literature shows, "the potential exists for considerable integration among the models (Bass, 1990, p. 892). Moreover, at times the quest is not to prove or disprove a theory. Rather, as in a study such as this one, it is about gaining some useful measure of leadership style. 'Useful' becomes a contentious matter, of course, as highlighted in this review of the literature. There is no one right way to measure leadership style. Reconciling this issue is one of the challenges to be addressed by the research methodology, which is discussed in Chapter Three.

### **2.2.9 Summary**

The following is a summary of what is evident from the literature on leadership:

- Leadership is multi-faceted. Leadership theory considers traits, behavioural, and situational/contingency approaches.
- Transformational leadership currently dominates leadership research in the form of both attribution theory and the full conceptualisation of transformational versus transactional leadership.
- Organisation culture and leadership are interrelated.
- Measuring leadership style is increasingly difficult with intellectual property and copyright issues restricting accessibility.

## **2.3 The Role of Leadership and the Impact of CEOs**

This section briefly considers the role and impact of CEO leadership in organisations, including the CEO's impact on adoption of the marketing concept.

### **2.3.1 CEOs and Organisational Performance**

CEOs are widely honoured or condemned for all that happens or does not happen in their organisations. Their accountability for the performance of their organisations seems undisputed. In fact, if they slide from such responsibility, criticism abounds (for example, see Mainiero (1994), or any business-results articles in newspapers). In this context, accountability and impact may be considered interchangeably.

Overwhelming consensus that all organisational success or failure is attributed to CEOs, though, may stifle enlightened understanding of the full set of dynamics at work. This was a notion Jim Collins (2001) wanted to look past in the study he led trying to explain the sustained excellent performance of companies: "I gave the research team explicit

instructions to *downplay* the role of top executives so we could avoid the simplistic ‘credit the leader’ or ‘blame the leader’ thinking common today” (p.21). However, results indicated they could not avoid the role of the leader. One of the surprising findings was that CEOs Collins (2001) referred to as ‘Level 5 leaders’ “channel their ego needs away from themselves and into the larger goal of building a great company. It’s not that Level 5 leaders have no ego or self-interest. Indeed, they are incredibly ambitious – but their ambition is first and foremost for the institution, not themselves” (p.21). As emphasised in the first part of this review, adoption of the marketing concept requires that the organisation’s work is grounded with the customer in the marketplace. Adopting this strategy, then, similarly requires a channelling of ambition away from notions of direct personal aggrandisement.

Because CEOs are accountable for their organisations’ performance and the means to achieve results, they must influence the priority a market orientation has in strategy selection. It is tautological. Research, though, does not appear to have directly and specifically investigated the CEO–marketing concept relationship.

Instead, much of the literature on CEO impact on organisations focuses on their pay in relation to financial performance of the business (for example, Tosi, Misangyi, Fanelli, Waldman & Yammarino, 2004; Zajac, 1990) or their impact on the management team or locus of control in organisations (for example, Boone, de Brabander & Hellemans, 2000; Boone, de Brabander & van Witteloostuijn, 1996; Kisfalvi & Pitcher, 2003; Peterson, Smith, Martorana & Owens, 2003). Other research shows the criticality of CEOs to business performance. Issues that have been explored include CEO’s impact relative to the environment (for example, Analoui & Karami, 2002; Waldman, Ramirez, House & Puranam, 2001), CEO satisfaction and firm performance (for example, Daily & Near, 2000), CEO values (for example, Agle, Mitchell & Sonnenfeld, 1999), the importance and relevance of charisma (Awamleh & Gardner, 1999; Waldman & Yammarino, 1999), and sources of CEO power in relation to financial performance (Daily & Johnson, 1997). Other studies have had interesting findings, not directly sought, such as Finley and Buntzman’s (1994) discovery in their study of two industries that business performance appeared to be inversely associated with CEO age.

### **2.3.2 Leadership and the Marketing Concept**

Management's commitment to the marketing concept impacts on its adoption. This has been generally accepted and implied in the literature. For example, Zenger and Folkman (2002) suggest that leaders impact on employees, who impact on customers, who impact on profits. Blanchard, Ballard and Finch (2005) similarly advocate that appropriate leadership throughout the organisation is relevant to building a customer-focused company (not to be confused with a market-oriented company, which is generally considered to have a broader perspective). In addition, several studies of marketing concept cite the importance of top management's commitment to it, if the organisation is to accrue the desired benefits of market orientation (for example, Jaworski & Kohli, 1993; Kohli & Jaworski, 1990, 1999; Mohr-Jackson, 1991, in the form of designing appropriate reward structures; Narver, Slater & Tietje, 1998; Turner & Spencer, 1997, in the form of impact on organisational culture; and Webster, 1988). However, as already remarked, commitment in the form of leadership style at the CEO level does not appear to have been studied in detail. This includes consideration of whether the CEO's leadership style, as opposed to endorsement of the premises of the marketing concept, has any bearing on adoption of a market orientation.

This is not to say CEOs have been ignored in the marketing literature. That is not the case. For example, Ambler (2001) challenges CEOs to take marketing performance and brand assessment more seriously. He rationalises that "[i]n basic terms, marketing is the business of creating and regenerating cash flow" (Ambler, 2001, p.12), which is clearly the concern of the CEO.

### **2.3.3 The Role of Organisational Culture**

The CEO's influence on market orientation may come through organisational culture. Leaders, and notably the CEO, have impact on the organisational culture (Pettigrew, 1983; Schein, 2004), as has been discussed in the leadership part of this review. The marketing concept section highlights many researchers' views that market orientation and organisational culture are related. Some scholars, Turner and Spencer (1997), for example, go further to acknowledge the impact CEO behaviours and management commitment have on giving meaning and life to organisational imperatives and culture. In particular, "[i]f management wants employees to put the customer first, they must do so themselves" (Turner & Spencer, 1997, p. 119).



Slater and Narver's (1995) model of the learning organisation also provides relevant input. They believe a market orientation is the cultural foundation of a learning organisation. Specifically, to realise the benefits of a learning organisation, they propose the need for leaders, including the CEO, to be transformational or facilitative. Their beliefs do not appear to have been tested.

Fundamentally, though, management's impact on culture and adoption of the marketing concept may be tempered with earlier-mentioned research indicating that managers in the same organisation may have different perceptions of the extent and value of marketing activities undertaken in their business (Gray et al., 1998; Kaynak & Kara, 2002). Human nature is such that this might be expected. Nevertheless, these different views could translate into different leadership emphasis, which could result in poor strategy and tactic coordination and integration throughout an organisation. That would dilute the possibility of full adoption of the marketing concept, or, as Gray et al.'s (1998) research results suggest, compromise achievement of optimal return on investment. CEOs have a role to play in mitigating any such effect.

As noted at the beginning of this part of the review, CEOs are held accountable for business's bottom lines. Therefore it is their role to ensure their organisations have the necessary culture and expertise – at all levels – to implement the strategies believed to achieve or exceed targeted business performance. The CEO needs to ensure organisational imperatives are shared throughout the organisation. Their leadership is relevant to this. However, it is the successful exercise of influence and leadership by more than the CEO that impacts organisational effort. Therefore, it is important to consider whether the CEO's leadership style permeates the layers of the organisation to enable impact. Certainly, Jack Welch, arguably one of America's most quoted ex-CEOs acknowledged the difficulties of top leaders having their messages appropriately shared in the organisation when he made statements like, "I needed to connect with managers deep in the organization, without my message becoming interpreted by layers of bosses" (Welch & Byrne, 2001, p. 170).

### **2.3.4 The Research Question**

This review shows that CEOs, as the top managerial leaders, are accountable for their organisations' results. A market orientation can be considered an important result for organisations adopting this philosophy and believing in its capacity to deliver optimal business performance. Yet, in relation to the adoption of the marketing concept in the organisation, there appears to be no published knowledge on whether CEO leadership style facilitates or moderates adoption of a market orientation. This issue is worthy of study.

The research question is: "Does CEO leadership style impact on adoption of the marketing concept?"

### **2.3.5 Summary**

The issues in this part of the review can be précised as follows:

- As the top managerial leaders in organisations, CEOs have an impact on, and are accountable for, organisational performance. They also have impact on the culture of the organisation.
- Literature cites the importance of top management support for achieving adoption of the marketing concept.
- The impact CEO leadership style may or may not have on adoption of the marketing concept does not appear to have been specifically investigated.
- The research question is: "Does CEO leadership style impact on adoption of the marketing concept?"

## Chapter Three: Methodology

This chapter is divided into three parts. The first part explores the research methodology used to answer the research question: ‘Is there any relationship between CEO leadership style and adoption of the marketing concept?’ The second part describes the research participants. The third part describes the approach used in this study to report results.

### Outline:

- 3.1 The Research Methodology
  - 3.1.1 Exploratory Research
  - 3.1.2 Case Study Methodology
    - Advantages
    - Concerns
    - Generalisation
    - The Role of Multiple Case Studies
  - 3.1.3 Research Design
    - Rival Propositions
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  - 3.1.4 Research Strategies
    - Identification of Case Study Sites
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  - 3.1.5 Summary of Research Events
- 3.2 The Research Participants
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- 3.3 Approach to Reporting Results
  - 3.3.1 The Case Study Organisations
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  - 3.3.3 Understanding Leadership Style Data
  - 3.3.4 Aggregated Results

## **3.1 The Research Methodology**

### **3.1.1 Exploratory Research**

In academic circles there is much debate regarding paradigms driving research methodology (Padgett, 2004). Yet for those who must remain “grounded in practical applications of extant knowledge” (Padgett, 2004, p. 6), it is believed that pragmatism is appropriate. “The choice of quantitative or qualitative methods should be driven by the topic, not by allegiance to a paradigm” (Padgett, 2004, p.5). In particular, it is noted that qualitative methods, appropriately selected, offer strength and rigour to the pursuit of understanding, and “[w]hen it comes to human factors, ... qualitative researchers have the market cornered” (Padgett, 2004, p.4).

The literature review in Chapter Two indicates that this study covers a hitherto untapped research question. It also shows that investigating this research question is not straightforward, ergo an exploratory study was the place to start. The applicability of qualitative research’s central tenets of flexibility, naturalism and immersion (Padgett, 2004) match well with the needs of a study such as this one. Thinking about the questions is important, rather than prematurely quantifying restricted data in an attempt to measure behaviour or process (Hayes, 1997).

Open-mindedness is critical in an exploratory study, so methodology needs to be flexible enough to allow the true issues to surface. Certainly, “qualitative research never follows a straight and narrow path. It zigzags, banks around curves, takes forks in the road, and even makes U-turns” (Padgett, 2004, p. xxi). In fact, though, this advantage can become the weakness. Undisciplined digression can result in losing sight of the central research question. Therefore, the methodology needs to be structured enough to help avoid this vulnerability and enable a focus on answering the research question.

In selecting both the particular qualitative methodology and research strategies/instruments, consideration was given to the commonalities in the two main concepts of the study: market orientation/marketing concept and leadership. As noted in the literature review, ‘culture’ emerged as a prominent connecting theme, given the interrelationship of both CEO leadership and market orientation/marketing concept with organisational culture.

Case study methodology emerged as the most suitable means of exploration. In the following section, the case study methodology is discussed and a rationale proposed for why it is a good match for the research question.

### **3.1.2 Case Study Methodology**

“A case study is an empirical inquiry that:

- investigates a contemporary phenomenon within its real-life context; especially when
- the boundaries between phenomenon and context are not clearly evident.” (Yin, 2003, p. 13).

‘Case study’ is a methodology embraced by business and management, perhaps because “a significant trend may be toward appreciating the complexity of organisational phenomena for which the case study may be the most appropriate research method” (Yin, 1989, p. 12). “[T]he case study allows an investigation to retain the holistic and meaningful characteristics of real-life events – such as ... organisational and managerial processes” (Yin, 1989, p. 14), thereby facilitating understanding of the workplace’s complex social phenomena. Yin (1989) asserts that “[i]n general, case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context” (p. 13). Importantly in these situations, “the case study’s unique strength is its ability to deal with a full variety of evidence – documents, artefacts, interviews and observations” (Yin, 2003, p. 8). Further, even although it is not their only application, case studies are commonly used in an exploratory stage of an investigation (Yin, 2003).

Certainly, all of these case study characteristics are particularly relevant to this investigation. While the research question is primarily concerned with whether CEO leadership style impacts on adoption of the marketing concept, if such an influence *is* identified, the next logical inquiry is ‘*how* does CEO leadership style impact?’ In this event, while answering ‘how’ is not part of the research, the case study method provides the possibility of exploring and positing ideas or concepts. Such building of explanations is appropriate and relevant for exploratory case studies as part of the hypothesis-generating process (Glaser & Strauss, 1968; Yin, 2003), but in going this extra step it must be remembered that exploratory research is not concerned with making causal statements. The goal “is not to conclude a study, but to develop ideas for further study” (Yin, 2003, p. 120).

### ***Advantages***

Case study research provides advantages of accessibility; seeing results through the researcher’s perspective, or rather that of the theory they are adopting; and decreased defensiveness regarding results and thereby enhanced capacity to learn from the study (Donmoyer, 2000). As noted earlier, though, the case study’s unique strength is the ability to use more than one strategy within the research (Yin, 2003). Layers of evidence can be collected from the likes of interviews, documents, direct observation, and surveys. The layers can then be analysed to determine whether the information provides corroboratory or contrary evidence (Yin, 2003). This is a significant factor in the current research, given that information, views and evidence need to be collected about both the marketing concept and the CEO’s leadership style.

### ***Concerns***

Case study method is not without its concerns, though, and these too are relevant for this research. These concerns about the method centre on lack of rigour with biased views influencing the direction of findings and conclusions; the length of time they take to do and the resulting lengthy, potentially unreadable documents reporting the results; difficulty in doing them well; and the notion that they provide little basis for scientific generalisation (Yin, 2003). While all of the concerns can be overcome by using good research practice, and attempts have been made to ensure this in this study, the last mentioned issue is arguably the most problematic. As such, it is worthy of further consideration.

### ***Generalisation***

Researchers debate different views of generalisability, and Donmoyer (2000) argues that “thinking of generalizability solely in terms of sampling and statistical significance is no longer defensible or functional” (p. 46). He favours a “schema theory view of generalizability” (pp. 62-63) in which case “the purpose of research is simply to expand the range of interpretations available” (p. 63). In this way, the “uniqueness [offered by exploratory case study research] is an asset rather than a liability” (p. 63) for it assists with expanding cognitive structures.

Stake (2000) agrees that case studies are not a suitable basis for nomothetic or nomic generalisation, but he argues that case studies “have an epistemological advantage over other inquiry methods as a basis for *naturalistic* generalization” (p. 24, emphasis added). Nomothetic generalisation is based on data representative of some population (Lincoln & Guba, 2000), whereas naturalistic generalisation “is more intuitive, empirical, based on personal direct and vicarious experience” (Lincoln & Guba, 2000, p. 36).

Lincoln and Guba (2000) prefer Cronbach’s (1975) notion that “any generalisation is a working hypothesis, not a conclusion” (p. 125) and favour the concept of ‘transferability’ being assessed by considering similarities between the case study and the situation in question.

Yin’s (1989) view is that “case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes. In this sense, the case study ... does not represent a ‘sample,’ and the investigator’s goal is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization)” (p. 21). He describes “analytic generalization” as being where “a previously developed theory is used as a template with which to compare empirical results of the case study. If two or more cases are shown to support the same theory, replication may be claimed. The empirical results may be considered yet more potent if two or more cases support the same theory but do not support an equally plausible, *rival* theory” (Yin, 2003 pp. 32-33).

Finally, Gomm, Hammersley and Foster (2000) assert that “to deny the possibility of case studies providing the basis for empirical generalizations is to accept the views of their

critics too readily .. [for] in practice, much case study research has in fact put forward empirical generalizations” (p.98).

### ***The Role of Multiple-Case Studies***

The logic of multiple-case studies rests in replication and hence in increasing the potential for generalisation. If similar results occur in separate cases, replication can be said to have occurred (Yin, 2003). “Each case must be carefully selected so that it either (a) predicts similar results (a *literal replication*) or (b) produces contrasting results but for predictable reasons (a *theoretical replication*)” (Yin, 2003, p. 47).

For literal replications, Yin (2003) comments that more cases expand the external generalisability of findings. Having multiple-case studies also blunts criticisms about single-case studies representing a unique or artefactual condition (Yin, 2003). There is no formula for determining the optimum number of cases. Rather, it is a matter of discretionary, judgemental choice, depending on the certainty sought from results (Yin, 2003). Two or three literal replications may be sufficient, but if rival theories have subtle differences or a high degree of certainty is sought, five, six or more cases may be appropriate (Yin, 2003).

The guide for the number of case studies to be included for theoretical replication is complexity of external validity. “When you are uncertain whether external conditions will produce different case study results, you may want to articulate these relevant conditions more explicitly at the outset of your study and identify a larger number of cases to be included. ... In contrast, when external conditions are not thought to produce much variation in the phenomenon being studied, a smaller number of theoretical replications is needed” (Yin, 2003, p. 51).

However, Yin (2003) observes that the very nature of exploratory studies suggests that theoretical and conceptual frameworks may not exist. That is the situation with this study, so it is not possible to pursue theoretical replication.

Literal replication, though, is important. Schofield (2000) agrees. She confirms multi-site studies provide a firmer basis for generalisation. In her view, *several heterogeneous sites*



provide a more robust research design, with greater confidence possible that findings might also apply in various other sites.

In pursuit of potential literal replication, then, multi-site case studies emerged as a highly suitable methodology for answering this exploratory study's research question.

The next section describes the study in more detail by outlining the research design.

### 3.1.3 Research Design

Table 3.1 outlines the topic of exploration, the purpose of the exploration, and the criteria by which the exploration could be judged successful. Two other aspects are worthy of note at this stage, one concerning Yin's (2003) notion of rival propositions, the other concerning the unit of analysis for the study.

TABLE 3.1 RESEARCH DESIGN		
Topic of Exploration	Purpose of the Exploration	Criteria for Judging Success
<p><b>Central research question:</b> Does CEO Leadership Style Impact on Adoption of the Marketing Concept?</p> <p><b>Requires exploration of:</b> CEO leadership style, Awareness of the market orientation / marketing concept, Adoption of the market orientation / marketing concept.</p>	<p>To determine the relevance or otherwise of the CEO's leadership style to the organisation's adoption of the marketing concept, as distinct from their support for marketing, with a view to whether any impact is worth further study to develop understanding.</p>	<p>A connection between CEO leadership style and adoption of the marketing concept is determined as likely to exist or not exist.</p> <p><i>In the case that impact is identified:</i> Themes emerge that assist understanding the usefulness of further exploring, explaining or quantifying the impact of the relationship.</p> <p><i>In the case that no impact is identified:</i> The study halts this avenue of research endeavour.</p>

### *Rival Propositions*

The rival proposition for this study is the obvious contrary situation that CEO leadership style does not impact adoption of the marketing concept in the organisation. An alternative consideration, though, as noted in Chapter Two, is that CEO support for marketing is important. This study does not dispute this contention, but rather seeks to determine whether CEO leadership style, as distinct from support or encouragement for the function

or strategy, is important for its success. It is anticipated, though, that this might be considered a rival proposition by marketers in particular, who, if academically trained, can be expected to have been exposed to the idea that CEO support for their function and strategy is important. Therefore, the rival propositions for this study can be summarised as:

- CEO leadership style does not impact adoption of the marketing concept.
- It is the CEO *support* for marketing / the marketing function, rather than their specific leadership style, that impacts adoption of the marketing concept.

### ***Unit of Analysis***

Yin (2003) refers to the ‘unit of analysis’ being a definition of what the ‘case’ is. He notes that this can be a perplexing issue. His view is illustrated in this study. The unit of analysis is the CEO, for it is the CEO’s impact that is being queried. As noted in Chapter Two, though, the CEO both influences and is influenced by the organisation’s culture. The marketing concept, too, can be a matter of organisational culture. In this way, the organisation is under study as well, for the impact on it is being explored and the CEO is its custodian. In this report, the case studies are referred to as ‘organisations’ rather than as ‘CEOs.’

The following section outlines the particular research strategies employed within the research design.

### **3.1.4 Research Strategies**

Yin’s (2003) and Schofield’s (2000) earlier-noted advice about replication and generalisability led to a decision to include five case studies in the investigation. Organisations from different sectors with different organisational characteristics were sought, which would (hopefully) render different CEO characteristics as well. This would at least provide for the sound *possibility* of replication and sufficient generalisation to determine the desirability of future study on this topic and the potential topic details. This approach also provided the possibility of determining whether commonalities or differences emerge because of different cultures in different industries. The main disadvantage with this number of case studies is one of those mentioned earlier: the resulting, lengthy report.

### ***Identification of Case Study Sites***

Industries were not specifically targeted in this research, and organisations were not randomly selected. Instead firms were approached because of general knowledge of the CEO or organisation.

The following criteria were applied:

- Medium to large organisations – those employing fifty or more personnel – as the greater the distance between the CEO and the front-line staff delivering the organisation's products and services, the greater the leadership challenge in terms of both adopting the marketing concept and having a leadership style that inspires that commitment;
- Mixture of sectors, to allow consideration of the different business needs;
- Private sector and/or quasi- or local-government organisations. These organisations were perceived to have greater freedom to explore facets of the marketing concept than central government organisations, where function and mandates are more politically motivated, and employment of 'marketing' professionals less overt. In government organisations there is also potential for political affiliations of employees to confound views on a market orientation;
- Willingness of the CEO, lead-marketer and at least one other senior manager to take part in interviews, and questionnaire-type data collection, within the time-period of the research project.

Given the nature of the research, it was envisaged that one of the major challenges would be identifying CEOs who were willing to take part. Various styles of approach were used – to the Marketing Managers, Human Resources Managers, Personal Assistants to CEOs, and CEOs themselves – by telephone, in person, and with email and mail follow-up. Once a CEO agreed to take part, other organisations in that sector were discounted from inclusion.

Several organisations declined involvement, at any of Human Resources personnel, Marketing Manager or CEO levels.

### ***Semi-Structured Interviews***

Given the exploratory nature of this research, the semi-structured interview was considered the most appropriate method, and one that would allow grounded theory principles to be employed as part of the research methodology (in terms of building on and from previous learning), if it seemed appropriate. The purpose of the semi-structured interviews was to identify understanding and commitment to the marketing concept, and perception of the CEO's leadership style in each business, as well as what is important to people in leadership at the CEO level.

Individual interviews took place in one session per person that lasted 40 minutes to two hours each. They were taped, and transcripts were offered to participants. The interviews progressed according to an interview guide, developed to address the key topics of the study. At the end of interviews, a market orientation measure questionnaire was left with participants to complete and return. (The questionnaire is discussed in the next section.) Participants also offered internal documents and marketing material to support the study and enhance researcher understanding.

The personnel to be included in each study were generally selected by the CEOs, in accordance with the criteria given: at least the CEO, the most senior marketing executive, and at least one other senior manager identified as being key to delivery of organisational performance (for example, Operations Managers). Attempts were also made to involve the most senior human resources manager, and this happened in organisations that had that role. Offers were extended to include additional personnel, such as other managers, other marketing staff and front-line staff. Senior marketers were given the option of having additional, or all, marketing personnel complete the market orientation questionnaire, and two organisations did this.

Confidentiality statements for the research were signed with the CEOs, agreeing that they and their organisations would not be named in the research.

### ***Use of Surveys and Scaled Measures***

It has already been noted that surveys help provide opportunity for corroborating or contrasting evidence to emerge in case studies. At the outset, it was determined this study

would benefit from this sort of supporting data in relation to market orientation/the marketing concept and CEO leadership style.

However, as highlighted in Chapter Two, there is little agreement on what market orientation, or marketing orientation, and marketing concept mean, let alone accepted measures of the constructs. Leadership, too, is extremely widely defined and described, with a growing plethora of theories and intellectually protected methods of measuring leadership style. Therefore determining research instruments was difficult.

The theme of ‘culture’ helped focus the thinking. Research instruments needed to allow for recognition, or even identification, of the cultural aspects to the organisations.

#### Market orientation scale

The two most commonly used market orientation measures were obtained from the published literature: Narver and Slater’s (1990) market orientation scale, and the ‘MARKOR’ measure used by Kohli et al. (1993). Narver and Slater’s (1990) studies reflected the ‘market orientation as culture’ approach and, as noted in the literature review, the scale is reliable and has been widely used. For example, the Cronbach coefficient alpha across the fourteen items in the scale was reported as 0.80 in Greenley’s (1995a, 1995b) research and 0.86 in the Hooley et al. (2000) study. Hooley et al.’s (2000) results confirmed that the Narver and Slater (1990) market orientation scale was valid as well as reliable. The Narver and Slater (1990) scale from the Hooley et al. (2000) paper was used to measure market orientation in this exploratory study (see Appendix 1).

Narver and Slater’s (1990) scale has been used with both seven- and five-point Likert scales. In keeping with the recommendation in Gray et al.’s (1998) study of New Zealand managers, a five-point Likert scale was used. It employed the usual direction of strongly disagree (1) to strongly agree (5) (Page & Meyer, 2000), with a higher score measuring a more positive result.

The Hooley et al. (2000) study included business questions that provided insight into priorities, application, and potential impact of the market orientation, and these were added to the questionnaire. One of these questions includes a check on the business orientation of the organisation. It was developed for transition economies in Central Europe, so the

context may not suit New Zealand well. However, the literature review suggested multiple methods of checking market orientation, especially when relying on self-reporting, so Kohli et al.'s (1993) market versus sales orientation validation-check question was included as well.

As noted earlier, the resulting self-completion market orientation survey was left with *all* participants at the end of the interview, with a reply-paid envelope for return within ten days. Involving all participants, and any extra marketing personnel identified by the lead marketer, helped avoid reliance on single views to determine market orientation in the case study organisations. This was an issue identified in the literature review. Not all surveys were returned within the requested timeframe, and follow-up emails and calls were made to obtain all data from interviewed participants. Market orientation forms were returned between one day and 31 weeks of interview.

*Emerging method: Traces of a pilot case study*

Selection of leadership measures was more problematic, and a decision about whether to employ a leadership questionnaire was deferred until the research began. In this way, this qualitative study employed the principles of a pilot case and made use of grounded research concepts.

Once interviews had been completed in Organisation A, a couple of issues became clear about both marketing concept and leadership exploration. Free-flow unprompted questions had been employed for marketing concept exploration. Leadership also involved a free-flow conversation, with some areas of leadership thought prompted as well. Analysis was difficult.

In relation to marketing, after conducting these case study interviews in Organisation A, a prompt card was developed for use in Organisations B to E. It described the market orientation and marketing concept in simple terms (see Appendix 2). This approach of describing the market orientation and marketing concept and then asking participants if they think their organisation is market oriented was criticised in Chapter Two. However, upon the experience of case study Organisation A, it was deemed important to ensure all participants could have a common, albeit simplistic, understanding of the marketing

concept. It enabled more enlightened discussion and hence more robust exploration of issues surrounding the research question.

In Organisations B to E unprompted awareness was sought first, though, and, in addition, more structured views were obtained through the aforementioned market orientation measure questionnaire. In effect, this approach provided three separate views of market orientation for each interviewed participant in the case study organisations.

In relation to leadership, as noted before, a decision about whether to employ a leadership questionnaire was deferred until the research began. Once interviews had been completed in Organisation A, it was clear that employing a particular leadership style tool would not be helpful. Rather the research would be better placed to be devoid of any particular leadership style theory. However, to be able to adequately address the research question, the open questions needed to be supplemented with more structured perceptions.

#### Leadership style measures

The solution was a checklist of leadership attributes. It was compiled for use in interviews in Organisations B to D. (See Appendix 3.) It was applied after-the-fact in Organisation A. The attributes are from a variety of the theories summarised in Chapter Two.

The checklist sought to establish the perceived *importance* of the leadership attributes in a CEO in the organisations, and the perceived *performance* of the incumbent CEO. In essence, this cross-theory approach potentially allows leadership style to emerge, rather than forcing it into a particular prescription, as noted in Chapter Two. This approach also enabled structured exploration of views on some of the conflicting areas in leadership literature – for instance, the importance and meaning of charisma, and personality factors such as introversion and extroversion. Importantly, too, this course of investigation avoided pragmatic issues concerning intellectual property associated with leadership style measurement instruments. For consistency with the market orientation questionnaire, the checklist employed a five-point scale anchored with ‘low’ at 1 and ‘high’ at 5.

### **3.1.5 Summary of Research Events**

The steps in conducting the research are summarised as:

1. Recognition that literature had not attempted to link CEO leadership style and market orientation
2. Research methodology devised: multi-site case studies with embedded quantitative tools
3. Research design determined
4. Quantitative tool devised for measuring market orientation, using previous research
5. Interviews: Organisation A
6. Market orientation and marketing concept 'prompt card' prepared, and leadership checklist devised for use in other case study organisations
7. Leadership checklist applied after-the-fact in Organisation A
8. Interviews: Organisation B, C, D and E
9. Quantitative data sets created for leadership and market orientation for each organisation
10. Tapes/transcripts and data reviewed to write up case studies
11. Aggregated quantitative data sets created for leadership and market orientation, and analysed for reporting.



## 3.2 The Research Participants

In this part of the chapter, summary characteristics of the participating leaders and their organisations are provided, as well as the demographic features of the people who took part in the study.

### 3.2.1 The Participating CEOs and Their Organisations

As noted earlier, five CEOs/organisations were involved in this exploratory study, using a case study methodology. Table 3.2 shows the characteristics of the organisations. Table 3.3 shows the characteristics of the CEOs taking part in this study, and is presented in a randomised order, which does not depict the order of the case study organisations A to E presented in this report, nor the order in Table 3.2. This procedure is followed to preserve the anonymity of participants. In a further effort to preserve anonymity, all CEOs are referred to as ‘he’ in this report.<sup>1</sup>

<b>TABLE 3.2: ORGANISATION CHARACTERISTICS</b>					
<i>Case Study Organisation</i>	A	B	C	D	E
<i>Sector</i>	Vehicle Maintenance	Art and Culture (non-profit)	Agricultural Products	Retail	Health Support (non-profit)
<i>Funding base</i>	Privately owned	Public funding, commercial activities, donations and grants	Cooperative, owned by the customers	Privately owned	Incorporated society
<i>Location</i>	National	City-based	National	Regional	Regional
<i>Number of staff</i>	Nearly 1000	77 + >50 volunteers	570	510	31 + >620 volunteers
<i>Marketing representation on Senior Management Team</i>	Through General Manager	Through General Manager, CEO	General Manager, Marketing	Marketing Manager	Through Income Development Manager, Health Promotion Manager, CEO

<sup>1</sup> There are marked differences in views on the relationship between gender differences and leadership style (Eagly & Carli, 2004), and this study is too small to add knowledge to the debate.

<b>TABLE 3.3: CEO CHARACTERISTICS</b>					
<i>Gender</i>	Male	Female	Male	Male	Male
<i>Age Group</i>	50-59 years	50-59 years	50-59 years	50-59 years	40-49 years
<i>Qualification background</i>	Two bachelors degrees (arts and business) Specialist university short course (USA)	Bachelors degree (education and arts) Masters degree (specialist arts) Papers towards Management Diploma	Masters degree (sciences)	Bachelors degree (sciences) Masters degree (specialist sciences) Management short course (USA)	Bachelors degree (sciences)
<i>Years with present organisation</i>	38 years	11 years total (interrupted service)	10 years	10 years	1-2 years
<i>Years in CEO role</i>	10 years	4 years	10 years	9 years	1-2 years
<i>Years in industry</i>	42 years	12-13 years*	Whole career	10 years	1-2 years
<i>CEO roles in other organisations</i>	-	3 years National Director for National Office	7 months Acting CEO	-	-
<i>Other sector experience</i>	-	Several years (one sector)	-	17 years (one sector, nationally and internationally)	20 years (one sector, nationally and internationally)

\* extrapolated from interview, and differs from the information provided in the market orientation questionnaire

### 3.2.2 Participation within Organisations

A summary of participation within the case study organisations is provided in Table 3.4. The labels of Organisation A to E relate to the case study organisations in Chapters 4 to 8.

As already noted, in two organisations additional marketing team personnel contributed to the Market Orientation questionnaire results, but did not take part in the full case study. As can be seen from Table 3.4, Organisation D had the greatest number of participants. The CEO of Organisation D was highly involved with determining the spread of people involved and was keen to get feedback and input from a wide range of personnel. The Marketing Manager in Organisation D also wanted to have the Market Orientation questionnaire completed by as many people as possible within the marketing team. This organisation had the largest marketing department.

**TABLE 3.4: ORGANISATIONS**

	Participation in Full Study		Participation in Market Orientation Questionnaire	
	N	%	N	%
Organisation A	8	21.1	8	18.2
Organisation B	5	13.2	6	13.6
Organisation C	7	18.4	7	15.9
Organisation D	11	28.9	16	36.4
Organisation E	7	18.4	7	15.9
Total	38	100%	44	100%

### 3.2.3 Demographic Characteristics

Slightly more females than males were involved in the study, as shown in Table 3.5. This table also shows that nearly two-thirds of participants were aged 40-59 years, with the biggest group being those aged 50-59 years.

**TABLE 3.5 DEMOGRAPHIC CHARACTERISTICS**

	Participation in Full Study		Participation in Market Orientation Questionnaire	
	N	%	N	%
<b>Gender</b>				
Male	17	44.7	19	43.2
Female	21	55.3	25	56.8
<b>Age Group</b>				
Under 30	2	5.3	5	11.4
30-39 years	9	23.7	10	22.7
40-49 years	10	26.3	12	27.3
50-59 years	15	39.5	15	34.1
60 years or over	2	5.3	2	4.5
Total	38	100%	44	100%

### 3.2.4 Years of Experience

Table 3.6 shows participants' years of service in their case study organisation, in the industry, and in their profession. Most participants had been with their organisation between three and ten years, while they had worked in the same industry for more than six years and in the same professional area for over 10 years. These statistics show a high degree of experience, which might be expected, given the age profile.

**TABLE 3.6: YEARS OF EXPERIENCE**

	Participation in Full Study		Participation in Market Orientation Questionnaire	
	N	%	N	%
<b>Years with Organisation</b>				
Less than 1 year	4	10.5	5	11.4
1-2 years	7	18.4	8	18.2
3-5 years	9	23.7	12	27.3
6-10 years	13	34.2	13	29.5
Over 10 years	5	13.2	6	13.6
<b>Years in Industry</b>				
Less than 1 year	2	5.3	2	4.5
1-2 years	6	15.8	7	15.9
3-5 years	4	10.5	6	13.6
6-10 years	10	26.3	11	25.0
Over 10 years	16	42.1	18	40.9
<b>Years in Profession</b>				
Less than 1 year	1	2.6	2	4.5
1-2 years	2	5.3	3	6.8
3-5 years	8	21.1	11	25.0
6-10 years	8	21.1	8	18.2
Over 10 years	18	47.4	19	43.2
No answer	1	2.6	1	2.3
Total	38	100%	44	100%

### 3.2.5 Role

Participants in this study had many different role titles. The roles are grouped and summarised in Table 3.7. Notably, not all organisations in this study had a ‘Marketing Manager.’ Responsibilities for marketing functions in these organisations were shared with the CEO and the manager with other titles. General Managers responsible for marketing, but not considered to be the organisation’s lead marketer, are distinguished from the other General Managers.

Two CEOs particularly requested the involvement of their Board Chair.

**TABLE 3.7:****ROLE**

	Participation in Full Study		Participation in Market Orientation Questionnaire	
	N	%	N	%
CEO	5	13.2	5	11.4
Marketing Manager	3	7.9	3	6.8
General Manager responsible for marketing	2	5.3	2	4.5
Other General Manager	2	5.3	2	4.5
HR Manager	3	7.9	3	6.8
Operations/Department Manager	11	28.9	11	25.0
Customer Service or Sales Manager	4	10.5	4	9.1
Direct Service Delivery	2	5.3	2	4.5
Other Marketing Personnel	4	10.5	10	22.7
Chair of Board	2	5.3	2	4.5
Total	38	100%	44	100%

The next part of this chapter outlines the approach used to report research results.

### 3.3 Approach to Reporting Results

#### 3.3.1 The Case Study Organisations

The richness of data collected in five case study organisations had the potential to make reporting of results overwhelming. To make this more manageable, the same format for reporting was followed in the chapters recording individual organisation's results (Chapters 4 to 8). That format is outlined below.

#### Section 1 Market Orientation and the Marketing Concept

- 1.1 Interview Responses: Non-CEO Participants
- 1.2 CEO Interview Responses
- 1.3 Market Orientation Survey Data
- 1.4 Discussion and Overall Assessment

#### Section 2 CEO Leadership

- 2.1 Description of CEO Leadership Style: Non-CEO Participants
- 2.2 CEO's Perspective on Leadership Style
- 2.3 Leadership Checklist Data
- 2.4 Discussion

Section 3	The Impact of CEO Leadership Style On Adoption of the Marketing Concept
3.1	Summary: Market Orientation
3.2	Summary: CEO Leadership Style
3.3	‘Does CEO Leadership Style Impact on Adoption of the Marketing Concept?’

### 3.3.2 Understanding Market Orientation Data

The Narver and Slater (1990) market orientation scale used in this research sums and averages results from 14 items to give a market orientation score. Individuals who completed the questionnaire have their own market orientation score, and the overall score for the organisation reflects the views of all participants. To facilitate understanding of results they were classified as high, medium or low, according to the findings from the Hooley et al. (2000) study. An explanation of these scores is provided in Appendix 4.

### 3.3.3 Understanding Leadership Style Data

The leadership checklist collected data from participants about how important they thought the specified attributes were to CEO leadership (referred to as *importance* in this study), as well as how well their CEO performed that attribute (referred to as *performance* in this study). In order to improve understanding of the leadership style of the CEOs within the expectations of their organisations, consideration is given to each of the following in each case study chapter:

- The ten most *important* leadership attributes as perceived by the participants;
- The leadership attributes least important to participants. For the purposes of this study, these are arbitrarily defined as those yielding mean scores of less than 3.7;
- The absolute leadership strengths of the CEO, where the term ‘absolute’ refers to the raw scores for leadership *performance*. That is, these strengths do not take into account the importance organisational members associate with the leadership attributes;
- The ‘absolute’ lower-performance leadership attributes, which again, for the purposes of this study are arbitrarily defined as those with absolute mean scores of less than 3.7.

### **3.3.4 Aggregated Results**

As well as considering the research question in each case study organisation in Chapters 4 to 8, a comprehensive analysis, taking into account findings from all organisations, is discussed in Chapters 9 and 10. Chapter 9 explores market orientation and CEO leadership style in aggregate, and Chapter 10 discusses the research question: does CEO leadership style impact on adoption of the marketing concept? The individual case study results presented in the next five chapters should be considered in conjunction with the broader analysis.

## Chapter Four:

### Case Study – Organisation A<sup>1</sup>

#### 4.1 Market Orientation and the Marketing Concept

##### 4.1.1 Interview Responses: Non-CEO Participants

###### *Understanding of Market Orientation and the Marketing Concept*

When asked about their understanding of ‘market orientation’ and ‘marketing concept’ as it related to their organisation, the managers and marketer participants gave responses that reflected a mixture of conceptual, strategic understanding and practical thoughts on marketing tactics used. The answers given clearly reflect the market orientation adopted by this organisation, rather than the market orientation and marketing concept outlined in the literature. Despite this, there were themes of customer focus, and a results focus was commonly noted, which suggests a drive for profitability in this privately owned business. The integration of activities was more problematic. While many people talked about examples that emphasised movement towards integration of activities, other comments showed there is still some way to go on this. This is perhaps highlighted by different views on the importance of brand awareness. While some people noted it was very important, others were in favour of more direct marketing efforts that encouraged trial or return, and then retaining customers once they had experienced the service.

Examples of responses about what the marketing concept means in the context of Organisation A are presented in Table 4.1. Some participants offered further insights into the market orientation during the interview. For instance, it was noted that being market-oriented was not just about advertising and promotional activity, but also, and perhaps more importantly, about “the business” and competition. “The CEO says, ‘we need to get fit for the competition.’ ... To take them [the competition] on, we must have everything in place and that includes [but is not limited to] the promotional activities.”

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<sup>1</sup> As noted earlier, Organisation A is the only organisation that did not receive prompted information about market orientation and the major premises of the marketing concept. This case study reflects on the self-identified views of what the marketing concept means for this organisation. In addition, the leadership checklist was applied after the interviews, rather than during them.



**TABLE 4.1:     EXAMPLES: UNDERSTANDING OF THE MARKETING CONCEPT**

In our industry we need to be customer oriented. In our marketing this means we need customer contact and direct talking with customers, rather than radio and television advertising. You can see the results of direct customer marketing. It's cost effective and more personal, and the results can be measured.

The professional expertise of the marketers is focused on retail, consumer marketing, with the technical professionals working in the business-to-business relationship marketing. All work is aimed at helping ensure customers come back.

"We're service focused and market services here, so I don't know if that fits with traditional marketing concept theory or not. We definitely focus on the high importance of marketing here," and we're getting better on following through on it.

"It is about how we manage our brand to attract business to our organisation, and the activities we do to raise awareness of the organisation to the target market to attract them to do business with us."

We need to maintain a constant level of company awareness. New managers have come through with different philosophies in the past, and marketing now is clearer about its role and where we are heading.

It's the objectives we are trying to achieve through our marketing strategies, and the way we apply our marketing to the business.

It means the point of difference you're trying to get across in your market, and the strategy you're taking trying to get it across. Also, because "you can't give good service until someone comes in the door," it's about getting people into the business.

We have two lots of marketing – brand marketing and specific marketing targeted at specific audiences using specific media. A "fair chunk" is focused on repeat business and reminder systems, with a few gimmicks and giveaways. We also attend conferences and discussions with industry.

### *Perceived Consequences of Adopting the Marketing Concept*

The perceived consequences of adopting the marketing concept centred around achievement of growth goals or realisation of specific marketing campaign results.

Particular responses are summarised in Table 4.2.

**TABLE 4.2:     PERCEIVED CONSEQUENCES OF ADOPTING THE MARKETING CONCEPT**

It's "absolutely vital" for growing. It's important to get the right people in marketing positions and then it's about giving them and the business the right direction for how we want it to work.

It means some things get included and some things get excluded. It sets the tone for the business and how it is projected to the outside world – and some of it projects internally too. Depending on the nature of the business, it can be important to determine the life span for the product or marketing concept. When you have a long repetition life cycle like this business, you need to be careful about changing messages too quickly. You risk losing customers.

It's about developing brand awareness so that when customers think of your service area, they automatically think of you. Your brand becomes synonymous with the service.

If a business is market-oriented, it's about the point of difference and why they would choose us for the "compulsory purchase," which means it's all to do with customer service. "We're marketing our delivery of our people. If we don't [make a difference], why would people come to us?"

It's important to adopt the marketing concept for two reasons. Firstly, looking after current customers and retention, and, secondly, attracting new customers.

We do customer satisfaction surveys quarterly to see how we are going.

With professional marketers concentrating on consumer marketing, there is a risk that business-to-business marketing will suffer, and this will be evident only over time. With consumer marketing, the information about customer drivers can be used strategically, via determining locations, for instance, helping branches understand the dynamics of loyalty and the elasticity of price and positioning.

### ***Views of Their Own Role in Marketing***

Predictably, marketers, Executive Team members, and other managerial participants had varying perceptions of their roles in marketing the organisation.

The marketers rightly saw their roles were to empower and support the managers to keep their customers coming back. In recent months a “marketing guide” had been published, which allowed managers to select marketing options from a suite of choices relating to particular business issues and needs. It had been very popular and was referred to unprompted and positively by many of the participants in this study. In this way, the marketers were able to show managers the similarities between their operations, rather than have them concentrating on the differences. Importantly, this material helped them with their role of protecting the brand, and assisted with coordinated marketing and integration of marketing effort.

Most participants who were members of the Executive Team saw their role as two fold: firstly, to contribute to the overall marketing strategy for the organisation, and secondly, to contribute to market knowledge and brand development within their own areas of operation. For instance, participants noted the importance of internal marketing, and staff recruitment and selection processes reinforcing brand values. It was also considered important for these executives to ensure all managers were aware of the organisation’s context, thereby helping with appropriate use of marketing collateral to manage the brand and support their (individual) profitability and growth targets.

Other managerial participants saw their role as being aware of and using the marketing tools.

### ***Perception of CEO’s Views and***

#### ***What the CEO Does to Encourage Adoption of the Marketing Concept***

Participants in Organisation A thought their CEO believed marketing was critical to the company, and that its function and activity needed to be close to operations and integrated with business direction. It was perceived as helpful that he had this clarity and commitment to customer focus and satisfaction.

Certainly, when asked to give examples of the specific actions he takes to encourage adoption of the marketing concept, most people mentioned taking many opportunities to

talk about the importance of customer focus and customer satisfaction. He communicates these values with staff, via road shows; the Executive Team via meeting discussions; other managers via attendance and support at meetings and doing presentations; and the board, via reports, updates and strategy sessions. Other examples of specific actions the CEO takes to encourage adoption of the marketing concept are in Table 4.3. A general remark about helpful behaviours was made by one participant: “A good CEO tolerates mistakes, especially in marketing,” because “it is not an exact science.”

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**TABLE 4.3:      EXAMPLES:  
SPECIFIC CEO ACTIONS TO FACILITATE MARKET ORIENTATION**

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Investing in marketing – in terms of money, with extra budget, and people.  
 Shifting the marketing roles to the strategy development side of the business from the operational side, and employing the right people in marketing roles.  
 Being seen to drive marketing work and the importance of it in the organisation.  
 Encouraging accountability for marketing results – determining what really works and what is a waste of time.  
 Analysing volume and return on a regular basis, so we can act quickly.  
 Talking about the brand a lot, the dual branding and the importance of it.  
 Encouraging the Marketing Manager to listen to the business and execute strategies and tactics that work for them.  
 Supporting lots of research happening.  
 Freedom to come up with ideas you think will work, preferably with ways to prove they will.  
 Introducing the concept of “under the radar” marketing.  
 Being decisive, so you can see the direction.  
 Fronting staff regularly and talking about the organisation, its goals and achievements.

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#### **4.1.2 CEO Interview Responses**

##### ***Understanding of Market Orientation and Marketing Concept***

The CEO described the marketing concept as being “about the discipline you want to follow, in terms of promoting whatever it is that you may want to try to promote. So, it’s about the processes, systems and knowledge associated with that.”

The consequences of adopting the marketing concept were noted as providing direction and focus, so the business is organised to achieve results. “On a simple basis it means you understand the business you are in, and how that can provide clarity about what you are trying to achieve and what you are going to do.” This CEO hastened to add that “that does not mean you always get it right!”

Linked to the marketing concept and as discussed by other participants, customer service is very important to this CEO. When he talked about his leadership later in the interview, he noted customer service as something he wanted to be known as “standing for.”

### ***The CEO's Role in Adoption of the Marketing Concept***

This leader noted that the CEO's role in adoption of market orientation and the marketing concept needed to take into account the lifecycle of the particular business. He saw his current role as being to improve the marketing capability in the organisation. This meant ensuring the right people were in the marketing roles and they were working in the structural position that gave them the most support. The next priority was looking at the deliverables of marketing to ensure they were on track.

Since his arrival to the organisation, a new Marketing Manager has been employed, and the marketing function was shifted to report into the strategy team, rather than the operational team. This allows for greater strategic focus rather than reactionary activity, and provides for easier access and input to business development strategies.

With this preliminary restructuring in place, the CEO has been concentrating on ensuring shared understanding of marketing deliverables. This means considering results not only in terms of the programmes and initiatives themselves, but also in terms of building understanding of what works in the marketplace and what does not. However, he noted his belief that it is important not to get too involved in the detail. He saw his role as considering the impact and results of the (human and financial) spend. In this organisation “pure volume growth” is the primary measure.

There had been no marketing plan prior to this CEO's arrival. He emphasised the need for it, and a plan has been established. He noted the use of this plan in further measuring the effectiveness of marketing delivery.

The CEO's analytical preferences were evident through his insistence that the organisation put more science behind the marketing than there had been in the past. For instance, in the retail market, a previous emphasis on television corporate brand advertising, with no success measurement, has been replaced with development of smart database marketing, which does have results measurement. He refers to this as “below the radar marketing.”

This CEO also specified his efforts to ensure marketing is not “over complicated” or “too smart.” Results to date have indicated a simple, straight forward message generates more effective customer responses than intellectual approaches or obscure reasoning.

This business is operationally one organisation, but it has a two-brand strategy, which gives some flexibility for trial of different marketing techniques. The CEO believed, though, that consistency of each brand is key, because brand is “the personification of what you stand for.” In the past, consistency had not been apparent, although it was perhaps hindered by a re-branding exercise for one part of the organisation, which was in its final stages at the time of interview. Collateral consistency was then improving, as well as knowledge about why it is important. The “marketing guide” (referred to earlier) had assisted with this.

While the CEO believed “the end game” was to “know absolutely” the key things to do that will drive volume, so that they can be the focus of business energy, he confessed Organisation A was “experimenting” with print, radio, mail drops and targeted mail drops, with no firm views yet emerging about the ideal communication mix.

#### **4.1.3 Market Orientation Survey Data**

##### ***The Narver and Slater (1990) Market Orientation Scale***

Table 4.4 shows Organisation A’s responses to the market orientation survey instrument yielded a relatively high market orientation score (as identified by Hooley et al., 2000).<sup>2</sup> The small sample size must be considered, though, and there are some areas with wide variation in perception (such as “our commitment to monitoring customer needs is closely monitored,” “top management regularly visits important customers,” “competitive strategies are based on understanding customer needs,” “business functions are integrated to serve market needs”). Individual scores for overall market orientation ranged from 2.93 to 4.00. This highest individual market orientation score was also the mode.

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<sup>2</sup> For further discussion on high, medium and low market orientation scores, see Appendix 4.

**TABLE 4.4: MARKET ORIENTATION**

<i>Market Orientation Variables</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>
<b><i>Customer Orientation</i></b>				
Our objectives and strategies are driven by the creation of customer satisfaction	8	3	5	3.75
Our commitment to monitoring customer needs is closely monitored	8	2	5	3.88
Competitive strategies are based on understanding customer needs	8	2	5	3.88
Business strategies are driven by increasing value for customers	8	2	4	3.13
Customer satisfaction is frequently assessed	8	3	5	4.50
Close attention is given to after sales service	7	1	3	2.43
<b><i>Competitor Orientation</i></b>				
Sales people share information about competitors	6	2	4	3.67
We achieve rapid response to competitive actions	8	2	4	3.38
Top management regularly discuss competitors' strengths and weaknesses	8	3	5	4.13
Customers are targeted when we have an opportunity for competitive advantage	8	3	5	4.00
<b><i>Interfunctional Coordination Orientation</i></b>				
Top management regularly visits important customers	7	1	4	3.29
Information about customers is freely communicated throughout the organisation	8	3	5	3.88
Business functions are integrated to serve market needs	8	2	5	3.63
Our managers understand how employees can contribute to value for customers	8	3	5	4.13
<b>Market Orientation Score</b>	<b>8</b>	<b>2.93</b>	<b>4.00</b>	<b>3.67</b>

### ***The Kohli et al. (1993) Validation-Check Response***

The validation-check question, seeking response to organisational conceptual forms A and B, depicting those relating to a sales orientation and market orientation, respectively, revealed scores as in Table 4.5. (The maximum assignable score to Company A or B is 100.)

Views were varied. Most participants thought market-oriented Company B described their organisation best. Two people each scored 90 and 95 points for this description and one person scored 100 points. Another person assigned Company B 70 points. One person expressed a 50:50 view, and another inclined towards selling-oriented Company A with a score of 60. The remaining 40 points were allocated to market-oriented Company B.

**TABLE 4.5: MARKET ORIENTATION – CHECK**

	N	Minimum	Maximum	Mean
<b>Company A</b> relies heavily on its sales people to use a variety of selling techniques for getting customers to say “yes.” The primary emphasis in the company is on selling. Customer satisfaction is considered important but the emphasis is on going out and pushing the company’s products.	8	0	60	21.25
<b>Company B</b> does a lot of research to learn the concerns of its customers, and responds by developing new products and marketing programmes/campaigns. The emphasis is on understanding why customers act and feel the way they do, and exploiting this knowledge. Selling is considered important, but the emphasis is on making products that will almost “sell themselves.”	8	40	100	78.75

#### 4.1.4 Discussion and Overall Assessment

Overall the questionnaire results indicate a market orientation in Organisation A. However, the range of perception was high, suggesting understanding and expectations regarding components of a market-oriented organisation are not uniform. The results shown in Table 4.6 further suggest more participants (3) perceived a societal orientation to their business, rather than either a market one (2) or a sales orientation (2). Data from the questionnaire covering strategic priorities (see Table 4.7), marketing strategy (see Table 4.8), and organisational performance (see Table 4.9) reinforce the existence of maverick views, indicating a lack of consensus, knowledge or understanding among participants.

While the data indicates a tendency for a market orientation, it is likely Organisation A is not yet experiencing the full power of its potential. Participants noted that integration of the business activities is emerging, and varied answers to the business questions in the survey support this. Despite reasonable scores in the market orientation scale, then, interfunctional coordination is currently lacking. This finding not only provides justification for the view Gray et al. (1998) developed that market orientation might be best investigated with more than one person in an organisation, but also highlights a potential issue with using only an empirical measure to determine market orientation. Being a potentially significant element of organisational culture and climate, interfunctional coordination may be the area where multiple views have the most potential to arise.

In Organisation A, if the premises of the marketing concept resulting in improved financial performance hold, and if the focus remains on customer needs and service, it could be expected that improvement in interfunctional coordination and integration of activities will yield an increase in organisational profitability.

**TABLE 4.6: APPROACH TO BUSINESS**

	Frequency	Percent
We use selling and advertising to help sell our products and services.	2	25.0
We endeavour to offer the best technical product in our industry.	0	0
We identify the demand and requirements of customers and ensure our products and services meet them	2	25.0
We concentrate on manufacturing efficiency to achieve low unit costs to sell our products at the lowest possible prices.	0	0
We use our assets and resources to maximise short-term profits or other financial measures.	0	0
We organise our activities to provide security and continuity of employment for our employees.	0	0
We provide the goods and services society in general needs rather than simply satisfying individual customers.	3	37.5
No answer / unusable answer	1	12.5
Total	8	100.0

**TABLE 4.7: STRATEGIC PRIORITIES**

	Frequency	Percent
<b>Strategic Priority Over Last 2 Years</b>		
Survival	0	0
Good short-term financial returns or profits	4	50.0
Long-term building of our market position	4	50.0
No answer / unusable answer	0	0
<b>Focus Over Last 2 Years</b>		
Cost reduction and efficiency gains	1	12.5
Expanding the total market for our products	1	12.5
Winning market share from competitors	4	50.0
No answer / unusable answer	2	25.0
<b>Primary Marketing Objective</b>		
To maintain or defend our current position	1	12.5
To achieve steady sales growth	1	12.5
To achieve aggressive sales growth or to dominate the market	5	62.5
No answer / Unusable Answer	1	12.5
Total	8	100.0



**TABLE 4.8: MARKETING STRATEGY**

	Frequency	Percent
<b>Market Targeting Approach</b>		
Attack the whole market	2	25.0
Attack selected market segments	4	50.0
Target specific, individual customers	2	25.0
No answer / unusable answer	0	0
<b>Product Positioning</b>		
Technical quality is higher than the main competitors	7	87.5
Technical quality is about the same as the main competitors	1	12.5
Technical quality is lower than the main competitors	0	0
No answer / unusable answer	0	0
<b>Service Approach</b>		
Service quality is higher than the main competitors	6	75.0
Service quality is about the same as the main competitors	2	25.0
Service quality is lower than the main competitors	0	0
No answer / Unusable Answer	0	0
<b>Price Approach</b>		
Price is higher than the main competitors	5	62.5
Price is about the same as the main competitors	3	37.5
Price is lower than the main competitors	0	0
No answer / Unusable Answer	0	0
Total	8	100.0

**TABLE 4.9: ORGANISATIONAL PERFORMANCE**

	Frequency	Percent
<b>Return on Investment in Last Complete Financial Year</b>		
Loss	0	0
Break even	0	0
1-9%	1	12.5
10-19%	3	37.5
20% or more	4	50.0
No answer / Unusable Answer	0	0
<b>Performance Relative to Budget This Financial Year</b>		
Better than target	4	50.0
On target	4	50.0
Below target	0	0
No answer / Unusable Answer	0	0
<b>Organisational Performance Relative to Last Year</b>		
Better than last year	7	87.5
Same as last year	0	0
Worse than last year	1	12.5
No answer / Unusable Answer	0	0
<b>Performance Relative to Main Competitors Last Year</b>		
Better than competitors	6	75.0
Same as competitors	0	0
Worse than competitors	0	0
No answer / Unusable Answer	2	25.0
Total	8	100.0

## 4.2 CEO Leadership

### 4.2.1 Description of CEO Leadership Style: Non-CEO Participants

When participants were asked to describe the CEO's leadership style, they talked about a strong, deliberate communicator, who wants to hear others' points of view and listens to them. Not interpersonally "chatty," this leader is focused on analytical rigour and results. He is a calm, measured person, who is intelligent, credible, sincere, honest, and he has great integrity.

In prompted discussion of leadership attributes, participants gave opinions on a range of leadership considerations, which are summarised here.<sup>3</sup>

#### *Change*

Participants were clear that this leader is comfortable with change, even "change-oriented." He is focused on management aspects, such as tasks, communication, interplays of values, needs and influence. He delegates, sells ideas, and changes his approach to the needs of the situation or people-audience. Some participants thought he had a coaching style, encouraging people to come up with solutions, rather than imposing them. This fits in with one person's explanation of his selling skill being likened to "painting the picture slowly," so that it develops and emerges, for some people in true "Rolf Harris" style, where you're not quite sure what the end picture will look like.

#### *Charisma*

People did not observe this CEO as charismatic. Most indicated this was not a necessary trait. Indeed, participants thought charisma could be counterproductive and not necessarily associated with good CEO performance. This attribute is a very personal one. The leadership checklist ratings for charisma included the full range of possible scores for performance (ratings of 1 to 5). Importance ratings ranged from 3 to 5, with only one participant rating the importance at 5.

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<sup>3</sup> As noted earlier, the approach in Organisation A was different from that in the other case study businesses. In Organisations B to E, prompted discussion centred around the leadership checklist. In Organisation A, the leadership checklist was applied retrospectively.

### ***Vision***

Most participants saw the leader as visionary, but a couple reserved judgement. Being visionary in this company was perceived as a function of looking forward a few years and knowing what was wanted and needed for the company. It was noted that the leader has a good grasp of strategy and market dynamics, which was seen as important for being visionary. One person noted that it was necessary to be “true to the situation” and that a lot of the CEO’s work at that time needed to be “tactical.” Another participant differentiated between vision and being visionary: “he has excellent vision, but he’s not what I would call visionary.” This person described a “visionary” as “someone who’s always in the future – always thinking one step ahead of others or one step wider, so you think ‘where did that come from?’” Others thought the CEO actively looked forward and out for what could be done to enhance the business.

The checklist item “is visionary” further emphasised divergence in opinion of what visionary meant to people and hence whether this CEO is considered visionary. While the range for importance was small (all 4 and 5 ratings), views on performance range from 2 to 5.

### ***Democratic-Autocratic Continuum***

When discussing whether the leader was autocratic, democratic or in between, it became clear that participants have different views of autocracy/authority and democracy. A couple of people observed that his style might be more democratic than authoritarian. He was considered democratic in the sense of being “fair and reasonable.” It was also suggested he gave people freedom to make mistakes. His approach was described as “refreshing” in comparison with the previous CEO, who was perceived to be very authoritarian. It was noted that some people might be uncomfortable with a more inclusive approach, though, for it brought with it greater accountability. It was also observed that if the organisation was used to autocracy and agreeing with the CEO, he might have only the “appearance” of a democratic style.

Most participants tended towards viewing the CEO’s style as autocratic or authoritarian, but many qualified this as being “in a positive way.” That he commands *personal respect*, not just *CEO-title respect*, was noted as a reason for erring on the side of authoritarianism, as well as “when he speaks he has a way of putting a message across firmly. He’s not into

jargon; he's straight and direct, which is great." Another person observed "he's not a 'do it my way' person – or only to a point. If he thinks you're definitely going the wrong way, he'll say 'let's do it this way.'" Another person particularly observed this leader as "empowering."

The checklist item "is authoritarian" had low ratings for importance (range: 2 to 3). The performance mean score was higher than desired by the participants, but compared to other leadership attribute items, it was relatively low (range: 2 to 4).

### ***Conclusion***

Overall, this leader has a style the participants respect, and think is appropriate for the needs of the organisation.

## **4.2.2 CEO's Perspective of Leadership Style**

### ***Self-Assessment***

When asked to describe his own leadership style, this CEO referred to leadership feedback surveys he had been involved with in past roles. This feedback indicated he had a "pace-setter" tendency, which he thought was negative. He needed to remember to "back-off" from inappropriate senses of urgency he might bring to his leadership. He noted he "probably" had "a little bit of an authoritarian approach at times" and he needed to be conscious of not letting that "rise too high" as well. Previous feedback also indicated he made decisions when necessary and he did not procrastinate.

This CEO did not see himself as visionary, and thought this leadership attribute "may not be seen as strong enough." At the time of interview, his vision was for the organisation to be better and more successful. He had a strong business results focus, and reflected this by focusing on people and accountability. He claimed, "If I'm not spending 40 percent of my time on people, I'm not doing my job as well as I could." He believed in delegation, and did not spend as much time on coaching as he would like. He tried to encourage a collegial, cooperative, team-based approach.

He considered his leadership approach to be analytical. To "sell" ideas, the stance he employed was "analysis shows, and therefore...." He described this as a "practical and

pragmatic approach,” and claimed that his “science background says something about the way my brain is wired.” He did not see himself as “hugely creative,” but he did have a “commercial, marketing leaning.”

He described the factors he consciously tried to bring to his leadership style in practice as:

- providing clarity;
- providing the right environment for people to succeed;
- providing a sense of urgency;
- making sure people are empowered, but also accountable for outcomes, thereby hopefully building ownership.

He had a clear understanding that “I can’t do it all myself,” and therefore the CEO role is “all about people. If you lose sight of the people side of it, you fail.” He likened people management to holding jelly in a net: “When one thing is right, something else falls apart and you’ve got to pull it back again.”

This leader also professed the importance of communication. He believed you can never over-communicate, and he continually reminded himself of this. He noted that while he might have an issue clear in his own mind, it was not necessarily so clear for others. Therefore it was important to continually repeat messages. He observed that he still struggles with that concept and patience is important.

### ***What To Avoid***

This CEO was also conscious of what he did not want to do as a leader. As already noted, he described a “pace-setting” style as being negative. He associated it with a pace-setting leader he had experienced – not allowing people to take responsibility, taking back tasks after they have been delegated, and generally de-motivating people with a lack of trust in getting work done quickly enough or thinking the leader can do it more quickly himself. He noted the sense of urgency he brought to his own leadership style as being associated with pace-setting. Hence his earlier-noted caution with this particular tendency.

He was also conscious that unclear and indecisive leaders cause confusion and lack of knowledge about “what does the boss stand for?” Therefore, this CEO worked at being clear and decisiveness. Within the organisation, he constantly repeated what he stood for:

“customer service, performance, and ‘taking a step up.’” This latter phrase he said he used a lot. He gave a “taking a step up” example as ensuring new recruits are better than the people they replace in terms of skills and capability, and therefore in terms of what they will contribute to the organisation.

### 4.2.3 Leadership Checklist Data

#### *Important Leadership Attributes*

The ‘top ten’ CEO leadership attributes collectively identified as most *important* to participants in Organisation A are summarised in Table 4.10, in highest to lowest order. Mean scores for these attributes range from 4.5 to 4.9. The highest possible mean is 5. (Twelve attributes are listed, because the lowest score was shared with other checklist items.)

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**TABLE 4.10: ‘TOP TEN’ IMPORTANT LEADERSHIP ATTRIBUTES**

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Has goals for the organisation and communicates these well
Is results focused
Has integrity
Is people focused
Identifies difficult situations and seeks resolution
Makes tough decisions
Inspires people and creates excitement so that team members want to work hard and perform well
Lets people know what is expected of them
Recognises people and celebrates their good performance
Commands respect
Does what he says he will
Delegates appropriately

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#### *Least Important Leadership Attributes*

For the purposes of this study, least important leadership attributes were arbitrarily defined as those yielding mean scores of less than 3.7. The leadership attributes least important to this organisation’s participants are in Table 4.11. They are listed from lowest to highest, and mean scores ranged from 1.8 to 3.5.

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**TABLE 4.11: LEAST IMPORTANT LEADERSHIP ATTRIBUTES**

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Demonstrates introvert behaviour(s)
Is authoritarian
Exhibits extrovert behaviour(s)
Demonstrates no fear of failure

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### ***Leadership Performance: Top Scoring Attributes***

The CEO of Organisation A was perceived by participants, collectively, to have the absolute leadership *performance* strengths shown in Table 4.12. The highest possible mean is 5. These top scoring items are listed from highest to lowest, with the range being 4.3 to 4.8.

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**TABLE 4.12: LEADERSHIP PERFORMANCE STRENGTHS: TOP TEN**

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Has integrity
Is results focused
Expresses confidence in own judgement and ability
Is people focused
Does what he says he will
Displays constancy in personal behaviour
Makes tough decisions
Commands respect
Shows other people respect
Is optimistic goals and vision will be achieved
Is smart (intelligent)

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### ***Leadership Performance: Lowest Scoring Attributes***

Table 4.13 shows the collective view on lower absolute performance of leadership attributes, from lowest to highest. The range of scores is 2.4 to 3.5.

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**TABLE 4.13: LOWER LEADERSHIP PERFORMANCE**

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Acts as a resource and a coach in allowing and empowering individuals to reach their potential
Demonstrates introvert behaviour(s)*
Exhibits extrovert behaviour(s)*
Has charisma
Adapts working style to the needs of the situation
Fosters collaboration
Shows concern for others and their points of view
Demonstrates no fear of failure
Demonstrates self-awareness (awareness of own strengths and weaknesses)
Encourages people to consider problems from multiple perspectives and seek new solutions
Encourages participation in decision making
Inspires people and creates excitement so that team members want to work hard and perform well
Is authoritarian*

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\* a low score is a good result in this organisation

#### 4.2.4 Discussion

The leadership checklist results generally show relatively small gaps between importance for participants and their experience of the leader's attributes. Interestingly, the area of lowest perceived performance, "acts as a resource and a coach in allowing and empowering individuals to reach their potential," was noted by the CEO during the interviews to be something he did not do enough of, while he is concentrating his business energies in other areas. During interviews, the participants highlighted his empowering style, and discussed the way he uses questions to provoke thought. Both of these behaviours can be associated with having a coaching style. However, the low score for the coaching attribute in the checklist (applied in this organisation after the interviews) indicates those behaviours are not perceived that way by these participants.

Of the attributes identified as most important, the biggest performance gaps are "lets people know what is expected of them," "recognises people and celebrates their good performance," "has goals for the organisation and communicates these well." The score for actual performance on the last characteristic is relatively high, though, and three of the eight participants marked performance as 'high' (5) for this statement.

#### Checklist results combined with interview considerations

In relation to the leadership theories, this leader emerges as one who takes into account the needs of the particular situation and who is concerned about both people and results. His 'transactional' emphasis is having the effect of 'transformation' in the organisation, which is an interesting consideration in relation to the transactional–transformational paradigm.

Overall, this leader appears to be very appropriate for the organisation, according to the combined perceptions of participants in this case study.



### **4.3 The Impact of CEO Leadership Style on Adoption of the Marketing Concept**

#### **4.3.1 Summary: Market Orientation**

Organisation A has relatively high measures of market orientation, although an understanding of the full range of the marketing concept was not evident from many people involved in interviews for this study. The CEO presented with a strong knowledge and affinity for marketing and what it must achieve, and he was credited with bringing a greater knowledge of the marketing task to the organisation. Market analysis and understanding was reported as having increased under his leadership.

#### **4.3.2 Summary: CEO Leadership Style**

The CEO is management focused, with attention given to communication and delivery of the analytical components of business success. However, he has a multifarious approach in that he remembers “people” in his decision-making, empowers people to succeed, and has great integrity and respect. He is an approachable, strong leader.

#### **4.3.3 ‘Does CEO Leadership Style Impact On Adoption of the Marketing Concept?’**

##### ***Non-CEO Participant Views***

Most participants thought there was a connection between the CEO’s leadership style and the way marketing happened in the organisation. The marketers were the ones who were less clear on whether there is in fact a relationship.

Both of the marketers (interviewed separately) involved in the study noted that CEO support for the marketing function was helpful, and they both acknowledged that “things definitely changed” when he began his role. They thought his impact was evident through his strong involvement in the selection and appointment of a consumer marketer as Marketing Manager. That he is open to change and supports them to get on with delivering in their roles were thought to be other important factors. Overall, though, they were not convinced the CEO’s leadership style impacted marketing delivery or adoption of the marketing concept in their organisation.

Others were clear that leadership style had a very strong impact on market orientation, with one person noting it had an impact on “everything” in the organisation. The following leadership characteristics were thought to “absolutely help with being market oriented”: being supportive and directive about issues, providing clarity in what he expects out of marketing effort (including that it will be measured for its effectiveness), and “the way he is with people” – the way he communicates with staff and the board. It was considered relevant to adoption of the marketing concept that, when making decisions, the CEO takes into account not only the analysis of data, but also the impact on people, customers, staff, and the brand.

A few participants thought the effort put in to selling ideas to the management team and staff was another pertinent part of leadership style. One person said “when I come in to do my job, I’m doing it for him. ... If I know he is devoted, committed to making the place tick and better profit, better sales and keeping the customers happy, that’s what I’ll push on to my staff too. This is certainly happening.”

Interestingly, several people in this organisation commented that the CEO’s leadership style impacted the leadership style of the Executive Team and their managers as well. It was particularly noted, though, that the business’s marketing and customer focus was attributed to the CEO by people further through the organisation. Further, the CEO’s leadership style and marketing knowledge was thought to have contributed to a better understanding of marketing within the organisation than they had had under the previous CEO. This has provided clearer business direction and focus on what they are doing in the marketplace and why.

### ***Discussion***

Participants in Organisation A did not all believe the CEO’s leadership style impacts on adoption of the marketing concept, but he is universally credited with the market-oriented changes that have occurred in the organisation in recent years. All of these changes indicate understanding of customer focus, coordinated business efforts, competitor awareness, and profitability through repeated patronage of satisfied customers. The CEO consistently strives to communicate the importance of customers and customer satisfaction to all staff, and continually looks for more avenues to do this effectively.

While the language of the marketing concept is not noteworthy in Organisation A, there is no doubt that the CEO understands it and is striving to deliver it well in the business's competitive marketplace. His support for marketing is undisputed. His leadership style assists in that it gives clarity and focus to a market orientation – especially a customer focus – being the expected praxis. As a result, most of the participants in this study understand and agree with at least some of the principles of the marketing concept. Again, though, these are not succinctly articulated. This analytical CEO has insisted on new marketing rigour during his time at the helm, and this approach, and indeed his style, present as being appropriate for the organisation's needs.

The intriguing question becomes, would common understanding of the language and premises of the marketing concept enhance understanding of what Organisation A is trying to do and assist with achieving their desired performance in the marketplace? Some researchers (for example, Narver et al., 1998) suggest it might be helpful.

## Chapter Five:

### Case Study – Organisation B

#### 5.1 Market Orientation and the Marketing Concept

##### 5.1.1 Interview Responses: Non-CEO Participants

###### *Understanding of Market Orientation and the Marketing Concept*

###### Unprompted responses

When asked about their understanding of ‘market orientation’ and ‘marketing concept’ as it related to their organisation, the managers and marketer participants generally understood the concept to relate to how the organisation is perceived in the market – its image and brand – and how it portrays itself in the market. Two people were quick to point out the challenges of this business being expected to be all things to all people, and that a limited marketing budget meant priorities needed to be assigned and choices made, especially given the importance not just of customer attention, but also community engagement with the business.

###### Prompted responses

Upon having the production, sales and market orientations explained, and the marketing concept briefly outlined (see prompt card in Appendix 2), all participants concluded that they were striving to be market-oriented and adopt the marketing concept. Some acknowledged a perceived gap in actual performance, and others suggested there were components of all of the orientations (production, sales and market) in the way they worked. Comments included:

- “we have what we have ... in our collection, so those are the stories we tell,”
- “[The integration] is a little once-removed from planning currently,”
- “There’s awareness in the organisation. Certainly the customer focus is strong, and the CEO leads and understands it.”
- “The tricky part is pulling it all together and trying to get it [customer focus] into the heads of everyone. It’s the overarching, fundamental, most important thing we do, but it’s in the business in different degrees in different places. Some people find

it difficult to get the hang of it ... and see we are serious about it and not paying lip service to it.”

### ***Perceived Consequences of Adopting the Marketing Concept***

Managers in this organisation had high understanding of the potential consequences of adopting the marketing concept. This was reflected in comments relating to adoption of the marketing concept providing increased focus on appropriate use of resources – human and financial – as a result of understanding the desired purpose more easily. Very importantly, it was thought to be a key contributor to the long-term successful survival of the organisation. One comment was: “You have to be relevant; you’re not here for your own self-indulgence.”

### ***Views of Their Own Role in Marketing***

Participants, though, were less confident about their own role in marketing the organisation, adopting the marketing concept and being market oriented. Responses were generally tactical about physical marketing collateral-type content, rather than considering the broader conceptual approach of what marketing material, promotion and customer service aim to achieve. A shared conceptual understanding is likely to make it easier for organisation-wide adoption of the marketing concept. As one participant noted, “if people internally don’t understand the message, they ain’t going to give the message [to the customer].” This is where the CEO’s approach to adoption of the marketing concept becomes critical.

### ***Perception of CEO’s Views and***

#### ***What the CEO Does to Encourage Adoption of the Marketing Concept***

There was consistent and cogent advice that this CEO is customer-focused, and a strong advocate for the predominant importance of brand as key to the organisation’s identity and core values: “He is an advocate for the visitor. He is totally customer focused. ... He has to be consulted on *anything* that affects how the visitor experiences [the organisation], big or small. The visitor is king.”

Participants gave prolific examples of specific actions the CEO undertakes to facilitate adoption of the marketing concept. They are summarised in Table 5.1.

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**TABLE 5.1:      EXAMPLES:  
SPECIFIC CEO ACTIONS TO FACILITATE MARKET ORIENTATION**

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Being open and clear about what his beliefs are regarding the importance of customer focus.  
 Re-structuring the organisation (two-three years ago) to have a specific customer service focused group, whose responsibility it is to be advocates for the customer.  
 Empowering people to be the customer advocate.  
 Having an open listening style, and being prepared to listen to other people's ideas.  
 Monitoring research, and sharing and highlighting information with staff and the Board.  
 Marketing updates and presentations with the Board.  
 Providing clarity of thought and action regarding customer focus.  
 Giving constant yet subtle reminders of customer importance.  
 "Walking the talk" and "role modelling" desired behaviour. For example, requiring immediate action on matters that negatively impact customers.  
 Supporting delivery of customer service in a very honest way, so the organisation is not just paying lip service to it.  
 Involving cross-functional staff in brand decisions (vis-à-vis development of the brand).  
 Briefing new key marketing staff on the brand, its evolution and future.  
 Ensuring consistent and appropriate use of the logo and brand, and signing off on marketing collateral.  
 Using every opportunity possible to make people aware of the value of the brand – staff, signage, way-finding.  
 Celebrating engagement with the consumer – for example, in newsletters and at staff events.

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### 5.1.2 CEO Interview Responses

#### *Understanding of the Market Orientation and Marketing Concept*

##### Unprompted response

The CEO associated the terms market orientation and marketing concept with, in simple terms, "customer focus." Importantly for his business, he works to ensure he is not captured by a particular section of the market, to ensure a broad and unbiased approach can be taken.

##### Prompted response

Considering marketing concept components in more detail, the CEO saw the marketing strategy and annual plans, to which he has significant input and buy-in, as the shapers of the coordinated, integrated approach. While Organisation B is not expected to generate dollar returns, this CEO uses the "profit" language of the marketing concept, and notes such profit contributors as customer numbers and "approval ratings" as key organisational goals to be achieved. The CEO believed that the way the organisation markets directly affects achievement of those goals.

### *Consequences of adopting the marketing concept*

When queried about the perceived consequences of adopting the market orientation, the CEO stated “success.” He acknowledged that some staff have found the approach hard to understand, but most now grudgingly accept that the success of the organisation has been largely due to a customer focus. The success means the organisation gets more funding, which means greater ability to do more. Success also brings better feedback on the particular work done by individuals, as well as the organisation, as well as more sector and personal kudos for staff.

What the CEO described as a “democraticisation of approach” has contributed to this. Specifically, all staff have to do customer service training, regardless of role. This has encouraged greater thinking about how what they do benefits the end-customers, rather than just themselves and their professional wishes.

The CEO’s aim when he began in his role about ten years ago was to turn an organisation from a 20 percent customer focus and 80 percent business “back-of-house” focus to an 80 percent customer and 20 percent back-of-house focus. At its height, he perceived the focus has been 50:50. Delays on a major organisational change project (originally due to be completed within ten years of his appointment) had put this organisation into a holding pattern at the time of this research, and the CEO volunteered his view that at that time the organisation was 30 percent customer focused and 70 percent back-of-house. He did note, though, that there was a good core of people who were 100 percent outwardly focused, which gave a better impressionable result.

### ***The CEO’s Role in Adoption of the Marketing Concept***

This leader reflected quizzically on his own role in the organisation’s customer focus, especially with regards to all staff participating in customer service training: “Did I order it to happen, or did I decide it was going to happen and get everyone to agree it would? I like to think it was the latter, but it would be fair to say, in the early days I was the push for that. But very quickly we had a body of people around me who thought it was right.”

He noted two key (long term project-type) teams he identified to facilitate adopting a customer focus: he created, firstly, a “new visitor experiences” team to draw people in to the organisation; and secondly, a “marketing and image” team to consider how the

organisation promotes itself, its brand and visual presentation. Both initiatives have been very successful, and the CEO was particularly proud of the marketing impact. Until recently, he himself led the “marketing and image” team to signify its importance. Two other teams were also created – mainly with an internal focus on policies and procedures, but these teams too have benefited from focusing on benefits to the end-customer.

In further answer to his role in the organisation’s market orientation and marketing concept adoption, this CEO declared his wish to see all collateral that impacts the customer. He had recently read about a CEO in a major bank who also insisted on previewing all marketing material, and now felt more justified in his stance. He explained he affords “jealous control” of “the tone of the voice” of the organisation and its “look” to the public and customers. As such, he considered it important that all those involved in the marketing and promotion of the organisation understand its markets and take advice on the tone of voice from those who are working with the image in a managerial and leadership sense. Despite his personal love of design and art, this leader noted “I can’t stand the triumph of design over common sense.” The result is the organisation having a very common sense approach to its markets and marketing, with a drive to be accessible and smart, but to retain its wide appeal to a broad customer base.

The CEO played a key role in the redesign of the organisation’s brand shortly after taking up his position. While the staff were ready for the changes, the Board took more time to convince. Now, though, it is acknowledged as a major change agent for new professionalism in the organisation.

Finally, determining commitment and ability for staff to deliver customer focus begins at the interview stage in this organisation, when all applicants have the structure of the organisation shown and explained to them. Again, this was a CEO initiative. The overarching accountability of everyone for a customer focus is pointed out – from the Board through to all staff. Interview questions cover customer focus and customer service, and these philosophies are reiterated all the way through their employment. Customer service and related training is compulsory within a short time of starting work in the organisation, and there are options for advanced training which are compulsory for front line staff. The number of hours of staff training is also a performance indicator reported to the Board, and there are expectations of significant organisational investment.



### 5.1.3 Market Orientation Survey Data

#### *The Narver and Slater (1990) Market Orientation Scale*

The survey instrument revealed an overall high market orientation score (as identified in Hooley et al., 2000)<sup>1</sup> for Organisation B. However, there is a very small sample size and, as Table 5.2 below shows, many participants did not believe all of the questions were applicable to their non-profit based environment. For a small group of participants, the range in scores is high. Individual mean scores for market orientation ranged from 2.75 to 4.56.

**TABLE 5.2: MARKET ORIENTATION**

<i>Market Orientation Variables</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>
<b><i>Customer Orientation</i></b>				
Our objectives and strategies are driven by the creation of customer satisfaction	6	4	5	4.50
Our commitment to monitoring customer needs is closely monitored	6	3	5	4.33
Competitive strategies are based on understanding customer needs	5	2	5	4.20
Business strategies are driven by increasing value for customers	6	3	5	4.00
Customer satisfaction is frequently assessed	6	3	5	4.33
Close attention is given to after sales service	4	3	4	3.50
<b><i>Competitor Orientation</i></b>				
Sales people share information about competitors	1	4	4	4.00
We achieve rapid response to competitive actions	3	1	4	2.33
Top management regularly discuss competitors' strengths and weaknesses	2	3	4	3.50
Customers are targeted when we have an opportunity for competitive advantage	5	2	5	4.00
<b><i>Interfunctional Coordination Orientation</i></b>				
Top management regularly visits important customers	4	2	4	3.50
Information about customers is freely communicated throughout the organisation	6	3	5	4.00
Business functions are integrated to serve market needs	5	2	5	3.80
Our managers understand how employees can contribute to value for customers	6	3	5	3.83
<b>Market Orientation Score</b>	<b>6</b>	<b>2.75</b>	<b>4.56</b>	<b>3.94</b>

<sup>1</sup> For further discussion on high, medium and low market orientation scores, see Appendix 4.

### ***The Kohli et al. (1993) Validation-Check Response***

The validation-check question, seeking response to organisational conceptual forms A and B, depicting those relating to a sales orientation and market orientation, respectively, revealed scores as in Table 5.3. (The maximum assignable score to Company A or B is 100.)

Only four people answered this question. Two people indicated it was not applicable to their environment, with one of those participants further noting a tendency to Company B “in a small way.” The mean scores are brought down by one score, which was the complete opposite of another score. (Company A generated responses of 5, 10, 20 and 95, with Company B reflecting the remaining scores out of 100: 95, 90, 80 and 5.)

**TABLE 5.3: MARKET ORIENTATION – CHECK**

	N	Minimum	Maximum	Mean
<b>Company A</b> relies heavily on its sales people to use a variety of selling techniques for getting customers to say “yes.” The primary emphasis in the company is on selling. Customer satisfaction is considered important but the emphasis is on going out and pushing the company’s products.	4	5	95	32.5
<b>Company B</b> does a lot of research to learn the concerns of its customers, and responds by developing new products and marketing programmes/campaigns. The emphasis is on understanding why customers act and feel the way they do, and exploiting this knowledge. Selling is considered important, but the emphasis is on making products that will almost “sell themselves.”	4	5	95	67.5

#### **5.1.4 Discussion and Overall Assessment**

Company B in the validation question may not have scored as highly as expected because of notions presented by participants in interviews that what constitutes “a lot” of research is a matter of opinion. This organisation takes part in market research monitors twice a year and other comments indicated that members of the organisation, including the CEO, actively seek research in the form of primary and secondary data. However, one participant noted a perception that the biannual market research was more of an “audit” of current perception, rather than a “driver for decision making.”

Overall, though, the questionnaire results indicated a market orientation in Organisation B. Range in perception was high for the small participant numbers, suggesting understanding of components of a market orientation was not consistent and/or that information on these matters was not widely shared.

This latter suggestion is perhaps confirmed by data from the questionnaire covering business approach (see Table 5.4), strategic priorities (see Table 5.5), marketing strategy (see Table 5.6), and organisational performance (see Tables 5.7). Almost all questions generated responses from the full scale of options, and there was a reasonably consistent tendency for at least one participant to consider the question did not apply to Organisation B's context.

While the organisation is market-oriented, then – especially in terms of customer focus – it is debatable whether it is fully adopting the marketing concept. In particular, integration of business activities seems unlikely when understanding of factors contributing to that integration is not consistent, making profitability or achievement of goals (other key components of the marketing concept) more difficult to realise.

As would be expected, the CEO, though, was very conversant with these issues. While it is acknowledged that the language of the market orientation questionnaire may include terms not typically part of a non-profit operation's vocabulary, there were no "not applicable" responses from the CEO to the questionnaire. He was able to apply all of the concepts represented by the questions. As Gainer and Padanyi (2005) suggest, developing a culture of market orientation in a non-profit organisation may pose different challenges from those of a profit-generating business.

**TABLE 5.4: APPROACH TO BUSINESS**

	Frequency	Percent
We use selling and advertising to help sell our products and services.	1	16.7
We endeavour to offer the best technical product in our industry.	0	0
We identify the demand and requirements of customers and ensure our products and services meet them	1	16.7
We concentrate on manufacturing efficiency to achieve low unit costs to sell our products at the lowest possible prices.	0	0
We use our assets and resources to maximise short-term profits or other financial measures.	0	0
We organise our activities to provide security and continuity of employment for our employees.	0	0
We provide the goods and services society in general needs rather than simply satisfying individual customers.	1	16.7
No answer / unusable answer	3	50.0
Total	6	100.0

**TABLE 5.5: STRATEGIC PRIORITIES**

	Frequency	Percent
<b>Strategic Priority Over Last 2 Years</b>		
Survival	1	16.7
Good short-term financial returns or profits	0	0
Long-term building of our market position	4	66.7
No answer / unusable answer	1	16.7
<b>Focus Over Last 2 Years</b>		
Cost reduction and efficiency gains	1	16.7
Expanding the total market for our products	2	33.3
Winning market share from competitors	1	16.7
No answer / unusable answer	2	33.3
<b>Primary Marketing Objective</b>		
To maintain or defend our current position	2	33.3
To achieve steady sales growth	3	50.0
To achieve aggressive sales growth or to dominate the market	0	0
No answer / Unusable Answer	1	16.7
Total	6	100.0

**TABLE 5.6: MARKETING STRATEGY**

	Frequency	Percent
<b>Market Targeting Approach</b>		
Attack the whole market	1	16.7
Attack selected market segments	4	66.7
Target specific, individual customers	0	0
No answer / unusable answer	1	16.7
<b>Product Positioning</b>		
Technical quality is higher than the main competitors	3	50.0
Technical quality is about the same as the main competitors	1	16.7
Technical quality is lower than the main competitors	0	0
No answer / unusable answer	2	33.3
<b>Service Approach</b>		
Service quality is higher than the main competitors	5	83.3
Service quality is about the same as the main competitors	1	16.7
Service quality is lower than the main competitors	0	0
No answer / Unusable Answer	0	0
<b>Price Approach</b>		
Price is higher than the main competitors	0	0
Price is about the same as the main competitors	2	33.3
Price is lower than the main competitors	2	33.3
No answer / Unusable Answer	2	33.3
Total	6	100.0

**TABLE 5.7: ORGANISATIONAL PERFORMANCE**

	Frequency	Percent
<b>Return on Investment in Last Complete Financial Year</b>		
Loss	0	0
Break even	1	16.7
1-9%	1	16.7
10-19%	1	16.7
20% or more	0	0
No answer / Unusable Answer	3	50.0
<b>Performance Relative to Budget This Financial Year</b>		
Better than target	3	50.0
On target	1	16.7
Below target	1	16.7
No answer / Unusable Answer	1	16.7
<b>Organisational Performance Relative to Last Year</b>		
Better than last year	5	83.3
Same as last year	0	0
Worse than last year	0	0
No answer / Unusable Answer	1	16.7
<b>Performance Relative to Main Competitors Last Year</b>		
Better than competitors	3	50.0
Same as competitors	1	16.7
Worse than competitors	0	0
No answer / Unusable Answer	2	33.3
Total	6	100.0

## 5.2 CEO Leadership

### 5.2.1 Description of CEO Leadership Style: Non-CEO Participants

When participants were asked to describe the CEO's leadership style, predominant themes were clarity of vision and thought, and decisiveness intermingled with a healthy dose of humanity. It was noted that most people respect the clear leadership role he has. Table 5.8 summarises participant reflections.

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**TABLE 5.8: THE CEO'S LEADERSHIP STYLE**

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He is pretty relaxed.  
 He's got an open door policy.  
 He's approachable and focused, clear and decisive.  
 In some ways he's autocratic, but it's not a bad thing, because he is inclusive. We have lots of meetings and discussions and at the end of the day, he'll decide because he is accountable.  
 He's quite driven for change.  
 He has great breadth of vision – he sees "both bigger and smaller stuff than other people; nothing escapes him."  
 He thinks more laterally and solves problems better than anyone else I know; he's a very clear thinker.  
 He's caring and sensitive to people in all ways, very fair.  
 He's honest and open and believes in telling the truth. He's not into spin. He's totally trustworthy and ethical.  
 He faces set backs positively, despite public and personal attacks.  
 He's a very inspiring person.  
 He's not perfect.  
 He can be daunting for people, but he is a very forgiving person who does not harbour grudges.  
 It can be frustrating how little he is available. The CEO is involved in interviewing staff, and this creates an expectation of availability and hands-on involvement that may not be deliverable in the workplace.  
 If you know he is committed to a particular decision, while some people are comfortable to raise concerns, he gives others the impression he's not going to change his mind.  
 Leaders at all levels appoint the team, create the forum for debate, nurture as necessary, and if people over-challenge, bring them back into line. He does this, but it would be good to have more rigorous debate at the senior level, to ensure decisions are robust. This does not mean judgmental debate, but rather open, frank discussions with people walking away respecting everyone.

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### 5.2.2 CEO's Perspective of Leadership Style

The CEO himself described his style as a combination of assessing the terrain to build a vision, which is tested with the Board and staff, and then leading the team and encouraging teamwork to realise the vision.

His start to the CEO role involved interviewing all staff to discover their views, to then build a clear vision of where the organisation needed to go. That concept was then tested with the Board and staff, and workshopped to arrive at a vision he believed was best for the organisation. He has been committed to staying “doggedly focused” on that vision. He noted that “as soon as you start watering it down to bring in every little variation ... there’s no fizz left.” He did note, though, the need to keep listening, and that it was important to modify the vision where “it is likely to go awol.” Staying focused on “the big picture” is imperative.

He commented that “another way of looking at it (my leadership style] is ‘benevolent dictatorship,’ but not quite as harsh as that sounds.” The CEO noted that the best leaders he had come across were “very benevolent, but also focused on what they want to achieve.” That makes it important to have the checks and balances in the system to ensure the dictatorship side does not overrun the benevolent side. In this organisation, the ‘Investors in People’ programme facilitates the checks and balances. It offers an independent health check on the “culture and happiness” of the organisation.

The CEO noted that delays in approval to start their major project meant they were “back to the knitting” at the moment, concentrating on building their systems and processes to ensure they will be well supported by them when they go into project mode. He noted that the project delays had led to a certain “flatness” in the organisation, as it had not been appropriate to invest in product development for future customer experiences the way they might have otherwise liked to do.

### **5.2.3 Leadership Checklist Data**

#### ***Important Leadership Attributes***

The ‘top ten’ CEO leadership attributes collectively identified as most *important* to participants in Organisation B are summarised in Table 5.9 in highest to lowest order. In general, there was a lot of agreement from participants regarding the importance of leadership attributes, and these ‘top ten’ items have mean scores ranging from 4.8 to 5.0. The highest possible mean is 5. (Thirteen items are included because of a number of items sharing the lowest place on this list.)

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**TABLE 5.9: 'TOP TEN' IMPORTANT LEADERSHIP ATTRIBUTES**


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Is results focused
Inspires people and creates excitement so that team members want to work hard and perform well
Commands respect
Has goals for the organisation and communicates these well
Leads by example
Lets people know what is expected of them
Fosters collaboration
Recognises people and celebrates good performance
Has integrity
Shows other people respect
Trusts people and inspires trust in others
Uses power appropriately
Demonstrates self-awareness (awareness of own strengths and weaknesses)

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### ***Least Important Leadership Attributes***

For the purposes of this study, least important leadership attributes were arbitrarily defined as those yielding mean scores of less than 3.7. The leadership attributes least important to this organisation's participants are in Table 5.10. They are listed from lowest to highest, and the scores ranged from 3.4 to 3.6.

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**TABLE 5.10: LEAST IMPORTANT LEADERSHIP ATTRIBUTES**


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Is authoritarian
Demonstrates introvert behaviour(s)
Exhibits extrovert behaviour(s)
Demonstrates no fear of failure

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### ***Leadership Performance: Top Scoring Attributes***

The CEO of Organisation B was perceived by participants, collectively, to have the absolute leadership *performance* strengths shown in Table 5.11. The highest possible mean is 5. These top scoring items are listed from highest to lowest, with the range being 4.4 to 4.8.



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**TABLE 5.11: LEADERSHIP PERFORMANCE STRENGTHS: TOP TEN**


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Is visionary  
 Has integrity  
 Is optimistic goals and vision will be achieved  
 Recognises people and celebrates their good performance  
 Expresses confidence in own judgment and ability  
 Sees change as a source of opportunity  
 Takes sensible risks  
 Brings about significant change  
 Leads by example  
 Is results focused

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### ***Leadership Performance: Lowest Scoring Attributes***

Table 5.12 shows the collective view on lower absolute performance of leadership attributes, from lowest to highest. The range of scores is 3.0 to 3.6, so these are still generally positive results.

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**TABLE 5.12: LOWER LEADERSHIP PERFORMANCE**


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Encourages participation in decision making  
 Delegates appropriately  
 Identifies difficult situations and seeks resolution  
 Acts as a resource and coach in allowing and empowering individuals to reach their potential  
 Trusts people and inspires trust in others  
 Encourages people to consider problems from multiple perspectives and seek new solutions  
 Is authoritarian\*

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\* a low score is a good result for this organisation

## **5.2.4 Discussion**

The biggest gaps in importance and performance are for “encourages participation in decision making” and “trusts people and inspires trust in others.” Overall, though, it seems that the recognised ability of this leader to have clear vision, thinking and problem solving skills means, to date, Organisation B has not been compromised as a result.

Interestingly, while “is authoritarian” might look like a negative result at first glance, it is extremely close to the score for importance in this organisation, showing that the level of authoritarianism is ‘about right.’ One person commented that this leader could be *more* authoritarian. When considered in conjunction with comments made about this leader

using power appropriately, it does not appear the authoritarian trait is stepping over the band of acceptability for this organisation.

*Checklist results combined with interview considerations*

Certainly, it would seem that these checklist results go some way to verifying the CEO's description of his style as a "benevolent dictator," who develops a vision and strives for the team to work with him to realise it.

As one participant noted about the CEO role in general, and this CEO in particular, if he really wants something to happen, he'll push for it. The role means that "if [the CEO] wants to change his mind about something that's been decided, he can do that as well." This comment was dispassionately offered, and was an observation about the role, rather than any abuse of it.

Interestingly, comments from participants indicated that views of their own leadership style were considered when reflecting on the CEO's style. It seemed that if the CEO's style was different from the participants', the scores were lower. The more the CEO's style seemed relevant to the participants' style, the scores were higher.

## **5.3 The Impact of CEO Leadership Style on Adoption of the Marketing Concept**

### **5.3.1 Summary: Market Orientation**

Organisation B has relatively high measures of market orientation and has strong connection with at least the customer focus component of the marketing concept. The CEO believes in these philosophies and his beliefs are carried through into his leadership messages.

### **5.3.2 Summary: CEO Leadership Style**

The CEO of Organisation B is visionary, with a tenacious drive for the organisation to achieve its potential. He recognises the importance of people in achieving results and brings a sense of humanity to his leadership. He is a strong leader.

### **5.3.3 ‘Does CEO Leadership Style Impact On Adoption of the Marketing Concept?’**

#### ***Non-CEO Participant Views***

All participants thought there was a connection between the CEO’s leadership style and the organisation’s adoption of the marketing concept. It was most evident through the CEO’s clarity of vision and passion for a customer focus. This translates into talk and action on matters concerning the vision for the organisation and its major projects, including product planning (to ensure a broad mix which makes the organisation accessible to a wide range of people), through to the more technical details, like legibility and clarity of signage.

#### **Marketing involvement**

At a tactical level, this leader has a strong relationship with the marketing personnel. He takes personal oversight of use of the brand and presentation of the organisation to the public – making sure it is appropriate for the customer and “not too glitzy and wasteful,” given that the organisation is publicly funded. However, this approach is not without its risks. It was suggested that the leadership style and “quite hierarchical” nature of the organisation could dampen enthusiasm for some people and exhibit a lack of trust. There was a suggestion that to adopt the ways of the marketing concept, an organisation needs to

be fairly energised, “with lots of strands and lots of people involved” across the organisation and in different roles. It was believed there was probably not that level of engagement currently. However, this comment can be contrasted with statements from others about the Marketing and Image team. This team involves participants from across the organisation. While it was acknowledged that it would be good to be involved in marketing discussions [at this group], so that a personal perspective could be added, it was noted “there are already people with many perspectives included and you can’t involve everyone.” This person, while not included in the marketing meetings, was impressed with the results of the CEO’s leadership in this capacity. Another noted that while more autonomy might be sought by those in marketing roles, it was important to take into account the CEO’s broader exposure and understanding of the market.

#### *Customer orientation*

One participant posited that if an organisation is going to be in a position to do what customers want, there has to be great openness and receptivity to the ideas, and ability to determine actual reasons to take action, rather than a reliance on gut feeling of a limited few. Leadership style was thought to be paramount for this listening and analysis to happen and then to follow through to a known conclusion (rather than having ideas “hanging”). The leader of Organisation B was thought to ask those key questions and make clear decisions. However, for one person the perceived lack of sufficient robust debate at management level, was thought to result in decisions taking a while, and people waiting for the CEO to get things moving. As an example, again, there was a perception that CEO sign-off on marketing material and brand presentation could cause frustrating delays. To others, it was important that this happen to maintain the integrity of the brand in the marketplace.

#### *Interfunctional coordination*

The marketing personnel spoken to in Organisation B valued that the CEO had a good understanding of not just the customer focus, but also the integrated organisational effort required to achieve the full marketing concept.

#### ***Discussion***

The CEO certainly has a clear vision for Organisation B and believes that success is achieved by adopting a customer focus and the broader components of the marketing

concept. His leadership activity reflects this continual message. He sees retaining a customer focus as the way to challenge the organisation to offer new and varied experiences for them. Importantly, too, there does not appear to be any flaw in his leadership style that compromises delivery of the customer focus or marketing concept precepts.

It is the CEO's pervasive leadership involvement, combined with his tenacious pursuit of the organisation's vision that they are likely to be the keys to adoption of the marketing concept in Organisation B.

## Chapter Six:

### Case Study – Organisation C

#### 6.1 Market Orientation and the Marketing Concept

##### 6.1.1 Interview Responses: Non-CEO Participants

###### *Understanding of Market Orientation and the Marketing Concept*

###### Unprompted responses

When asked about their understanding of ‘market orientation’ and ‘marketing concept’ as it related to their organisation, half of the managers and marketer participants had cogent understanding. The other participants commented on how tactical marketing is delivered in the organisation. One person noted the interesting nature of marketing in a cooperative when the market is relatively contained (expansion into the global marketplace is not appropriate) and when too much glamour or being too different would not work with the relatively conservative target group. Different views on what the cooperative will do for the shareholders add to the marketing challenge. Specific responses included those in Table 6.1.

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**TABLE 6.1:     EXAMPLES: UNDERSTANDING OF THE MARKETING CONCEPT**

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It's the approach in the market with the customer base. It has to be consistent across the company. Regional sales and stores structures add strength to the central view of how to take the products and services to market.

The marketing concept is about the primary commercial integral position with our customer. We want to get to the point where we can anticipate their needs, and deliver them products or services to meet those needs in the most highly efficient way we can, so they have absolutely no reason to go past our organisation and a lot of reason to recommend to friends, family and colleagues that they should deal with us.

The marketing concept is how we are focused on our market and what we do to address our market needs. The market orientation is focusing on the market.

In the context of this organisation it means direct marketing to the specific clients we are targeting; no mass advertising on TV and radio, and very limited print media.

It's focusing on products in different markets.

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###### Prompted responses

Upon having the production, sales and market orientations explained, and the marketing concept briefly outlined (see prompt card in Appendix 2), all participants concluded the company is market-oriented. One person suggested that some products, which are new to the company, may be perceived to be in more of a “sales orientation” phase as the business

works towards informing customers that these products can now be purchased from them. Gaining sales involves “breaking the inertia of customers for thirty-plus years.”

A few people noted a historical production orientation for the goods the organisation manufactures. However, manufacturing has evolved to enable customisation of products, thereby delivering a market orientation. It was observed that the consumers also being shareholders added rigour to the demand being driven by them: “the shareholders own it, so they decide what they need and we supply it.” Most participants pointed out that the organisation is not selling-oriented, that their approach is long term, and they will tell customers if they do not need to purchase a product. This was deemed to be a responsible business practice, which contributed to sustainable business performance as well as economically and environmentally sound outcomes for the customers. Some participants talked about the need for sales to be closed when opportunities arise, though, rather than representatives leaving the recommended purchase “hanging.” This practice was thought to contribute to sales being lost to competitors.

### ***Perceived Consequences of Adopting the Marketing Concept***

Participants in this organisation had variable understanding of the potential consequences of adopting the marketing concept. One person said the consequences were not known and “I don’t really have to deal with it.” Another person talked about the consequences of sales being lost to competitors, if the representatives gave only advice and recommendations and did not seek orders. Three people noted the long-term focus and sustainability a market orientation provided, in comparison to other business choices which would see the organisation’s early demise. Being customer driven was thought to be ideal for the business’ cooperative nature, even necessary to stay ahead of the competition. One person said, “It is the way to run the business. It’s all about creating understanding of your marketplace, creating products and services that meet the needs your market has. ... It’s ... about being aware of who you are ... and making sure you’re giving (customers) something they can value.” Adding value was mentioned by another participant: “if we do the right thing by shareholders, we can add significant value to them.”

### ***Views of Their Own Role in Marketing***

Most participants were clear about their own role in marketing the organisation, adopting the marketing concept and being market-oriented. The marketers noted both their tactical and strategic roles. In the tactical capacity they noted: ensuring appropriate customer-

centric positioning, and ensuring messages are understandable to existing customers as well as helping to target new ones. In their strategic capacity, they highlighted their role in influencing colleagues to get their teams to take action, their provision of technical expertise and help with knowing what products are needed, and their monitoring role in ensuring the business is adding value to the shareholders. Table 6.2 notes the roles other participants expressed for themselves.

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**TABLE 6.2:      EXAMPLES: PARTICIPANT ROLES IN MARKETING**

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To provide input in approach, and influence the business direction.  
 To help provide clarity throughout the organisation.  
 To ensure philosophies/requirements are reflected in job descriptions, inducting people, performance reviews, and that these are consistently available to everyone.  
 To implement the organisation's approach through the staff reporting to me.  
 To educate our staff to know the products and their benefits, and focus on actually asking the questions that will get the customer to buy.  
 To educate customers on why they need our products.  
 To follow through from marketing activity to gain the sale.  
 To get customer feedback.

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### *Perception of CEO's Views and*

#### *What the CEO Does to Encourage Adoption of the Marketing Concept*

Everyone thought the CEO saw the marketing function as important in the organisation. His customer-centricity was repeatedly highlighted and his very high standards, which he also demands as a customer from the organisation's suppliers. His key role in driving the organisation was also pointed out: "If he decided tomorrow to become hard-sell, there might be a lot of arguing about it, there might be a lot of gnashing of teeth, but that would be his decision and that is what would be implemented. So what he believes as leader is core to what we do. That doesn't stop arguments and gnashing of teeth, though, but at a point, if that's the way he wants to take it, that's the way we'll go."

Another person suggested the CEO saw the marketing department's role as being to create brand awareness as a starting point, but that it is "up to the sales force to drive everything through." The CEO was also associated with constant reminders that the marketing department can help get important information out to shareholders, "whether that's on product or the way the company is performing. ... It's not just direct mail-outs, but also newsletters, annual reports..."



A couple of people noted the importance their CEO placed on marketing, the time he spent, and the assertive and proactive approach he took to driving it on an ongoing basis.

*Assisting with adoption of the marketing concept*

Participants noted several actions the CEO took to facilitate adoption of the marketing concept. Prolific themes were active communication with the Board, customers, and staff via face-to-face messages, newsletters and reports; key support and use of the customer relationship management system (CRM); and his availability to all personnel.

The CRM is worthy of particular note. It is a key tool in delivery of customer service in this organisation and several participants noted the CEO's role in its instigation, development and ongoing support. The resourcing, in terms of both technology and staffing, has been critical. For instance, the Customer Service Centre is a 24/7 operation.

The CEO was credited with facilitating “almost draconian-like adherence to” use of the (CRM) with a two-pronged approach. The first is a “do as I do” approach. Whenever he visits a shareholder, he adds comments. All staff see the CEO has been talking to that customer and that he has used the CRM. The second approach is “the stick.” “We have said to people ‘if you visit a ... [customer] and we want you to visit [a certain number] ... per month, you will have only visited them if you put the data into our CRM system. If you haven't, then as far as we are concerned, you haven't visited. And if you haven't visited enough ... [customers], we'll fire you.’”

The result has been extremely high adherence to the CRM systems, which has facilitated ability to be market-oriented and deliver the marketing concept for the business. The system itself provides sophisticated collective and individual reporting capability, further enhancing capability for delivery of the marketing concept.

A couple of people noted that the CEO worked for the Board. That governing body comprises a high number of shareholders from a cross-section of their agricultural community. One person suggested that the market-oriented approach of the organisation started with their standards and expectations. “Then that philosophy is set in our mission statement and senior management implement it, and it flows through to the sales staff.” Others suggested the CEO had a more hands-on approach and influence with the Board.

Comments about specific actions taken by the CEO to facilitate adoption of the marketing concept are in Table 6.3.

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**TABLE 6.3:      EXAMPLES:  
                         SPECIFIC CEO ACTIONS TO FACILITATE MARKET ORIENTATION**

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**The Board**

With the Board he has a very close relationship and he actively manages them. They come out to shareholder functions. They do community meetings. They're very active.

He talks to the Board and other members of his direct team about principles.

**Communication with Shareholders**

He regularly communicates with shareholders and he fronts newsletters, the annual report, the media.

He passes on information/communication from the shareholders and discusses it with his direct reports and it flows down through the organisation. "There's not too many levels between the sales reps and CEO, so there's a very clear message coming down."

We have 30-40 meetings a year with shareholders and he generally fronts them. Each meal meeting has between 50 and 2-300 customers.

At every event he "presses the palm" of every person he gets the opportunity to. "So you have the salespeople, who should be the people who are doing that, almost talking amongst themselves, and you've got the CEO frenetically going around." He "walks the talk."

**Competitive Focus**

At trade shows, where there are competitors, he is also active: "you have him almost out in the middle of the lane, directing people in." When "our competitor chose to be immediately across from us ... you almost had the CEO inside their tent saying to people to come across. And if you are 22 and fresh out of university, you think you know everything, and you see the CEO doing that, you are going 'that's ... wow! ....' It's the kind of Jack Welch type of ... legends and artefacts."

**Customer-Centricity Within the Organisation**

He is absolutely customer-centric and "it helps create ... and reinforce a customer-centric culture within the organisation." One of the ways this manifests is in the CEO seeing the customer in what might otherwise be perceived as "organisationally-focused territorial battles."

He talks around the country at staff "road shows."

He talks at annual sales conference meetings about the way we do our business and seeks staff feedback.

He fronts major marketing campaigns and feedback about how they are going.

**Availability**

He's incredibly available.

He goes on site; he talks to staff.

He has a total open door policy.

**Influence**

If he is supportive of something he uses his sway.

**Processes**

He has processes such as the annual strategic review.

He is very hands-on with how we market ourselves in the market.

**Values and Mana**

He talks about our values and the way we do things, why we're here and what we do.

He's incredibly respected.

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## 6.1.2 CEO Interview Responses

### *Understanding of the Market Orientation and Marketing Concept*

#### Unprompted response

“Marketing drives our strategy” was the clear statement from this CEO. He saw strategy as his role, and he referred to the large amount of time he spent with his lead marketer – more so than his other direct reports.

#### Unprompted response

In considering the description of the market orientation offered in the prompt card (Appendix 2), the CEO observed that he would like the organisation to be going a step beyond it, “as people almost never know what they want.” He talked of “marketing ... being able to anticipate what they would want if they knew they could get it, but they will never ask for it, because they don’t know.” He observed the need to be careful with market surveys, and said the organisation had examples where customer research suggested “they [customers] wouldn’t value a particular thing, and then we ignore the survey and do it – and then we do another survey and find they really value what we did.” He summarised that marketing is “about predicting what might be possible.”

#### Consequences of adopting the marketing concept

This leader saw the risk in the marketing approach being “getting it wrong” because “you’re moving ahead of what people are currently used to.” He talked about examples of great success, and of other projects where time and money had been spent, but they “totally failed” and needed to be abandoned. “Once you try to anticipate the need, you’re not always going to get it right, and if you invest too much money in it, it can be difficult. So it’s a high risk way to manage the business.” On the other hand, if it goes well and there is success, “you move the market [and] it’s more satisfying.”

The CEO noted the importance of competitors in any marketing model and critiqued the brief outline of the marketing concept shown in this research for not fully embracing this. He also noted, “competitors change” and talked about channel reduction resulting in previous partners becoming competitors. He also talked about the importance of competition in a duopoly and that “your competitor must always exist. You can’t ever get rid of them. ... What you’ve got to do is make sure you don’t let them get too strong, but you also don’t want to make them too weak, because if you make them too weak, ... you

give someone else a cheap entry point and they may be much more difficult to deal with.” Marketing strategies, then, have to deal with all the competitor action and ramifications.

### *The CEO’s Role in Adoption of the Marketing Concept*

Simply, this CEO reflected on his role in the adoption of the marketing concept: “because it is the strategy, it is me.” As earlier in the interview, he noted the large amount of time he spent with the lead marketer, and the person who heads the purchasing functions. He noted, though, “the guys do their own jobs, of course.”

Most of the actions and activities he noted he undertook that directly contribute to adoption of the marketing concept were also noted by the other participants in the study. Table 6.4 summarises his responses.

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**TABLE 6.4: CEO RESPONSE: EXAMPLES OF ACTIONS TO FACILITATE MARKET ORIENTATION**

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[Regularly] reviewing all past initiatives to get product to the market.

Ensuring strategic connection of the organisation’s IT (Information Technology) function in the business. The Chief Information Officer reports directly to the CEO, not the Chief Financial Officer, as is often the case. This function has a critical impact on customer knowledge, and is a strategic, market-focused function, rather than a financial information one.

Talking to staff annually, with separate annual meetings of production, and sales and stores staff, as well as meetings with all Head Office personnel.

Spending a lot of time talking to customers, and “testing things” with them: “we tell them about what we’re doing and get their views.” Reference was made to stopping (the many) market surveys they used to do, because “we were starting to annoy the clients, and we don’t know we were learning anything new from it. You can get into this self-reinforcement, which is very dangerous.” The volume of customer data already available to the organisation, and the amount of daily contact many people have with the customers, means the business is maintaining perspective on their immediate needs, wants and views.

Running two-day strategy sessions with the Board annually, and providing monthly Board papers, which include a comprehensive marketing section covering organisation and competitor activity.

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### **6.1.3 Market Orientation Survey Data**

#### *The Narver and Slater (1990) Market Orientation Scale*

The survey instrument revealed an overall high market orientation score (as identified in Hooley et al., 2000)<sup>1</sup> for Organisation C. However, the very small sample size must be

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<sup>1</sup> For further discussion on high, medium and low market orientation scores, see Appendix 4.

**TABLE 6.5:** **MARKET ORIENTATION**

<i>Market Orientation Variables</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>
<b><i>Customer Orientation</i></b>				
Our objectives and strategies are driven by the creation of customer satisfaction	7	4	5	4.29
Our commitment to monitoring customer needs is closely monitored	7	3	5	4.43
Competitive strategies are based on understanding customer needs	7	3	5	3.86
Business strategies are driven by increasing value for customers	7	3	5	4.00
Customer satisfaction is frequently assessed	7	2	5	4.14
Close attention is given to after sales service	7	1	5	3.14
<b><i>Competitor Orientation</i></b>				
Sales people share information about competitors	7	3	5	4.14
We achieve rapid response to competitive actions	7	2	5	3.71
Top management regularly discuss competitors' strengths and weaknesses	7	4	5	4.29
Customers are targeted when we have an opportunity for competitive advantage	7	2	5	3.71
<b><i>Interfunctional Coordination Orientation</i></b>				
Top management regularly visits important customers	6	3	5	4.33
Information about customers is freely communicated throughout the organisation	7	4	5	4.57
Business functions are integrated to serve market needs	6	3	5	4.17
Our managers understand how employees can contribute to value for customers	7	3	5	4.14
<b>Market Orientation Score</b>	<b>7</b>	<b>3.07</b>	<b>4.50</b>	<b>4.06</b>

remembered, and, as Table 6.5 (above) shows, there are some items that have a wider range of scores. Individual scores for market orientation ranged from 3.07 to 4.50.

### ***The Kohli et al. (1993) Validation-Check Response***

The validation-check question, seeking response to organisational conceptual forms A and B, depicting those relating to a sales orientation and market orientation, respectively, revealed scores as in Table 6.6. (The maximum assignable score to Company A or B is 100.) Four of the six participants who answered this question gave market-oriented Company B 80 points, and sales-oriented Company A 20 points. The other two participants gave market-oriented Company B 85 and 90 points, with Company A scoring the remaining 15 and 10 points, respectively.

**TABLE 6.6: MARKET ORIENTATION – CHECK**

	N	Minimum	Maximum	Mean
<b>Company A</b> relies heavily on its sales people to use a variety of selling techniques for getting customers to say “yes.” The primary emphasis in the company is on selling. Customer satisfaction is considered important but the emphasis is on going out and pushing the company’s products.	6	10	20	17.5
<b>Company B</b> does a lot of research to learn the concerns of its customers, and responds by developing new products and marketing programmes/campaigns. The emphasis is on understanding why customers act and feel the way they do, and exploiting this knowledge. Selling is considered important, but the emphasis is on making products that will almost “sell themselves.”	6	80	90	82.5

#### 6.1.4 Discussion and Overall Assessment

Overall, the questionnaire results indicate a healthy market orientation in Organisation C. In relation to the market orientation scale, very strong scores were awarded to ‘interfunctional coordination’ measures, as well as commitment to customer satisfaction. Their highly effective CRM system is potentially pivotal to this coordination achievement.

However, a different conclusion on integrated activities is possible from the questionnaire results covering business approach (see Table 6.7) strategic priorities (see Table 6.8), marketing strategy (see Table 6.9), and organisational performance (see Table 6.10). Answers are not always consistent, despite the availability of information in this organisation (see part 6.2 of this chapter). For example, while the participants were unanimous about the service approach (see Table 6.9), the marketing strategy that has achieved the results was not commonly shared or understood (see Table 6.8). Perhaps, though, the language and approach of this survey pose different business questions from those the organisation usually asks. Further, different answers to the business approach question may reflect the different functional priorities of those interviewed. Specifically, this organisation is involved in manufacturing, and achieving manufacturing efficiency is a priority, as it attempts to keep its prices down. One person noted this production-oriented answer to the business approach question. Two other respondents had multiple answers, again, suggesting more than a one-pronged emphasis in Organisation C. The remaining participants, though, selected the market-oriented answer.

It must be noted, too, that the variability in answers in this section of the questionnaire in particular (the results depicted in Tables 6.7 to 6.10) may be impacted by one survey, which was completed and returned significantly later than the others. Another complete financial year's data was available to this participant.

Despite some interesting contradictions, it remains that overall Organisation C has a very clear market orientation.

**TABLE 6.7:                                      APPROACH TO BUSINESS**

	Frequency	Percent
We use selling and advertising to help sell our products and services.	0	0
We endeavour to offer the best technical product in our industry.	0	0
We identify the demand and requirements of customers and ensure our products and services meet them	4	57.1
We concentrate on manufacturing efficiency to achieve low unit costs to sell our products at the lowest possible prices.	1	14.3
We use our assets and resources to maximise short-term profits or other financial measures.	0	0
We organise our activities to provide security and continuity of employment for our employees.	0	0
We provide the goods and services society in general needs rather than simply satisfying individual customers.	0	0
No answer / unusable answer	2	28.6
Total	7	100.0

**TABLE 6.8: STRATEGIC PRIORITIES**

	Frequency	Percent
<b>Strategic Priority Over Last 2 Years</b>		
Survival	1	14.3
Good short-term financial returns or profits	0	0
Long-term building of our market position	6	85.7
No answer / unusable answer	0	0
<b>Focus Over Last 2 Years</b>		
Cost reduction and efficiency gains	2	28.6
Expanding the total market for our products	2	28.6
Winning market share from competitors	1	14.3
No answer / unusable answer	2	28.6
<b>Primary Marketing Objective</b>		
To maintain or defend our current position	1	14.3
To achieve steady sales growth	4	57.1
To achieve aggressive sales growth or to dominate the market	1	14.3
No answer / Unusable Answer	1	14.3
Total	7	100.0

**TABLE 6.9: MARKETING STRATEGY**

	Frequency	Percent
<b>Market Targeting Approach</b>		
Attack the whole market	1	14.3
Attack selected market segments	4	57.1
Target specific, individual customers	2	28.6
No answer / unusable answer	0	0
<b>Product Positioning</b>		
Technical quality is higher than the main competitors	1	14.3
Technical quality is about the same as the main competitors	6	85.7
Technical quality is lower than the main competitors	0	0
No answer / unusable answer	0	0
<b>Service Approach</b>		
Service quality is higher than the main competitors	7	100.0
Service quality is about the same as the main competitors	0	0
Service quality is lower than the main competitors	0	0
No answer / Unusable Answer	0	0
<b>Price Approach</b>		
Price is higher than the main competitors	0	0
Price is about the same as the main competitors	6	85.7
Price is lower than the main competitors	1	14.3
No answer / Unusable Answer	0	0
Total	7	100.0



**TABLE 6.10: ORGANISATIONAL PERFORMANCE**

	Frequency	Percent
<b>Return on Investment in Last Complete Financial Year</b>		
Loss	0	0
Break even	1	14.3
1-9%	2	28.6
10-19%	4	57.1
20% or more	0	0
No answer / Unusable Answer	0	0
<b>Performance Relative to Budget This Financial Year</b>		
Better than target	1	14.3
On target	0	0
Below target	6	85.7
No answer / Unusable Answer	0	0
<b>Organisational Performance Relative to Last Year</b>		
Better than last year	2	28.6
Same as last year	0	0
Worse than last year	5	71.4
No answer / Unusable Answer	0	0
<b>Performance Relative to Main Competitors Last Year</b>		
Better than competitors	1	14.3
Same as competitors	2	28.6
Worse than competitors	4	57.1
No answer / Unusable Answer	0	0
Total	7	100.0

## 6.2 CEO Leadership

### 6.2.1 Description of CEO Leadership Style: Non-CEO Participants

When participants were asked to describe the CEO's leadership style, assessments were objectively offered, with most participants sharing both positive and more critical observations. In criticism, he was described as "controlling." Even although some people noted it was possible to "argue back," "debate things to change," and "find ways to make him change his mind," others suggested he was "frustratingly stubborn." People had the impression that "in the end, he gets what he wants." A tendency to "micromanage" was also noted.

Overall, though, and first up, they described a highly respected, forthright leader with strong views. He has high standards and makes no apology for demanding a high performance culture in the organisation. He has specific, clear views on hierarchy (which

are discussed later), and is an avid believer in communication and making information available to people at all levels of the organisation. The respect he earned for this was widely noted. He was perceived as an approachable listener. He was described as visionary, “very sharp” and focused on training. Other comments are in Table 6.11.

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**TABLE 6.11: EXAMPLES: THE CEO’S LEADERSHIP STYLE**

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It’s scary how honest he is about competitive secrets with staff. It’s nice, but people aren’t always as trustworthy as you might think they are.

He runs a very open culture and wants to be able to tell people what happened if a person goes because of poor performance. He has a lot of respect from the workforce for being honest.

He’s very, very keen on communication and open with information. He’s extremely approachable; no matter what level you are at, you can ask a question, make a statement, come up with an innovation.

He has an open door approach. He gets about and communicates and he’s keen to have the opportunities to do so. He’s keen to listen to all people in the company.

He’s analytical.

He has a vast range of experiences.

When situations come up, we get the direction from him at the time, but apart from that, we don’t really see him too much. [This is in contrast to the earlier-noted tendency to micromanage.]

He really does what he expects other people to do. For example, he adds data to the CRM after talking to a customer. It sets the benchmark.

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## 6.2.2 CEO’s Perspective of Leadership Style

In describing his own leadership style, this CEO talked about the organisation and what “we” were trying to achieve. This CEO has a powerful, yet good-natured disposition and, although prepared to talk about leadership and leadership influences in the organisation, he would not be drawn into self-assessment of his leadership skills in the checklist. Instead he suggested, “You ask the other guys that.”

Topics he discussed in relation to leadership style ranged through minimising hierarchy, training people and valuing performance, “changing things,” and the importance of talking to people.

### *Values and Hierarchy*

This organisation’s values are not published externally, and the CEO expressed a preference for them being “toughly worded,” so there is absolute clarity. This CEO said the major job of the Human Resources Department was to manage the value-set within the company, as that is what sets the culture.

The values encompass many leadership decisions. For example, they put emphasis on the importance of recruiting and selecting suitably qualified, motivated, intelligent, ethical people. This organisation actively seeks to promote from within; hiring an external candidate for a promotion position is the exception, rather than the rule. The CEO was clear this can only work well if the organisation is extremely flat, so there is a maximum of five layers. “We tell people, ‘if anybody can see more than three managers between them and [the CEO], tell us,’ because it means we’ve put an extra layer in that shouldn’t exist.” This means managers have “large numbers of direct reports.” Examples of eleven and fourteen were given. “The idea is to push the decision making as far down as you possibly can, but to make that work, you’ve got to make sure there are no barriers to data. So we try to make everything extremely open. ... Any person in the organisation should be able to ask for a piece of information and they should be able to get it.”

However, in trying to keep the hierarchy down, he warned against a tendency to take it too far: “If you become too egalitarian, ... people won’t seek promotion and you can’t populate the more senior jobs. So ... we try to make a very significant, apparent, obvious reward for taking promotions. You do it with quite overt stuff like the quality of the cars they get.”

### ***Training***

Training is also important to this organisation, especially in the context of ‘hiring from within.’ “If you don’t bring new people in, you’ve got to make sure you expose your people, because if you don’t ..., you stagnate.”

### ***Performance***

There is another component to this praxis. “If people don’t perform, we’ve got to fire them. We do say to people we will do that – it’s in the values – and we fire a lot of people.” (He could think of seven people who had been fired in as many years.) His view was that when it is identified that performance and/or “buy-in” to organisational strategy are not what they need to be, “you don’t want to procrastinate too much.” This CEO also wanted to be in a position of telling people why they have left, as “one of the big issues in [staff] surveys is people working alongside people they don’t think are performing, or working *for* people they don’t think are performing.” Hence “we deliberately try not to cloak it.”

### *Change*

This leader also offered, “My personal belief is the only reason you have a manager is to change things, because if you don’t want change, the people who are doing the job... will continue to do it.”

### *Communication with Staff*

In a rare moment of talking exactly about his own role, as opposed to leadership in general, the CEO said, “I think it is my job to make sure everyone I come into contact with [in the business] understands what we are trying to do and that they see their part in it as valued.” This means taking advantage of every opportunity. For example, “If I’m in the toilet, I’ll talk to them about what they’re doing and what we’re doing.”

## **6.2.3 Leadership Checklist Data**

### *Important Leadership Attributes*

The ‘top ten’ CEO leadership attributes collectively identified as most *important* to participants in Organisation C are summarised in Table 6.12 in highest to lowest order. There was substantial consensus regarding importance of the attributes in their top leader, and these ‘top ten’ items have scores ranging from 4.9 to 5.0. The highest possible mean is 5. (There are thirteen items in the list because a number of items shared the lowest place.)

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**TABLE 6.12: ‘TOP TEN’ IMPORTANT LEADERSHIP ATTRIBUTES**

---

Has goals for the organisation and communicates these well
Makes tough decisions
Lets people know what is expected of them
Generates a sense of purpose
Is visionary
Uses power appropriately
Sees change as a source of opportunity
Inspires people and creates excitement so that team members want to work hard and perform well
Commands respect
Is smart (intelligent)
Trusts people and inspires trust in others
Does what s/he says s/he will
Displays constancy in personal behaviour

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### ***Least Important Leadership Attributes***

For the purposes of this study, least important leadership attributes were arbitrarily defined as those yielding mean scores of less than 3.7. The leadership attributes least important to this organisation's participants are in Table 6.13. They are listed in lowest to highest order, and the scores ranged from 2.0 to 3.0.

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**TABLE 6.13: LEAST IMPORTANT LEADERSHIP ATTRIBUTES**

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Demonstrates introvert behaviour(s)  
 Exhibits extrovert behaviour(s)  
 Is authoritarian  
 Demonstrates no fear of failure  
 Has charisma

---

### ***Leadership Performance: Top Scoring Attributes***

The CEO of Organisation C was perceived by participants, collectively, to have the absolute leadership *performance* strengths depicted in Table 6.14. The highest possible mean is 5. These top scoring attributes are listed from highest to lowest, with the range being 4.4 to 5.0.

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**TABLE 6.14: LEADERSHIP PERFORMANCE STRENGTHS: TOP TEN**

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Expresses confidence in own judgment  
 Is smart (intelligent)  
 Is visionary  
 Sees change as a source of opportunity  
 Makes tough decisions  
 Has goals for the organisation and communicates these well  
 Is results focused  
 Is optimistic that goals and vision will be achieved  
 Anticipates and adapts  
 Brings about significant change

---

### ***Leadership Performance: Lowest Scoring Attributes***

Table 6.15 shows the collective view on lower absolute performance of leadership attributes, from lowest to highest. The range of scores is 2.2 to 3.6. These lower-score items include four of the least important leadership attributes to participants from Table 6.8. This is a desirable outcome, and those items are marked with an asterix (\*).

**TABLE 6.15: LOWER LEADERSHIP PERFORMANCE**


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Demonstrates introvert behaviour(s)*
Exhibits extrovert behaviour(s)*
Adapts working style to the needs of the situation
Delegates appropriately
Recognises people and celebrates their good performance
Acts as a resource and a coach in allowing and empowering individuals to reach their potential
Has charisma*
Encourages participation in decision making
Demonstrates no fear of failure*
Shows other people respect
Encourages people to consider problems from multiple perspectives and seek new solutions
Lets people know what is expected of them
Fosters collaboration
Demonstrates self-awareness (awareness of own strengths and weaknesses)
Shows concern for others and their points of view
Does what s/he says s/he will

---

\* a low score is a good result in this organisation

#### 6.2.4 Discussion

Interestingly, this ubiquitous leader's high standards and style might reflect throughout this organisation and be expressed through the high standards participants indicated in the checklist of leadership attributes. Giving objective, dispassionate feedback seemed to be natural for most participants.

While the CEO presented as not involving people in decisions, trusting people and delegating as much as they might expect, his strengths are all ones that are highly prized by Organisation C's participants. The desirable low-scoring leadership style attributes are all low for this CEO, except authoritarianism. In fact, this leader is considered relatively authoritarian, with the range of performance scores (2 to 5) indicating this could be a matter of perception. There was a suggestion that people lower in the organisational hierarchy fear this leader, meaning when he says something they listen. Usually such communication was about business activities. As such, the "fear" seemed to be in the context of respect and awe for the position, rather than being reflected through cowering obedience.

A feature of the checklist results was the divergent views, with the ranges of performance scores being generally broad. This might be expected given the range of people/roles involved. Also, this CEO entrusted determining study participants to his marketing leader,

and while interested in the roles to be included, he did not actively contribute to who took part. Favourable bias towards the leader is therefore less likely in this organisation, than if he had suggested personnel himself.

*Checklist results combined with interview considerations*

Divergent views were also evident in the interview discussions. As noted earlier, Organisation C's CEO was considered to be both approachable and a good listener, as well as decisive and authoritative. An intelligent, straight-talking person himself, he demands the same of his team. He is personally active in initiating ideas and projects. Some participants thought he changed his mind when an appropriate argument was presented, and others believed there was no point in trying to sway his decisions.

Overall, in relation to the leadership theories, accounts of the CEO's style trend towards the descriptions of authoritarianism. Despite checklist views that less authoritarianism is desirable, this style may be appropriate for the organisation. The leader is well-respected and he does not consistently present with any of Zenger and Folkman's (2002) "fatal flaws" (inability to learn from mistakes, lack of core interpersonal skills and competencies, lack of openness to new or different ideas, lack of accountability, and lack of initiative). "Greatness is not caused by the absence of weakness" (Zenger & Folkman, 2002, p. 22), though, and as one participant noted, "an underlying kind of human compassion means he's forgiven for some of the other transgressions." Indeed, in terms of performance, Organisation C has gone through significant changes during this CEO's leadership, and these have reflected positively in the business's performance indicators.

## **6.3 The Impact of CEO Leadership Style on Adoption of the Marketing Concept**

### **6.3.1 Summary: Market Orientation**

Organisation C presented as a market oriented organisation, striving reasonably successfully to adopt the marketing concept. Being a cooperative, its business form may assist with this clarity of focus.

### **6.3.2 Summary: CEO Leadership Style**

The CEO was described as an intelligent, strong, confident person who is a prolific communicator. He embraces change, shares his vision and inspires confidence and respect for himself personally and the organisation's purpose. His high standards provide clarity and he is committed to values, which promote Organisation C's achievement of a high performance culture.

### **6.3.3 'Does CEO Leadership Style Impact On Adoption of the Marketing Concept?'**

#### ***Non-CEO Participant Views***

All participants thought the CEO's leadership style impacted on the organisation's adoption of the marketing concept. Some people mentioned the importance of CEO buy-in and understanding of the marketing concept as well, and at least one person thought this was more important than leadership style. This was countered by another person's unprompted view that leadership style attributes were more important than a marketing approach. Participants' observations are summarised in Table 6.16.



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**TABLE 6.16: EXAMPLES: WHY NON-CEO PARTICIPANTS BELIEVE CEO LEADERSHIP STYLE IMPACTS ON ADOPTION OF THE MARKETING CONCEPT**

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It impacts strongly because if you have a leader people don't follow, it doesn't happen. You need sync between the Board and the CEO and the senior management. We've got that here. If the second tier managers decided they didn't agree, they know they can't say "and you can't make me," because our CEO will make them do it. So his style is quite important in getting the organisation aligned. His very strong views on the values help.

CEO leadership style has quite a bit of impact on the marketing concept. Profitability comes to mind. It's a cooperative, so it has to be profitable. There is trust to those running each department to get things done, so there's coordination of effort.

The marketing concept will only be adopted if performance of the leadership elements is high. If they're low, I think people won't have the buy-in and respect. If the CEO is high on the performance of their leadership style attributes, it creates buy-in and people want to do better and excel, and they'll take any concept put forward. The CEO also needs to understand the marketing concept well to get it through the organisation. "If you don't have an understanding on any subject, how can you exude confidence in what you want done?"

I think the leadership style attributes are important, but they are important whichever way you go with the various orientations. For instance, you can be passionate about your product orientation. I happen to believe we're right with the market orientation and, on the whole, the CEO's behaviours as leader are consistent with that orientation. "I think CEO leadership does have an impact, but I think it's more whether the CEO buys into the marketing concept and market orientation. I think we're lucky in that we do."

The CEO leadership style impacts adoption of marketing concept, but the marketing team is strong. I think they influence it, but it is driven by the CEO. The clarity of approach comes from the leader. Potentially an organisation may miss out on opportunities as a result, so the other senior people need to be able to draw attention to these. For example, it's a mature industry we are in, so there may be some things we are doing that should be dropped – we've held on to them for too long. There might be other approaches on other services that might add value for clients and we need those ideas. [The managers need to get these messages through.]

The leadership attributes impact far and away above marketing per se. The Chinese have a proverb "the fish rots from the head." So, ...you're really sunk if you haven't got ... [good leadership] at the CEO level. It's just not going to happen."

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### *Discussion*

There is no doubt this CEO understands how the marketing concept applies in his organisation. He sees the importance of his personal communication – with the Board, staff and directly with customers – in helping the organisation adopt the marketing concept, as well as the importance of process and structural support for key functions that impact on customer connection.

In Organisation C it is clear that the style of the CEO impacts adoption of the marketing concept. His strength of character, high standards, modelling of customer focus and commitment to high performance values mean he insists on a market focus and tolerates little else. However, what is not clear is whether it is his personal belief in the customer and a market orientation that is the driving factor. If that is the case, it could well be the powerful combination of this belief and his leadership style that results in the high market

orientation scores and perception, rather than being able to separately credit either support for marketing or his leadership style.

One person observed, “If our CEO was very sales-oriented and he believed in selling aggressively, that’s the way the company would go. But because he is very much about the consumer, that’s where the whole focus is.” Organisation C, then, is fortunate to have the customer-centric, market-oriented CEO they believe is essential to their shareholder cooperative’s success.

## Chapter Seven:

### Case Study – Organisation D

#### 7.1 Market Orientation and the Marketing Concept

##### 7.1.1 Interview Responses: Non-CEO Participants

###### *Understanding of Market Orientation and the Marketing Concept*

###### Unprompted responses

When asked about their understanding of ‘market orientation’ and ‘marketing concept’ as it related to their organisation, one person attributed no real meaning to the terms. Most participants, though, noted that it was about how the company presented itself to its customers. Some people left this as a broad statement, while others specified various important factors. These included getting messages out to customers, so that they are enthused to come and buy the product or service; the importance of the brand; and the importance of thinking about the customer in terms of what they want, and how the business can deliver it.

###### Prompted responses

Upon having the production, sales and market orientations explained, and the marketing concept briefly outlined (see prompt card in Appendix 2), most participants concluded the business was market-oriented and working mostly positively through the challenges of adopting the marketing concept. Three people acknowledged the desirability of the market orientation and marketing concept, but perceived the organisation as being between sales- and market-oriented currently. It was noted, though, that efforts were being made to move towards the market orientation and that progress was greater in some departments than others and with some target markets more than others. Selected comments are shown in Table 7.1.

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**TABLE 7.1:      EXAMPLE COMMENTS: PROMPTED UNDERSTANDING OF THE MARKETING CONCEPT**

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We have to be there for the customer. We wouldn't be here without them.

We're definitely customer focused. The Buyers are very focused on customers in the stores and focused on keeping them happy. For coordination, we are trying to target customers in certain areas so we are easy to access. Profitability comes into it, but not always. Eventually, though, there must be a pay off.

The retail market is so competitive and cluttered we need to have a point of difference to get on customers' shopping lists. We need a good supply of core merchandise, which is competitively priced, and we need some other "wow!" merchandise too.

The CEO talks about the fundamental philosophy that the customer is right and you'll see real examples of that on the shop floor. It is part of why we have been so successful. We have a very generous returns policy.

We're more in tune with gathering data, and we're starting to ask people why they do or don't purchase.

We've redesigned the brand model and the customer is the centre of our brand, not the vision and mission like it is in many organisations.

While there have been deviations at times, in general we are very much customer focused, and getting more so as time goes on. The customer is our central premise.

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### *Perceived Consequences of Adopting the Marketing Concept*

Collectively, participants in this organisation had a good understanding of the potential consequences of adopting the marketing concept. It was thought to determine exactly how the business operates with the ultimate aim of servicing the customers better, and the organisation continuing in business and being successful. Some participants discussed the challenges of the marketing concept, such as really understanding the customer and trying to predict what they will want, especially given the wide range of customers the organisation wants to attract. It was noted that the long lead times presented "huge risk," especially in fashion or fad-related items, where getting one or two seasons wrong could put the business significantly behind its profitability targets. Similarly, a decision to focus marketing effort on one customer-group risks not appealing to, or even alienating, another. This is the classic marketing dilemma. Another challenge noted was the ability to stock the range of products customers might expect and associate with the reputation of the organisation.

Most responses, though, concentrated on the benefits of customer focus. It was thought that if the marketing concept is adopted, the shops will have products the customers want to buy. As one person noted, you then go straight from "customer focus" to "profitability," with coordinated marketing and integrated business effort "going on" in the background as a "by-product." However, another person suggested that, while adopting the marketing concept puts a business "one step ahead of competitors and helps make the sale," the downside is "sometimes you are not correct. But that's the nature of retail. You can't get it

right 100 percent of the time.” The importance of repeat patronage was noted: “New Zealand is not that big, so we rely on every customer coming back.” It was also observed that adopting the marketing concept is a means of “controlling destiny.”

One person thought that a consequence of adopting the marketing concept, and especially the premise in this organisation that the customer comes first, was that management treated staff well, too. The organisation was described as a “fair” employer and “a very caring company. People don’t realise the good they do... It’s all very confidential.”

### ***Views on Their Own Role in Marketing***

Participants were clear about their own role in marketing the organisation, adopting the marketing concept and being market-oriented. Common themes included ensuring the business has the products the customers want, ensuring buying and stock levels are researched and appropriate, and encouraging staff to put the customers first. Consistent messages were believed to be important, as well as inviting customers in and then delivering on expectations. This included personal appearance and presentation to customers, and depth of knowledge, because “everyone is a marketer” for the organisation.

Those working “behind the scenes” in the organisation noted their roles in:

- developing and communicating the strategy;
- “delivering the philosophy,” helping with coordinated marketing, ensuring a customer focus and having an eye to profitability;
- feeding back opportunities and concerns to the marketing department;
- making sure the organisation makes the most use of the people resources available to it, which includes ensuring people understand marketing; and
- providing structure, discipline and processes to deliver good performance.

### ***Perception of CEO’s View and***

#### ***What the CEO Does to Encourage Adoption of the Marketing Concept***

Participants thought marketing activity and the market orientation was very important to the CEO. His own strong commitment to customers was a message consistently offered. Also noted frequently were his knowledge of the industry and the organisation, and his willingness to try new ideas and allow people opportunities to connect with customers in different ways. One person summarised, “he has an enlightened view and sees what can be done.” Another, though, suggested he could assist with further / faster adoption of the

marketing concept by being bolder: trying new avenues and new ways to do things – or at least investigate them.

### Assisting with adoption of the marketing concept

Participants reported this CEO is regularly on the shop floor talking to customers and staff. Everyone noted his iconic stature in the business, and saw his floor-walking as a key method for keeping “in touch” with customers and modelling the customer-centricity he wants from all staff. “He leads by example, without a doubt.” Other specific actions taken by the CEO to facilitate adoption of the marketing concept are in Table 7.2.

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**TABLE 7.2:      EXAMPLES:  
SPECIFIC CEO ACTIONS TO FACILITATE MARKET ORIENTATION**

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#### **Inspiration**

He’s an inspirational speaker and a great motivator. He has great mana and kudos in the organisation. He delivers the customer message as often and as many times as he can.

#### **Business Acumen**

He follows the business very carefully, including the whole industry and asks questions and challenges us about how we are doing things, why we are doing things or why we are not doing things.

He shares information to fuel ideas.

He actively drives Board meeting discussions on marketing, the brand, and involves the Marketing Manager in marketing presentations.

#### **Coordinated Customer Focus**

He keeps his “finger on the pulse” about what the organisation is doing for the customer.

He’s very involved in management and other meetings, and he reiterates the importance of customers at every possible chance. This includes “drop-ins” to department meetings and his attendance at one or two meetings for each department each year, and his address at the biannual staff functions. He also attends / is a member of weekly advertising meetings.

He handles all the customer queries – complaints and compliments – personally. Staff know he sees them all.

#### **People Focus**

He is very friendly and approachable. He’s visible and available.

He identifies with people at all different levels. He knows staff members’ names as well as something about them. He listens to people who work on the shop floor. He’s very aware the staff are customers too, and he values their opinion.

He provides training. He talks at induction for all new staff, and he “pops in” to training sessions, and will always have a comment.

#### **Personal Style and Values**

If he offers criticism, it is always constructive.

He “changes his point of view. If you can explain there is another way, he will listen and consider.”

He lives the values.

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### 7.1.2 CEO Interview Responses

#### *Understanding of the Market Orientation and Marketing Concept*

##### Unprompted response

When asked his understanding of a market orientation and marketing concept for his business, this was the CEO's reply:

“The marketing concept is the whole company and everything that goes on in it. And its centre is the customer, it *must be* the customer. We have a vision and our mission, and all our policies and procedures reinforce that vision, mission and our merchandise policy and our place in the retail chain. Everything we do from how we sweep the pavement outside to what our windows look like, to the way we merchandise, to the way our assistants dress, to the way they are trained, to the actual merchandise itself, which we always define as being of quality ..., and how it is displayed, and the marketplace, and the service and services we give to our customers – every little thing is part of marketing. The advertising ... is [just] the communication, trying to get our message out successfully to our current customers and trying to snare in other customers.

So the marketing embodies our whole existence.”

##### Prompted response

The prompt card and verbal description of market orientation and the marketing concept used in this research (see Appendix 2) prompted discussion on several matters. Firstly, the CEO noted that while customers may refer to the organisation as a “department store,” they see themselves as “a group of specialist shops and services under one roof with a common philosophy.” He sees this distinction as critical to the long survival of the organisation. Without staying true to this philosophy, it would be easy to be persuaded into “de-staffing” and “discounting,” as many department stores internationally have done. The “specialist shops and services” approach ensures a dominant and specialist driver for each area, which retains focus and brings a sustainable position for each element of the business. Customer-centricity provides a focal point for each element of the business and the business as a whole.

Secondly, profitability is considered from more than just the financial perspective in this company. Commitment to the community it serves is important as well. Private ownership was perceived as a strength in this regard. Public ownership brings accountability to outside shareholders. Retail activity inevitably suffers “dips” in performance. The publicity this brings in publicly listed companies was perceived to add vulnerability, as “everyone gets cold feet, including your staff and management” thereby creating further market uncertainty. Private ownership enables this business to retain its commitment to creating “a shopping experience second to none, and you do that through people and their contact and knowledge of the customer and knowledge of the product. ... We watch our figures very, very carefully, ... but we’re prepared to rough out the difficult times to be true to our vision and mission and brand strategy.”

Thirdly, this CEO acknowledged that staying true to a market orientation and marketing concept is difficult: “The fact of the matter is, it is so easy to say and so hard to do day-in-and-day-out.” He observed that the execution of the vision and mission, marketing plans and strategies was paramount, and referred to the attention afforded “behind the scenes” work in this regard. Operations, rostering, and the supply chain all needed to be considered for efficiencies to ensure the merchandise was available at the “right price, right time and right place.” He mentioned the need for robust KPIs for stock, people and space, and that department stores have not been good at this, with, historically, the stores’ Buyers being “king” in the retail world. This CEO noted that the department stores that survived the onslaught of the mass discounters are those who realised they had to start with the consumer, rather than the Buyer. “You observe the marketplace and what’s going on. If you have to go overseas to do it, go. And then you start providing their [the customer’s] needs and requirements, rather than the other way around. It’s a subtle, but very great difference.”

In summary, this CEO totally understands the marketing concept as it relates to his business.

### ***The CEO’s Role in Adoption of the Marketing Concept***

#### **Leadership**

This CEO thought his leadership of the organisation and its management team were important in helping the organisation be market-oriented and adopt the marketing concept. He saw his management decision-making and style as integral parts of the success of the



business. “If you don’t have good management process and people, you can never blame the people down below; the responsibility rests with those at the top. So how they carry out ... [the leadership functions] will directly influence the opportunity given to staff to deliver and sell something. If the training is not right, the buying is not right, the marketing’s not right, poor old Mary-Jane behind the counter has got nothing going for her. Yet [in other organisations] those are the people who often get blamed or suffer as a result of management or the buying operation not being good enough; and when restructuring comes, who loses their job? The people at the bottom.”

This CEO also observed that self-awareness, “the ability to look at oneself, ... to be able to be quite honest” is also important in reflecting on whether departments are meeting customers’ expectations, and then determining what to do with that knowledge.

The ways he specifically tried to facilitate adoption of the marketing concept were through the vision, mission and strategies, and “a lot of listening, a lot of observing, and I hope encouraging, and coaching. They would probably debate that, but just discussing things is a form of coaching.”

### *Keeping in touch*

This CEO discussed spending time on the shop floor observing and talking to customers, suppliers and staff. He believed, “You learn a lot by doing that.” He also talked about dealing with every written complaint. Half of the “queries” the organisation receives are compliments, the other half complaints. This business inspires a regular stream of letters from customers, sometimes up to three or four pages in length.

### *Connecting with the Board*

The CEO informed that he talks with the Board about marketing issues, and the brand. At the time of compiling information for this case study, they were going through major branding discussions.

### *Retaining customer focus in times of change*

In relation to business and marketing changes that will be trialled in the next 18 months, the CEO said, “You can never lose touch with the customers. You’ve got to take the customers with you. And there’s no use dropping one group of customers, just to get another group of customers, and the result is nil. You have to be clever enough to keep the

customers. ... We're a cradle to the grave business. We have to nurture the young ones and satisfy the old."

In summary, this CEO described his role in helping the business be market-oriented as being about his overall leadership of the organisation. This belief supports the view that leadership style may be relevant to adoption of the marketing concept.

### 7.1.3 Market Orientation Survey Data

#### *The Narver and Slater (1990) Market Orientation Scale*

The survey instrument revealed an overall high market orientation score (as identified in Hooley et al., 2000)<sup>1</sup> for Organisation D. However, the sample is small, and, as Table 7.3 following shows, most items have wide variation in response. Individual scores for market orientation ranged from 2.29 to 4.54.

**TABLE 7.3:** MARKET ORIENTATION

<i>Market Orientation Variables</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>
<b><i>Customer Orientation</i></b>				
Our objectives and strategies are driven by the creation of customer satisfaction	16	3	5	4.50
Our commitment to monitoring customer needs is closely monitored	16	2	5	4.31
Competitive strategies are based on understanding customer needs	16	2	5	4.25
Business strategies are driven by increasing value for customers	16	2	5	4.00
Customer satisfaction is frequently assessed	16	2	5	3.81
Close attention is given to after sales service	16	2	5	3.56
<b><i>Competitor Orientation</i></b>				
Sales people share information about competitors	13	1	5	2.92
We achieve rapid response to competitive actions	14	2	5	3.07
Top management regularly discuss competitors' strengths and weaknesses	13	2	5	3.85
Customers are targeted when we have an opportunity for competitive advantage	15	2	5	3.80
<b><i>Interfunctional Coordination Orientation</i></b>				
Top management regularly visits important customers	13	2	4	2.85
Information about customers is freely communicated throughout the organization	15	1	4	2.40
Business functions are integrated to serve market needs	14	2	5	3.71
Our managers understand how employees can contribute to value for customers	16	2	5	3.88
<b>Market Orientation Score</b>	16	2.29	4.54	<b>3.68</b>

<sup>1</sup> For further discussion on high, medium and low market orientation scores, see Appendix 4.

### ***The Kohli et al. (1993) Validation-Check Response***

The validation-check question, seeking response to organisational conceptual forms A and B, depicting those relating to a sales orientation and market orientation, respectively, revealed scores as in Table 7.4. (The maximum assignable score to Company A or B is 100.) Responses were extremely diverse. The mode (four participants) was a ratio of 40:60 for sales-oriented Company A : market-oriented Company B. Two participants scored each of 30:70, 50:50, and 60:40. Six others had individually-held views, ranging from 0 to 80 for sales-oriented Company A, and hence 20 to 100 for market-oriented Company B.

**TABLE 7.4: MARKET ORIENTATION – CHECK**

	N	Minimum	Maximum	Mean
<b>Company A</b> relies heavily on its sales people to use a variety of selling techniques for getting customers to say “yes.” The primary emphasis in the company is on selling. Customer satisfaction is considered important but the emphasis is on going out and pushing the company’s products.	16	0	80	42.5
<b>Company B</b> does a lot of research to learn the concerns of its customers, and responds by developing new products and marketing programmes/campaigns. The emphasis is on understanding why customers act and feel the way they do, and exploiting this knowledge. Selling is considered important, but the emphasis is on making products that will almost “sell themselves.”	16	20	100	57.5

### **7.1.4 Discussion and Overall Assessment**

Overall, the questionnaire results indicate a market orientation in Organisation D. This is most evident through a very strong and long-established focus on the customer and customer satisfaction. However, wide-ranging responses to the market orientation questions suggest there is not yet widespread connection with the other premises of the marketing concept in this business.

Disparate responses to the market orientation validation-check question (see Table 7.4), together with the high proportion of sales-oriented responses to the business approach question (see Table 7.5), further emphasise the emerging understanding of the marketing concept. Yet results to these questions are possibly unsurprising in a retail organisation

with survey participants coming from all areas of the operation. Once the products are in the stores, the business's task may appear selling-oriented. Therefore, customer-focus and understanding of the market orientation by buying staff becomes critical to delivery of the marketing concept.

However, views were variable on whether Buyers are currently contributing well to delivery of the marketing concept. While some shop-floor participants noted the good job buying staff do in their own departments, others suggested improvements in market and competitor evaluation could help Buyers with meeting customer needs more fully. Support staff, too, mentioned variability in buying and a desire to ensure market-oriented skills for people in these roles. Certainly, while it is considered impossible to “get it right all the time,” these positions have a critical impact on achieving the business’s target market aspirations. Potentially, they are pivotal for integrated marketing efforts as well, and interfunctional coordination is currently the lowest performing area of the Narver and Slater (1990) market orientation scale.

In support of interfunctional coordination, though, it is encouraging that there are reasonably consistent thoughts on strategic priorities (see Table 7.6), marketing strategy (Table 7.7), and organisational performance (see Table 7.8). The CEO's perspective is not always the majority answer in this section of the survey results (Tables 7.5 to 7.8), again, emphasising the emerging understanding of the marketing concept and its delivery beyond the customer service and satisfaction focus.

**TABLE 7.5:                      APPROACH TO BUSINESS**

	Frequency	Percent
We use selling and advertising to help sell our products and services.	7	43.8
We endeavour to offer the best technical product in our industry.	0	0
We identify the demand and requirements of customers and ensure our products and services meet them	4	25.0
We concentrate on manufacturing efficiency to achieve low unit costs to sell our products at the lowest possible prices.	0	0
We use our assets and resources to maximise short-term profits or other financial measures.	0	0
We organise our activities to provide security and continuity of employment for our employees.	0	0
We provide the goods and services society in general needs rather than simply satisfying individual customers.	1	6.3
No answer / unusable answer	4	25.0
<b>Total</b>	<b>16</b>	<b>100.0</b>

**TABLE 7.6: STRATEGIC PRIORITIES**

	Frequency	Percent
<b>Strategic Priority Over Last 2 Years</b>		
Survival	0	0
Good short-term financial returns or profits	1	6.3
Long-term building of our market position	15	93.8
No answer / unusable answer	0	0
<b>Focus Over Last 2 Years</b>		
Cost reduction and efficiency gains	8	50.0
Expanding the total market for our products	4	25.0
Winning market share from competitors	1	6.3
No answer / unusable answer	3	18.8
<b>Primary Marketing Objective</b>		
To maintain or defend our current position	0	0
To achieve steady sales growth	15	93.8
To achieve aggressive sales growth or to dominate the market	1	6.3
No answer / Unusable Answer	0	0
Total	16	100.0

**TABLE 7.7: MARKETING STRATEGY**

	Frequency	Percent
<b>Market Targeting Approach</b>		
Attack the whole market	2	12.5
Attack selected market segments	10	62.5
Target specific, individual customers	4	25.0
No answer / unusable answer	0	0
<b>Product Positioning</b>		
Technical quality is higher than the main competitors	13	81.3
Technical quality is about the same as the main competitors	3	18.8
Technical quality is lower than the main competitors	0	0
No answer / unusable answer	0	0
<b>Service Approach</b>		
Service quality is higher than the main competitors	16	100.0
Service quality is about the same as the main competitors	0	0
Service quality is lower than the main competitors	0	0
No answer / Unusable Answer	0	0
<b>Price Approach</b>		
Price is higher than the main competitors	1	6.3
Price is about the same as the main competitors	15	93.8
Price is lower than the main competitors	0	0
No answer / Unusable Answer	0	0
Total	16	100.0

**TABLE 7.8: ORGANISATIONAL PERFORMANCE**

	Frequency	Percent
<b>Return on Investment in Last Complete Financial Year</b>		
Loss	0	0
Break even	1	6.3
1-9%	9	56.3
10-19%	2	12.5
20% or more	4	25.0
No answer / Unusable Answer	0	0
<b>Performance Relative to Budget This Financial Year</b>		
Better than target	0	0
On target	7	43.8
Below target	7	43.8
No answer / Unusable Answer	2	12.5
<b>Organisational Performance Relative to Last Year</b>		
Better than last year	8	50.0
Same as last year	4	25.0
Worse than last year	2	12.5
No answer / Unusable Answer	2	12.5
<b>Performance Relative to Main Competitors Last Year</b>		
Better than competitors	9	56.3
Same as competitors	4	25.0
Worse than competitors	0	0
No answer / Unusable Answer	3	18.8
Total	16	100.0

## 7.2 CEO Leadership

### 7.2.1 Description of CEO Leadership Style: Non-CEO Participants

When participants were asked to describe the CEO's leadership style, several different approaches were taken. His leadership style was described in personal terms as "humane," "approachable," "accessible," "friendly and personable." Many people described the respect and esteem in which he is held. This loyalty was evident in some participants being reluctant to say anything that might be construed negatively, because the overwhelming view was "people look up to him" and "he's a good leader."

Some people referred to the "happy" and "angry" emotions he can display. All except one who referred to this "variable" part of his style, supplemented their thoughts with the observation that his emotions and frustrations were usually "justifiable" and his points

“valid.” Most people also noted the ability to “stand up to him and give your opinion” and the fact that “he will take it on board.”

One person referred to his style as “conventional,” another as “very fair,” another as “engaged,” and it was also noted that he is a very “inspirational” leader with great “vision.” Participants valued his capacity for work, prompt decision-making, willingness to tackle tough issues, and his straight-talking. Two people described him as “leading from the front” and one of these people observed that at “other times he very much wants you to lead, and he creates opportunities [for you] to do so; but if you are unsure or wavering, he’s there. So, he’s very much a ‘guiding hand.’” This is consistent with another person’s description of his leadership style being that “he tries to empower people, rather than be authoritarian.” Other examples of responses to this question are in Table 7.9.

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**TABLE 7.9:     EXAMPLES: THE CEO’S LEADERSHIP STYLE**

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**Inspirational Business Knowledge**

He’s a wonderful speaker.

He’s a wonderful motivator. He’s very much got his finger on the pulse. He asks you questions. For anyone to know the business as well as he does is a credit.

He’s an incredible font of knowledge. He really knows what he’s talking about and his perspective on retail is great.

He’s open to new ideas.

**Variability**

He’s very open, but there are some things you can’t talk to him about and you have to pick your moments.

At times he can be very authoritative and tell you what he wants done, and a lot of the time he has very valid points on that. At other times, you can stand up to him and give your opinion and he’ll take it on board, which is a good quality. There is a good mixture and balance there.

**Customers and Staff**

He’s a good leader. For example, he is here first thing in the morning, and he goes around the whole shop before most staff are here, and he talks to the people who are here. He always acknowledges every staff member. He invariably knows something about them. He certainly knows the performers.

His leadership style is very much customers first and that’s what the business is about. It’s explained to you before you start work. So he’s very much for the staff.

He’s very hands-on. He doesn’t live and manage in an ivory tower.

**Leading by Example: Respect and Loyalty**

I feel absolutely passionately that he would never ask me to do anything he wouldn’t do himself. To me that is a true leader. That’s someone you can emulate. I respect him so much. If there’s a complaining customer, he’s straight out there. He’s not one of those leaders who hides behind the façade of an office or a secretary. He’s very visible and that’s a wonderful attribute.

There is a huge amount of loyalty felt to him personally. There’s no question he’s the boss and we’ll do what he wants us to. We don’t always agree, and we’ll discuss it, but we’ll do what the boss wants.

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### ***CEO or Leadership Team?***

One person talked about “they” for the CEO’s leadership style and reflected on “management,” not just the CEO. This was somewhat consistent with the CEO’s earlier-noted comment on the importance of his leadership of the business and its management team in helping the organisation be market-oriented and adopt the marketing concept. A comment from this person on leadership was: “Sometimes things feel a bit hazy. They might say ‘yes’ to something, but it never happens. Perhaps things get pushed to one side. Or you do not get straight answers, and it doesn’t happen.”

Another person reflected on recent observations of the CEO’s leadership style being about empowering the management team. It was thought that “in the past he captained the ship more.”

### **7.2.2 CEO’s Perspective of Leadership Style**

In considering his own leadership style, the CEO said he tries to lead by example: “I don’t ask anyone to do anything I’m not prepared to do myself, including cleaning lavatories, if and when they need it, or cleaning a mess outside on Saturday morning.” This leader was adamant that someone in his position should work as hard as, if not harder, than anyone else in the business.

As such, he described his leadership style as very “hands-on.” He referred to the change “in every aspect of the business” during his leadership. At the same time he has been working to keep the culture the same. He noted that now he is “trying to work more *on* the business and bring a very good younger team up.” He summarised, “My management style is very much to get in and get involved and be part of it. And I hope by people watching and listening that they are learning about the business. I feel the ...[CEO] is the person who carries the brand in their heart and on their arm. You’ve really got to ‘walk the talk,’ as they say.”



### 7.2.3 Leadership Checklist Data

#### *Important Leadership Attributes*

The ‘top ten’ CEO leadership attributes collectively identified as most *important* to the interviewed participants in Organisation D are summarised in Table 7.10, in highest to lowest order. They have mean scores ranging from 4.8 to 5.0, so consensus on importance was high. (The highest possible score is 5.) There are seventeen items in the list because a number of items shared the lowest place.

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**TABLE 7.10: ‘TOP TEN’ IMPORTANT LEADERSHIP ATTRIBUTES**

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Has goals for the organisation and communicates these well
Has integrity
Is people focused
Inspires people and creates excitement so that team members want to work hard and perform well
Commands respect
Shows other people respect
Trusts people and inspires trust in others
Demonstrates self-awareness (awareness of own strengths and weaknesses)
Anticipates and adapts
Sees change as a source of opportunity
Brings about significant change
Is results focused
Lets people know what is expected of them
Recognises people and celebrates their good performance
Generates a sense of purpose
Is visionary
Does what s/he says s/he will

---

#### *Least Important Leadership Attributes*

For the purposes of this study, least important leadership attributes were arbitrarily defined as those yielding mean scores of less than 3.7. The leadership attributes least important to this organisation’s participants are in Table 7.11. They are listed in lowest to highest order, and the mean scores ranged from 2.4 to 3.6.

---

**TABLE 7.11: LEAST IMPORTANT LEADERSHIP ATTRIBUTES**

---

Demonstrates introvert behaviour(s)
Is authoritarian
Demonstrates extrovert behaviour(s)
Demonstrates no fear of failure

---

### ***Leadership Attribute Performance: Top Scoring Items***

Participants perceived the CEO of Organisation D, collectively, to have the absolute leadership *performance* strengths depicted in Table 7.12. The highest possible score is 5. These top scoring attributes are listed from highest to lowest, with the range being 4.5 to 4.9. Eleven items are listed because a number of attributes shared the lowest score.

---

**TABLE 7.12: LEADERSHIP PERFORMANCE STRENGTHS: TOP TEN**

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Has integrity  
Shows other people respect  
Brings about significant change  
Commands respect  
Trusts people and inspires trust in others  
Is results focused  
Is smart (intelligent)  
Is optimistic that goals and vision will be achieved  
Sees change as a source of opportunity  
Is people focused  
Does what he says he will

---

### ***Leadership Performance: Lowest Scoring Attributes***

Table 7.13 shows the collective view on lower absolute performance of leadership attributes, from lowest to highest. The range of scores is 2.4 to 3.6. The first two items in the table are two of Organisation D participants' least important leadership attributes, and hence these results are desirable.

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**TABLE 7.13: LOWER LEADERSHIP PERFORMANCE**

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Demonstrates introvert behaviour\*  
Is authoritarian\*  
Fosters collaboration

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\* a low score is a good result in this organisation

## **7.2.4 Discussion**

Leadership checklist results reflect high expectations and generally relatively small gaps between desired and actual performance. Small ranges in actual performance for most items indicate relative consensus regarding observed and experienced leadership behaviour. Taking into account the range of personnel/roles reflected in this study, this is a very positive result.

The biggest gap between importance and performance is for “fosters collaboration,” backing up some management team members’ desire for greater sharing of interdepartmental information and strategy. At the other end of the scale, he has perfect performance against expectations when it comes to “shows other people respect.”

*Checklist results combined with interview considerations*

This CEO is a humble leader. His self-scores were lowest for the top nine leadership strengths. Certainly, he would not rate “trusting people” as highly as these results indicate. During the interview he commented, “You learn by mistakes in judgement on trust. It’s very important, but you waiver from being very, very trusting to having a bad experience, and being mistrusting.”

Leading by example is important in this organisation. Analysis of the leadership checklist reveals an overall mean gap between ideal and actual performance of only 0.3, so this CEO lives up to expectations. In interviews, participants commented on his willingness to be involved with all aspects of organisational life, and as an example it was noted that staff were “blown away” when seeing the CEO doing the dishes with the staff. Further, “leading by example” was the CEO’s own description of his leadership style.

In interviews, management team members expressed a wish for this motivating orator to speak with all staff more directly and more often. He has a natural tendency to communicate ideas openly and freely with the senior team, and this could be extended to involve all staff. It was perceived this would facilitate faster adoption of the marketing concept. It would also alleviate concerns raised by some participants that the ideas, decided direction and goals do not necessarily flow through the organisation.

It is difficult to categorise this CEO’s style against the leadership theories, for, as some participants specifically stated, he appears to have a balanced approach. Perhaps this implies an effective ‘situational’ leader (from Hersey and Blanchard’s life cycle theory of leadership). He is ‘transformational’ in terms of his vision and the changes he has implemented, but his hands-on nature suggests he is also a ‘transactional’ leader. His character and personal traits are relevant. Potentially he is someone who applies the competencies of leadership in powerful and effective combinations (as proposed in Zenger and Folkman’s (2002) work).

Regardless, though not perfect, the leader's style is very appropriate for the organisation and its stage of development. This is no accident. The selection process prior to his appointment was long and rigorous, taking into account the culture of the business, its future needs and shareholder expectations, as well as the particular skills, experience and passion for taking the responsibility of this position.

### **7.3 The Impact of CEO Leadership Style on Adoption of the Marketing Concept**

#### **7.3.1 Summary: Market Orientation**

Organisation D has extremely high customer service and satisfaction focus, steeped in long tradition. The organisation is market-oriented, but understanding and/or perception of delivery of the marketing concept's premises (other than a customer focus), are not consistent amongst participants in this case study organisation. The CEO himself has a comprehensive understanding, and this, together with the learning effect of taking part in this study, bodes well for more constant and powerful future delivery of the marketing concept throughout the organisation.

#### **7.3.2 Summary: CEO Leadership Style**

The CEO is a personable, humble, approachable, hands-on performer. Referred to as "iconic" by his people, he is intelligent, committed, passionate about the business, and he inspires trust and commitment in others. He makes courageous decisions and achieves positive change. He is hugely respected in the organisation and, while he is not perfect, his strengths significantly eclipse the identified relatively lower performing attributes. His style is entirely appropriate for this organisation.

#### **7.3.3 'Does CEO Leadership Style Impact On Adoption of the Marketing Concept?'**

##### ***Non-CEO Participant Views***

All participants thought there was a connection between the CEO's leadership style and the organisation's adoption of the marketing concept. Having a "people focus" was identified

as a key connector in this business. Several comments about leadership or a market orientation indicated customer focus and staff focus were synonymous for many people. They thought “leadership” made it possible to have a market orientation.

This CEO attracts great loyalty from staff and even the market, with the view of some participants being that the leader and the business are considered very much as “one.” As a result, several people talked about the importance of ensuring a successor has the leadership style to continue with the customer focus. Meeting the needs of today’s and tomorrow’s customers was perceived to be complex, when they are looking for quality products, great service, and even entertainment.

Not all people thought the CEO’s leadership style permeated the layers of the organisation and there was a call for a stronger *team* at the top, rather than just the CEO. The qualities of the CEO were sought in the wider management team: inspiration, consistency with everyone heading in the same direction towards common, known goals; and following through on decisions.

#### *Relevant leadership attributes*

Perceptions on which leadership style attributes most strongly impacted adoption of the marketing concept were variable. The overall themes, though, were vision, change management (including effective risk management, and making [tough] decisions), and people focus. Importantly, it was also noted that the CEO needed to be inspiring and have the respect of the people to be able to effectively facilitate adoption of the marketing concept.

#### ***Discussion***

In Organisation D the CEO’s leadership style and approach is paramount in their adoption of the marketing concept. When giving examples of what the CEO does to facilitate its adoption, it was telling that all participants firstly outlined matters of character and leadership style. The business would not have the strength of commitment and customer service delivery it has, if it was not for the leader’s people focus (customers and staff). It has been argued that the marketing concept can be “a philosophy geared to the needs and wants of customers and employees alike” (Dunn et al., 1994, p. 140), and it appears this may be the case in this business. Further, the CEO’s drive for appropriate change and

achievement of goals for the long-term context are significant contributors to marketing concept adoption.

To date, several factors may have prevented him from facilitating greater team-led coordination and communicating more directly with all staff on the goals and means of achieving them. They include his humility, respect for the contribution of the leaders before him and the skills of his current management team, and “time,” for, as already mentioned, the CEO is a hands-on contributor, as well as a big-picture thinker. His style is appropriate, even enviable, for his organisation. Further, he is the one to be credited with building commitment and capacity to enable the organisation to move from being customer-oriented to embracing the full breadth of being market-oriented.

## Chapter Eight:

### Case Study – Organisation E

#### 8.1 Market Orientation and the Marketing Concept

##### 8.1.1 Interview Responses: Non-CEO Participants

###### *Understanding of the Marketing Concept*

###### Unprompted responses

When asked about their understanding of ‘market orientation’ and ‘marketing concept’ as it related to their organisation, the participants talked mainly about the image of the organisation in the marketplace and its ability to promote the messages: “it’s how the organisation sells itself or promotes itself in the wider community and to the public” and then “the perception people have about the organisation.” “Brand” was considered important because of both fund-raising opportunities and informing people about the services, so they can access them when they need them. One person acknowledged the terms did not sit comfortably with her perception of their role as a non-profit health support agency.

At this point of the interview, one person noted the view that the organisation was not performing well in promoting messages and being known. Later, though, other participants suggested brand profile was high and that worked well for the organisation. So views on this differed. Another person suggested “social marketing” was more relevant to the organisation than “marketing,” “because we are not actually selling goods, we’re promoting ideas.”

###### Prompted responses

Upon having the production, sales and market orientations explained, and the marketing concept briefly outlined (see prompt card in Appendix 2), participants concluded that Organisation E is market-oriented and striving to adopt the marketing concept. The organisation was thought to be a needs-based one, focusing on health and “recognising there are health inequalities.” “Accessibility” is important, as well as “anticipating and responding to people’s needs.” It was noted that, while the organisation does have products it sells, they do this in the interests of promoting health and information, and are

equally happy for customers to buy these products elsewhere. Again, it was stated that “social marketing is looking at changing behaviour,” and this is a prime focus of their preventative, health promotion efforts.

### *Customer focus*

Several people said “customer focus” was the “core” of their business. One said, “Our mission statement keeps us grounded with the consumer. We don’t have to do much selling, as people just come. So do volunteers.” Another offered that, “The Chief Executive is always considering what services we need to be providing that will bear out our mission, vision and the needs of our customers.”

### *Interfunctional coordination*

Views on coordination were varied. It was suggested that efforts were not always as coordinated within the organisation as they would like them to be. In contrast, they have been experiencing growing success with business collaboration. It was reported that this collaboration aims to optimise health promotion opportunities to help achieve positive long-term outcomes for society as a whole. Business collaboration involves coordinating efforts not only across their own organisation, but also across the health and health support sectors.

### *Profitability*

Because this organisation receives no government funding, some participants thought profitability related to the fund-raising side of the business, rather than directly to the client-based services. However, one person suggested profitability was important so that the organisation could continue to offer its “essential services” during “years when the money doesn’t flow so easily.” This observation makes the strategic connection between raising funds and choosing how to use them in the most appropriate manner. It was believed that “profitability is important to us in a slightly different context.” However, choosing how to appropriately employ profits to meet further marketplace need is the role of market-oriented commercial enterprises as well.

### ***Perceived Consequences of Adopting the Marketing Concept***

While many people made astute observations, overall participants expressed only a general understanding of the potential consequences of adopting the marketing concept in



Organisation E. Consequences that were well understood included ability to maintain business and customer focus, enhanced profile, and increased demand for services. Although there was acknowledgement that higher profile helps with gaining fund-raising generosity, the potential for better business performance was only obliquely conceived. A concern was raised that despite adopting the marketing concept probably being “the most sensible approach” to business, “some people might see a problem with the organisation being too commercialised and business oriented.”

Other comments were:

- The payoffs include being seen as a professionally organised business, which helps with gaining the best deals for the organisation with the likes of sponsorship and donations. A coordinated approach, when working alongside others, means there are obviously cost savings involved. The more we can save, the less we have to raise. Also it’s an opportunity to show the community we’re spending money wisely and in the best way. It also shows there are career opportunities in the non-profit sector.
- It means accepting sometimes that you’ll do things that won’t work. It’s actually very difficult as an organisation to accept that we won’t meet all of the needs. Clearly, we have strategy, goals and objectives, but it’s not easy to measure success at the end of a year. It might take 30 years to see change.

### ***Views on Their Own Role in Marketing***

Participants’ responses to their own role in marketing the organisation, adopting the marketing concept and being market-oriented focused on both their tactical roles and the more generic nature of being involved in a health support non-profit organisation, which involves spreading the word in their communities. Ultimately this organisation strives to take a strategic approach to modifying individuals’ behaviour.

Tactical answers included promotion of key messages and ensuring people know about the organisation; running events and fund-raising; forging relationships with other health-promoting organisations; and ensuring support functions work well, so there is a customer-focus and the promised services can be delivered. More generically, mention was made of the important role all staff play in presenting a positive professional image for the organisation. There are ample opportunities to do that, both socially and in the work context. Offering to speak to groups was one example. Doing this was thought to not only

provide a topic of interest to the group, but also result in donations and volunteers to help Organisation E.

There was a comment that the Board has not been aware enough of its responsibilities in marketing and market-orientation, and that more effort at their level was required. “It’s been coming home to us more in the advocacy role, and that’s marketing as well.”

### ***Perception of CEO’s View and***

#### ***What the CEO Does to Encourage Adoption of the Marketing Concept***

Participants perceived that a market orientation was important to their CEO. They were asked to outline specific things he does to facilitate adoption of the marketing concept. Interestingly, some participants talked firstly and mainly about his leadership and personal attributes as being key to this. Of particular note were his approachability, willingness to listen and absorb other points of view, and willingness to “muck in” and help people on all levels, even “emptying the dishwasher.” This leader takes an interest in people at both work and personal levels, and he doesn’t ask others “to do something he wouldn’t be willing to do himself.” He was described as an active speaker at events to raise awareness and money, and “when he talks at events, you certainly see a very strong customer focus.” Similarly noted was his work with the volunteer groups throughout the region to thank them for their input and keep them informed of developments in the organisation. He was credited with seeing “the big picture” and being “a very good strategist.” A key player locally, he was also reported as a major contributor to national strategic thinking.

Other specific actions the CEO takes to facilitate adoption of the marketing concept are presented in Table 8.1 on the following page.

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**TABLE 8.1:      EXAMPLES:  
SPECIFIC CEO ACTIONS TO FACILITATE MARKET ORIENTATION**

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**Customer Focus**

Everything he does is customer focused. It's the way he supports events, advocates for new services and appoints new staff. He's constantly looking to develop skills right across the staff.

There have been a lot of developments with a consumer focus since he has been here.

Examples: a client database, relationships and inroads with collaborative partnerships.

**Generating Awareness**

He has well-developed links with other organisations, so we're well represented with other community organisations.

He encourages us to work with or attend community organisations and work in partnership.

We're also encouraged to talk to community groups.

Providing grants to researchers and expecting something back in return, like talking to volunteers, advocating for us, publishing in journals.

**Support**

He supports us to do things that might be a little outside the square, if it is still within our mission and what we are here to do. We are not contract driven, so we can consider doing new and different things.

He provides a budget for getting messages out – previously it was only national events that had a budget for publicity campaigns.

**Leadership and Character**

He supports autonomy in his managers, which is empowering.

He's got good ideas, and because he's approachable, you can tell him the problem or issue and talk it through to come up with ideas and solutions. Being approachable is the key.

He's a really good delegator, which is a really good quality.

"It's that sense of getting an understanding of ... the issue. I see him doing this and I admire it.

He spends quite a lot of time talking to staff members, just around a general debate, getting a sense of how things are; and then he has the ability to look at that and move it forward."

He is very committed to a team approach and is well focused on people and very, very committed to supporting people and being part of a community agency.

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## 8.1.2 CEO Interview Responses

### *Understanding of the Market Orientation and Marketing Concept*

#### Unprompted response

This CEO described the market orientation and marketing concept as being "how you promote and sell the work we do and the services we offer. Marketing is about letting the world know about what we have available, how to access it and how to use it." He added that this is one of the organisation's biggest challenges because people don't want to know about the health issue until they or a family member are diagnosed with it. The multitude of media available is another challenge because "obviously there are lots of ways to do it. ... There are a whole variety of [methods] that didn't even exist five-to-six years ago. But coupled with that is the realism of pricing." In this context, "the biggest bang for the buck" drives decisions.

### *Prompted response*

Upon considering the market orientation and marketing concept in comparison with the other orientations on the prompt card (see Appendix 2), this CEO noted that while ideally the organisation should be operating within a market orientation, historically there was some production orientation. In reference to this, he noted the challenges of working with a large volume of volunteers. An impression of “we know best and this is what we’ll do” can come through in relation to some services. Long standing volunteers – those with 20 years or more of service – want to continue to do things the way they did when they came into the organisation – despite changes in agencies, healthcare, family structures and behaviour. “They say, ‘This is what we’ve got, this is what we’ve always done. This is what people need, or they used to need it, so why don’t they now?’ Often organisations like ours ... continue to provide things out of habit or because they’ve always done it. It’s a really difficult one to change.” In an organisation that relies on volunteers, they can be powerful in driving the organisation, or perhaps withholding it.

However, when the organisation goes into new health promotion programmes, the CEO reported the market orientation is “absolutely prevalent. ... We do our research, we do scoping exercises, we’re really clear why we are doing something and that we can measure the results / the outcome.” Measuring results and outcomes is a relatively new step for Organisation E. They have recently purchased a computer database, which will allow them to record client data. “It sounds so simple, but it’s quite a radical step [for us]. It will give us information we’ve never had before and that may very well change the face of the programmes.”

### *Consequences of Adopting the Marketing Concept*

In discussing the consequences of being market oriented and adopting the marketing concept, the CEO observed, “it could clearly alter what we do. Just because we’ve always done something, it might well be proven to be a total waste of space, and I know that some of ... [the programmes] will be.” The new client management system, then, will contribute towards measuring achievement of a market focus. However, another perplexing difficulty for an organisation like this one in seeing the consequences of market orientation is the period of time it takes to see the results of changes in behaviour. As other participants discussed, they can take a generation to emerge. The CEO talked of one programme where he noted, “It will be 20 years before we know if we’ve made a difference and there could

be a whole lot of other variables in there, too. So a lot of our programmes have an element of faith, and I don't know how you define that in marketing terms."

Organisation E has experienced difficulty getting client input into services: "It's very difficult to get accurate feedback on how effective or useful our programmes are when people are very beholden to us and what we've done. ... One has to be mindful when people are very grateful, that the feedback you're using to define the service is not always quite as accurate as one would like. ... Also people can't complain and ask for other services when they don't know what's available." The CEO talked about a new service that had been trialled and introduced at the suggestion of healthcare professionals, and he observed, "If ...[they] hadn't suggested that to us, I don't think the public would have, because I don't think they'd know it was something we could do. What we do offer is the icing on the cake. We're not supposed to be doing the work of the primary health system. ... One of the questions I ask all of the staff to ask first when looking at new programmes is, 'is this our job?,' or should we be advocating with the government to make sure they do it, rather than doing it ourselves?"

In summary, this CEO presented with a balanced perspective on the market orientation and marketing concept in his objective analysis of the organisation's service delivery. His views were not necessarily shared by the other participants, some of whom saw the support side of the business being more market-oriented than the fund-raising and health promotion side. Overall, while commitment is high in all participants, integration and coordination of strategy and purpose may not be shared across the organisation.

### **8.1.3 Market Orientation Survey Data**

#### ***The Narver and Slater (1990) Market Orientation Scale***

The survey instrument revealed an overall high market orientation score (as identified in Hooley et al., 2000)<sup>1</sup> for Organisation E. However, there is a very small sample size and, as Table 8.2 shows, there is both wide variation in responses and a lot of non-responses to specific questions. Non-response can relate to participants "not knowing" an answer, or believing an answer is "not applicable" to their non-profit based organisation. Either way, the high number of these sorts of responses and disparate views does not augur well for a

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<sup>1</sup> For further discussion on high, medium and low market orientation scores, see Appendix 4.

**TABLE 8.2: MARKET ORIENTATION**

<i>Market Orientation Variables</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>
<b><i>Customer Orientation</i></b>				
Our objectives and strategies are driven by the creation of customer satisfaction	7	3	5	4.14
Our commitment to monitoring customer needs is closely monitored	7	3	5	4.43
Competitive strategies are based on understanding customer needs	6	3	5	3.83
Business strategies are driven by increasing value for customers	7	2	5	4.00
Customer satisfaction is frequently assessed	7	2	5	3.86
Close attention is given to after sales service	5	3	5	4.00
<b><i>Competitor Orientation</i></b>				
Sales people share information about competitors	3	1	4	2.67
We achieve rapid response to competitive actions	5	1	3	2.20
Top management regularly discuss competitors' strengths and weaknesses	3	1	4	2.67
Customers are targeted when we have an opportunity for competitive advantage	3	1	4	3.00
<b><i>Interfunctional Coordination Orientation</i></b>				
Top management regularly visits important customers	7	1	5	3.86
Information about customers is freely communicated throughout the organisation	6	1	4	3.00
Business functions are integrated to serve market needs	7	3	5	3.86
Our managers understand how employees can contribute to value for customers	7	3	5	4.43
<b>Market Orientation Score</b>	<b>7</b>	<b>2.50</b>	<b>5.00</b>	<b>3.71</b>

true market orientation, as measured by Narver and Slater's (1990) scale. On the basis of questions answered, individual scores for market orientation ranged from 2.50 to 5.00.

### ***The Kohli et al. (1993) Validation-Check Response***

The validation-check question, seeking response to organisational conceptual forms A and B, depicting those relating to a sales orientation and market orientation, respectively, revealed scores as in Table 8.3. (The maximum assignable score to Company A or B is 100.) The mode (three participants) was a ratio of 10:90 for sales-oriented Company A : market-oriented Company B. Two participants thought Organisation E was 100 percent market-oriented, and two other participants had individually-held views of 20:80 and 30:70 ratios.

**TABLE 8.3: MARKET ORIENTATION – CHECK**

	N	Minimum	Maximum	Mean
<b>Company A</b> relies heavily on its sales people to use a variety of selling techniques for getting customers to say “yes.” The primary emphasis in the company is on selling. Customer satisfaction is considered important but the emphasis is on going out and pushing the company’s products.	7	0	30	11.43
<b>Company B</b> does a lot of research to learn the concerns of its customers, and responds by developing new products and marketing programmes/campaigns. The emphasis is on understanding why customers act and feel the way they do, and exploiting this knowledge. Selling is considered important, but the emphasis is on making products that will almost “sell themselves.”	7	70	100	88.57

#### 8.1.4 Discussion and Overall Assessment

It has already been mentioned that the non-response and wide variability in perception shown in Table 8.2 does not bode well for a true market orientation, as measured by the Narver and Slater (1990) scale. Perhaps unsurprisingly, the lowest scoring items on the scale relate to ‘competitor orientation,’ and they also have the greatest non-response. The nature of the business is such that *collaboration* with ‘competitors’ is more likely than market-based rivalry. As one participant said, “With health promotion, we’re not in competition. We often have the same ‘product.’ We both want to sell it and we both want the same market, but we’ll do it together.” In this context, then, the language and content of this aspect of the Narver and Slater (1990) scale is probably not appropriate for this organisation.

In fact, research in the non-profit sector has employed different measures. For example, Gainer and Padanyi (2005) adapted both this scale and the Kohli et al. (1993) MARKOR scale to measure client-oriented culture and client-oriented activities, respectively. To determine if market orientation affected organisational performance, two other measures were used: ‘growth in client satisfaction’ and ‘comparative satisfaction.’ The client-oriented culture measures, adapted from the Narver and Slater (1990) scale, included three of the four ‘competitor orientation’ items from this survey (the first three in Table 8.2), but they were significantly re-worded to be relevant to the sector. Overall, because the Narver

and Slater (1990) scale language used in this survey is not an ideal fit for Organisation E's activities, to be confident in deciding whether the business is market-oriented, the results from Table 8.2 need to be checked against the other market orientation measures.

The market orientation validation-check results in Table 8.3 indicate a strong perception that Organisation E is market-oriented, as do the results in Table 8.4 'Approach to Business.' Organisation E works within an industry that prides itself on a holistic approach, and these answers are consistent with that perception. It remains, though, that components of the market orientation are less widely understood than might be desirable for realising synergistic impact. This is emphasised by data from the questionnaire covering strategic priorities (see Table 8.5), marketing strategy (see Table 8.6) and organisational performance (see Table 8.7). This section of the enquiry covered aspects that are more likely to have a 'correct answer' for an organisation, if everyone is aware of the strategy and business results. Yet, while some views are similar, others are divergent.

**TABLE 8.4:                      APPROACH TO BUSINESS**

	Frequency	Percent
We use selling and advertising to help sell our products and services.	0	0
We endeavour to offer the best technical product in our industry.	0	0
We identify the demand and requirements of customers and ensure our products and services meet them	5	71.4
We concentrate on manufacturing efficiency to achieve low unit costs to sell our products at the lowest possible prices.	0	0
We use our assets and resources to maximise short-term profits or other financial measures.	0	0
We organise our activities to provide security and continuity of employment for our employees.	0	0
We provide the goods and services society in general needs rather than simply satisfying individual customers.	0	0
No answer / unusable answer	2	28.6
<b>Total</b>	<b>7</b>	<b>100.0</b>



**TABLE 8.5: STRATEGIC PRIORITIES**

	Frequency	Percent
<b>Strategic Priority Over Last 2 Years</b>		
Survival	0	0
Good short-term financial returns or profits	0	0
Long-term building of our market position	7	100.0
No answer / unusable answer	0	0
<b>Focus Over Last 2 Years</b>		
Cost reduction and efficiency gains	3	42.9
Expanding the total market for our products	3	42.9
Winning market share from competitors	0	0
No answer / unusable answer	1	14.3
<b>Primary Marketing Objective</b>		
To maintain or defend our current position	1	14.3
To achieve steady sales growth	5	71.4
To achieve aggressive sales growth or to dominate the market	0	0
No answer / Unusable Answer	1	14.3
Total	7	100.0

**TABLE 8.6: MARKETING STRATEGY**

	Frequency	Percent
<b>Market Targeting Approach</b>		
Attack the whole market	1	14.3
Attack selected market segments	4	57.1
Target specific, individual customers	1	14.3
No answer / unusable answer	1	14.3
<b>Product Positioning</b>		
Technical quality is higher than the main competitors	2	28.6
Technical quality is about the same as the main competitors	2	28.6
Technical quality is lower than the main competitors	0	0
No answer / unusable answer	3	42.9
<b>Service Approach</b>		
Service quality is higher than the main competitors	4	57.1
Service quality is about the same as the main competitors	1	14.3
Service quality is lower than the main competitors	0	0
No answer / Unusable Answer	2	28.6
<b>Price Approach</b>		
Price is higher than the main competitors	0	0
Price is about the same as the main competitors	2	28.6
Price is lower than the main competitors	1	14.3
No answer / Unusable Answer	4	57.1
Total	7	100.0

**TABLE 8.7: ORGANISATIONAL PERFORMANCE**

	Frequency	Percent
<b>Return on Investment in Last Complete Financial Year</b>		
Loss	0	0
Break even	1	14.3
1-9%	1	14.3
10-19%	1	14.3
20% or more	0	0
No answer / Unusable Answer	4	57.1
<b>Performance Relative to Budget This Financial Year</b>		
Better than target	2	28.6
On target	4	57.1
Below target	1	14.3
No answer / Unusable Answer	0	0
<b>Organisational Performance Relative to Last Year</b>		
Better than last year	6	85.7
Same as last year	0	0
Worse than last year	1	14.3
No answer / Unusable Answer	0	0
<b>Performance Relative to Main Competitors Last Year</b>		
Better than competitors	3	42.9
Same as competitors	2	28.6
Worse than competitors	0	0
No answer / Unusable Answer	2	28.6
Total	7	100.0

## 8.2 CEO Leadership

### 8.2.1 Description of CEO Leadership Style: Non-CEO Participants

When participants were asked to describe the CEO's leadership style, there were extremely strong themes of him being an approachable, available, inclusive leader. He was noted to be supportive of others achieving what they need to in their roles and willing to work through issues or come up with ideas or solutions to problems. The leader's empathy and understanding of the organisation and its roles was important to these participants. He was described as well informed, articulate, and he "trusts staff to get on with the job." As noted earlier, many of these themes also emerged when participants discussed what the CEO does to facilitate adoption of the marketing concept and a market orientation.

Other specific comments included:

- He gets the picture for himself. He discusses things in very subtle ways with people so they'll give him a picture of how it is from their perspective. He takes those pictures on board and then he makes some decision around that if he needs to, or if the decision is being made by someone else, he'll have an understanding and just go with it. If you were asking for a word, I would say "instinctual," but it's intellectual as well.
- He's not authoritarian. He likes consensus and is democratic, about "how we can reach a good decision that's good for everyone." Sometimes that a bit of a weakness, because sometimes you need a captain of the ship to say "we're going to do it like this."
- He's very aware of the role and responsibility. He puts his staff and the people he is serving first. He will also "stand a line" when it is needed, and he will fight for what is needed.

This last point is in contrast to the comment above it suggesting that a tougher line was needed at times. This is the only area where there were different opinions, and the call for a tougher approach was made by only one participant as a passing observation about the nature of consensus.

### **8.2.2 CEO's Perspective of Leadership Style**

The CEO described his leadership style as "probably hands-on." He talked about a previous role in another organisation being more bureaucratic, about policy and politics, which he enjoyed, "but I probably missed the operational side. It was ... less hands-on. So ... this role is great, as it meets both of those needs. I get my fix with involvement with national committees and high-level policy, but equally one has to be very grounded in these organisations. ... I believe everybody in the organisation needs to know what everyone else does. I see my job as going and sitting on the front desk and answering the phone if we're short-staffed. ... I expect that staff will do the same."

In further description of his leadership style he offered, "Obviously a passion for what you do. I don't think you could do a good job in agencies like this if you didn't actually believe in it. I don't mean that in a pretentious way. You have to believe in the not-for-profit sector, you have to believe in [the service] ..., you have to believe in the good of people, and those things are important."

The importance of listening to people was also highlighted. “We do endeavour to take people’s opinions seriously. Everyone has a worth and we’re wasting valuable opportunities, if we don’t use that combined knowledge. So it’s not what I do, but what *we* do that’s really important. I don’t think organisations like these have places for egos.”

### 8.2.3 Leadership Checklist Data

#### *Important Leadership Attributes*

The ‘top ten’ CEO leadership attributes collectively identified as most *important* to the participants in Organisation E are summarised in Table 8.8. All of the scores are 5, the highest possible mean. Eleven items are listed, for they all had this score.

---

**TABLE 8.8: ‘TOP TEN’ IMPORTANT LEADERSHIP ATTRIBUTES**

---

Has goals for the organisation and communicates these well
Leads by example
Shows concern for others and their points of view
Fosters collaboration
Recognises people and celebrates their good performance
Is people focused
Has integrity
Commands respect
Shows other people respect
Uses power appropriately
Demonstrates self-awareness (awareness of own strengths and weaknesses)

---

#### *Least Important Leadership Attributes*

For the purposes of this study, least important leadership attributes were arbitrarily defined as those having mean scores of less than 3.7. The leadership attributes least important to this organisation’s participants are in Table 8.9, from lowest to highest order. The range is 2.4 to 3.6.

---

**TABLE 8.9: LEAST IMPORTANT LEADERSHIP ATTRIBUTES**

---

Is authoritarian
Demonstrates introvert behaviour(s)
Exhibits extrovert behaviour(s)
Has charisma
Demonstrates no fear of failure

---

### ***Leadership Attribute Performance: Top Scoring Items***

Collectively, participants perceived the CEO's top ten absolute leadership *performance* strengths to be those shown in depicted in Table 8.10. They are listed in highest to lowest order. The highest possible mean is 5, and these items range from 4.9 to 5.0. Twelve items are listed because a number of items shared the lower score.

---

**TABLE 8.10: LEADERSHIP PERFORMANCE STRENGTHS: TOP TEN**

---

Shows concern for others and their points of view
Fosters collaboration
Is people focused
Has integrity
Shows other people respect
Uses power appropriately
Displays constancy in personal behaviour
Leads by example
Recognises people and celebrates their good performance
Commands respect
Is optimistic that goals and vision will be achieved
Demonstrates self-awareness (awareness of own strengths and weaknesses)

---

### ***Leadership Performance: Lowest Scoring Attributes***

Table 8.11 shows the collective view on lower absolute performance of leadership attributes. All of these low results feature in Table 8.9 as least important leadership attributes. Therefore participants highly regard lower scores on these items. They are listed in lowest to highest order, with the range being 1.9 to 3.6.

---

**TABLE 8.11: LOWER LEADERSHIP PERFORMANCE**

---

Is authoritarian*
Demonstrates introvert behaviour(s)*
Demonstrates no fear of failure*

---

\* a low score is a good result in this organisation

## **8.2.4 Discussion**

This leader presents with very small gaps between desired and actual performance in an organisation that had relatively high expectations. On ten leadership attributes, he met expectations, seven of these with “perfect” perceptions of 5 for both performance and importance. He exceeded expectations on four leadership attributes. These extraordinary results, together with comments from participants, indicate this CEO is extremely well matched for this organisation and his skills are highly regarded.

The CEO himself is in touch with the organisation and its needs, reflected in his own comments regarding leadership style being somewhat similar to the descriptions offered by the other participants. On the leadership attribute checklist, he was often the one who scored his performance lower than the other participants, reflecting perhaps his high personal standards and a certain degree of humility.

*Comments after completing leadership checklist: Non-CEO participants*

After completing the leadership checklist with individuals in Organisation E, every non-CEO participant made overall observations about the CEO and/or leadership. These mainly acknowledged the “match” this CEO has with the needs of the organisation. His consistency with everyone – Board, staff, volunteers, customer – was lauded. One person said they’d worked with this CEO in another organisation, and they’d come to Organisation E when he took up this CEO post. Further, it was noted, “I’d happily follow him again because he is a good person to work with. A lot of it is about personality and the experience you have had working in different situations.” Being “approachable” and “the opposite of authoritarian” is valued in Organisation E, and one person said, “I would struggle now to work with someone who wanted to be more controlling.”

On leadership in general, one person saw it as a collaborative/collegial role, and another offered “leadership boils down to two things: knowing what you’re doing, your key role; and motivating and supporting your staff in their ability to do it.” This CEO was considered to be “pretty perfect” in this. However, “he is human and not everything is 100 percent all of the time, and you wouldn’t expect that.”

*Leadership theory*

In describing the CEO against leadership theory, he certainly has the strong people orientation advocated by the behavioural theories, and the results focus is high within the non-profit sector context. On the behavioural theories’ democratic to autocratic continuum, the tendency is for democratic leadership. However, there are also overtones of effective situational leadership, with this CEO applying the right leadership ‘touch’ for the situation and personnel involved. The leader presents with both transformational delivery and transactional skill. Regardless of which leadership theory might provide the best description of this CEO’s style, it remains that he is extremely effective and his skills are very highly regarded in the organisation.

## **8.3 The Impact of CEO Leadership Style on Adoption of the Marketing Concept**

### **8.3.1 Summary: Market Orientation**

Organisation E presents as market oriented, yet there is evidence that some participants struggle with tactical aspects of its delivery being appropriate for their not-for-profit setting. This is likely to manifest itself in difficulty achieving an organisationally coordinated and integrated approach to operations in a business that largely relies on volunteers for service delivery. Everyone is undoubtedly fully committed to positive outcomes. However, exactly what those outcomes are and how they might best be achieved is likely to be an ongoing debate. While this is an industry dilemma, it is possible that robust adoption of the marketing concept could result in more commonly shared perspectives.

### **8.3.2 Summary: CEO Leadership Style**

The CEO of Organisation E is extremely approachable, inclusive and supportive, and is largely perceived to be making the business calls when necessary. His leadership style is extremely well matched with Organisation E's objectives and expectations, with his grounded humanity and people focus being seen as key to his success.

### **8.3.3 'Does CEO Leadership Style Impact On Adoption of the Marketing Concept?'**

#### ***Non-CEO Participant Views***

All participants thought there was a strong connection between the CEO's leadership style and the organisation's adoption of the marketing concept, although one was less emphatic. The relationship was perceived to be most evident through the people focus, which many people reflected being necessary for working in this industry. Modelling desired 'customer focus' behaviour with a 'staff focus' was also thought to be important. This included consideration of the way the CEO encourages the team, because it was believed that "the way goals are set can mean they are achieved differently."

In Organisation E, participants gave full and considered responses to why they thought there was a connection between CEO leadership style and adoption of the marketing concept. Their views are summarised in Table 8.12.

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**TABLE 8.12: EXAMPLES: WHY NON-CEO PARTICIPANTS BELIEVE CEO LEADERSHIP STYLE IMPACTS ON ADOPTION OF THE MARKETING CONCEPT**

---

If you had high importance and performance on leadership skills, you would think it would be good for any business. We're working with vulnerable people, so it seems more important. ... If staff aren't working in a supportive, caring environment – if they feel oppressed by the organisation, or fearful, or unsupported – it's hard to transport a customer focus into caring for vulnerable people. So, in this organisation, CEO leadership style does impact on adoption of the marketing concept.

A lot of leadership is about understanding what your market is and being self-aware, and to be customer-focused you have to be able to do that. And you have to be customer-focused as a team so you have to have everybody on board. CEOs who see the importance of their workforce are upheld as role models in management courses.

The CEO himself has a strong customer focus. The previous CEO had a different style but similar outcomes from my perspective. There has been growth under both leaders. The organisation is probably more settled and perhaps a bit happier under this CEO's leadership, and it allows the marketing concept to happen [more easily].

If you look at 'communication of goals,' 'seeing change as a source of opportunity' – the leadership attribute list – all of these are responding to 'customer focus.' It's about looking at what *consumers want or need* and being visionary. We're looking for *results* (rather than profit per se), so it is *coordinated*, and it's about letting people know what is expected and inspiring people. Without a doubt the leadership aspects go into the marketing concept. The qualities we've been talking about come out in these three premises of the marketing concept.

There's an impact because everything we do in one way or another is a type of marketing – the way we present ourselves, the way we act, the way we prepare material, the way we put material out in front of people, the way we act in the organisation and outside the organisation, the way in which we view profit and seek profit. But most importantly, it's the way we respond to the customer, and it's not just responding to the customer. It's trying to identify their needs before they might even know about them. So we're constantly looking at what could be happening or should be happening – here or anywhere. And if we are going to make change, it is even more important we get into a marketing focus. Because unless we do that, people are not aware of the change that is occurring, and there are long gaps between it actually occurring and people picking up that it has changed; so it is important we 'walk the talk' at times like that. Inspiring people is so much a part of your marketing. It goes that extra dimension to have integration across the organisation.

A lot of people only have marketing as something that is done to people. It's not something that comes right from the grassroots. When it comes from a grassroots philosophy, I feel much more at home putting leadership and marketing together.

---

### Relevant leadership attributes

People noted several leadership attributes they thought particularly contributed to adoption of the marketing concept. There were strong themes of 'people focus' and 'collaboration.' Being 'visionary,' 'inspiring people,' 'communicating goals and expectations' and seeing 'the opportunities of change' also emerged as leadership attributes participants thought were positively linked to adoption of the marketing concept. 'Empowering people' and



‘celebrating good performance’ were considered relevant in Organisation E’s environment as well.

### *The CEO’s Perspective*

This CEO believed leadership style and adoption of the marketing concept are “definitely” linked. “First of all, if you don’t agree with the principle people are important or that your organisation is made up of a whole lot of people of equal opinion, then ... [the marketing concept] wouldn’t work. ... You’d follow one of the other models of ‘I know best.’” He suggested, “If you believe you’re the only one whose visionary and no one else is, you’re never going to listen to your customer. The customer ... could be the people you serve, health professionals, government.”

### *Discussion*

Participants in Organisation E were adamant that CEO leadership style impacts on adoption of the marketing concept in their organisation. They gave clear and compelling rationale for their views. ‘People focus’ featured highly in these explanations – in terms of both customer-focus and the CEO modelling the exemplary people practices with staff that staff are expected to deliver with customers. The role and impact of the leader on profitability and goal achievement were reasonably well understood by some participants. As noted earlier, ‘competitive orientation’ is not high in this organisation. Instead, collaboration is the focus. Despite the increased need for interfunctional coordination that external collaboration inevitably brings, coordination within Organisation E in the form of shared information is currently not very visible. The new client database is expected to improve that. The drive behind this project and the improved collaborative business relationships have been attributed to the CEO.

In this case study organisation, one person observed that CEO leadership style impacted on adoption of the marketing concept because he himself is customer-oriented. However, it was also stated that the previous leader had achieved similar growth results, although the organisation may not have been as happy and comfortable with his leadership style. Intriguingly, someone else wondered whether leadership was contingent on the leader: “if it was someone else, actually maybe it [leadership style] wouldn’t change that much.” The combination of these comments perhaps suggests that organisational culture may be the most significant element in this organisation’s adoption of the marketing concept. While

the CEO impacts on culture, so too does the culture affect what the CEO can achieve (Pettigrew, 1983). Perhaps this organisation's adoption of the marketing concept is the result of an extremely erudite CEO-selection decision. But, could it be that CEO leadership style has no impact on market orientation at all? Could it be that in this non-profit industry any CEO could be perceived to be contributing to a market orientation because of their 'health-support industry' focus as opposed to their 'leadership and management' capability?

Perhaps a broader aggregated consideration of whether CEO leadership style impacts adoption of the marketing concept will make this clearer. The results of the broader level analysis are in Chapter 10. Before this, Chapter 9 explores aggregated analysis of market orientation and CEO leadership style.

## **Chapter Nine: Overall Results:**

### **Market Orientation and CEO Leadership**

This chapter summarises the overall findings of this study in relation to the market orientation and marketing concept, and CEO leadership style.

#### Outline:

- 9.1 Market Orientation and Adoption of the Marketing Concept
  - 9.1.1 Understanding of Market Orientation and the Marketing Concept
  - 9.1.2 Market Orientation Survey Data
    - The Narver and Slater (1990) Market Orientation Scale
    - The Kohli et al. (1993) Validation-Check Responses
    - Market Orientation Patterns
    - Individuals' Views of Market Orientation
  - 9.1.3 Interfunctional Coordination
  - 9.1.4 Perceived Consequences of Adopting the Marketing Concept
  - 9.1.5 CEOs' Views of Market Orientation and the Marketing Concept
  - 9.1.6 CEOs' Actions to Facilitate Adoption of the Marketing Concept
    - Lead Marketer Views: What Else CEOs Could Do to Facilitate Adoption of the Marketing Concept
  - 9.1.7 Measurement of Market Orientation and Adoption of the Marketing Concept
  - 9.1.8 Summary of Findings
- 9.2 CEO Leadership Style
  - 9.2.1 The Language of 'Leadership Style'
    - Managerial Participants: A Curious Tendency
  - 9.2.2 Leadership Influences
  - 9.2.3 Leadership Attribute Checklist
    - Leadership Importance: The 'Top Ten'
    - Leadership Performance: The 'Top Ten' Attributes
    - Leadership Performance: Lowest Performing Attributes
    - Summary of Leadership Measures

#### 9.2.4 Discussion of Checklist Results: Corroboratory Evidence?

- Leadership ‘Detractors’
- New CEO – New Style
- Searching for Transformational Leaders?
- Leadership as Culture
- Is Market Orientation a Helpful Leadership Concept?

#### 9.2.5 Summary of Findings

## 9.1 Market Orientation and Adoption of the Marketing Concept

Chapters 4 to 8 show that all sources of evidence regarding market orientation in the case study organisations converge to indicate they are all market-oriented. The results from the survey questions on the Narver and Slater (1990) market orientation scale and Kohli et al. (1993) validation-check question are summarised in Table 9.1.

**TABLE 9.1: PARTICIPANT ORGANISATION MARKET ORIENTATION SCORES**

	Market Orientation Score (Narver & Slater (1990) Scale)		Category against Hooley et al. (2000) results	Market Orientation Percentage (Company B validation-check)	
	Range	Mean		Mean	Range
Organisation A	2.93 – 4.00	3.67	High	78.8	40 – 100
Organisation B	2.75 – 4.56	3.94	High	67.5	5 – 95
Organisation C	3.07 – 4.50	4.06	High	82.5	80 – 90
Organisation D	2.29 – 4.54	3.68	High	57.5	20 – 100
Organisation E	2.50 – 5.00	3.71	High	88.6	70 – 100

These high market orientation results are unsurprising. Interest or belief in marketing was possibly required in order for CEOs to agree to the organisation being involved in the research. Also, while roles were specified, generally the CEOs had input into who specifically was included in the study, perhaps thereby also providing opportunity for whom to exclude. Therefore, positive bias is probable through the organisational selection process, and possible in the individual participant selection.

Reviewing the data in aggregate allows consideration of how market orientation manifests in these high market-oriented businesses, and identification of any trends that might be relevant.

### 9.1.1 Understanding of Market Orientation and the Marketing Concept

Beyond a customer focus, interviews with participants in the five case study organisations revealed a relatively low unprompted awareness of the ‘market orientation’. ‘Marketing concept’ awareness was even lower, with many comments suggesting tactical understanding and association of the term with promotion and advertising efforts, or branding. While the strong customer focus is laudable, it would seem that general business understanding of marketing’s role in strategic organisational choices and philosophies has still not achieved significant hold – or at least not in these five organisations.

However, as noted in the case studies in Chapters 4 to 8, once prompted with discussion of business orientations and the marketing concept, most participants believed their organisations to be market-oriented, or that at least they were striving to be. The questioning approach makes this a predictable finding (Deng & Dart, 1994).

### 9.1.2 Market Orientation Survey Data

#### *The Narver and Slater (1990) Market Orientation Scale*

Table 9.2 gives the results of market orientation scores across all people involved in this case-study-based research. They show that customer orientation is, as participants articulated in interviews, the strongest element of market orientation in these businesses. Competitor orientation is the weakest component. This is concerning, for market orientation is a strategy choice, and strategy is about competitive advantage (Porter, 2006). However, there are large numbers of non-response to these questions, mainly from the non-profit based Organisations B and E. Chapters Four and Eight have noted the difficulties with the language of this scale in relation to the non-profit sector. Interestingly, though, the CEOs themselves contributed opinions on these issues. Perhaps these results are indicative of the perceptual challenge for leaders in these organisations to gain shared understanding of what business language, such as ‘competition’ and ‘sales’, means for their contexts.

**TABLE 9.2: MARKET ORIENTATION**

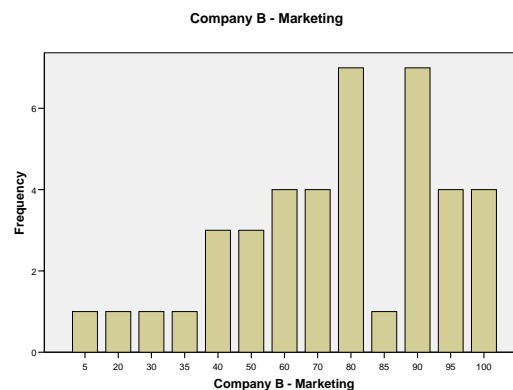
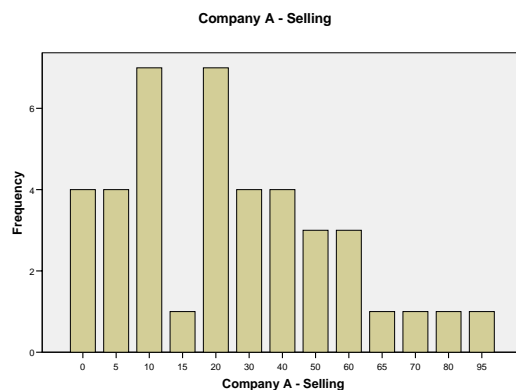
<i>Market Orientation Variables</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>
<b><i>Customer Orientation</i></b>				
Our objectives and strategies are driven by the creation of customer satisfaction	44	3	5	4.27
Our commitment to monitoring customer needs is closely monitored	44	2	5	4.27
Competitive strategies are based on understanding customer needs	42	2	5	4.05
Business strategies are driven by increasing value for customers	44	2	5	3.84
Customer satisfaction is frequently assessed	44	2	5	4.07
Close attention is given to after sales service	39	1	5	3.33
<b><i>Competitor Orientation</i></b>				
Sales people share information about competitors	30	1	5	3.37
We achieve rapid response to competitive actions	37	1	5	3.08
Top management regularly discuss competitors' strengths and weaknesses	33	1	5	3.88
Customers are targeted when we have an opportunity for competitive advantage	38	1	5	3.79
<b><i>Interfunctional Coordination Orientation</i></b>				
Top management regularly visits important customers	37	1	5	3.43
Information about customers is freely communicated throughout the organisation	42	1	5	3.36
Business functions are integrated to serve market needs	40	2	5	3.80
Our managers understand how employees can contribute to value for customers	44	2	5	4.05
<b>Market Orientation Score</b>	<b>44</b>	<b>2.50</b>	<b>5.00</b>	<b>3.76</b>

### ***The Kohli et al. (1993) Validation-Check Responses***

The market orientation perceptions were, again, confirmed by the Kohli et al. (1993) validation-check question. Aggregated responses reveal the results shown in Table 9.3. Overall, market-oriented Company B achieved a high score of 72 (out of a maximum of 100). However, more than one-fifth (23 percent) of participants rated their organisations as 50 percent or more sales-oriented. The 'approach to business' question, when participants had to decide the overall priority of the organisation, revealed a sales orientation as a close rival to a market orientation (see Table 9.4). However, this question had a large number of unusable responses. Most of the 12 'no answer/unusable answer' responses were the result of people selecting two or more approaches to business. Hooley et al. (2000) had specifically tailored this question for the Central European context of their study. Difficulty answering it in this research indicates the differentiation between business approaches may not be clear enough for participants in the New Zealand context.

**TABLE 9.3****MARKET ORIENTATION – CHECK**

	N	Minimum	Maximum	Mean
<p><b>Company A</b> relies heavily on its sales people to use a variety of selling techniques for getting customers to say “yes.” The primary emphasis in the company is on selling. Customer satisfaction is considered important but the emphasis is on going out and pushing the company’s products.</p>	41	0	95	28.41
<p><b>Company B</b> does a lot of research to learn the concerns of its customers, and responds by developing new products and marketing programmes/campaigns. The emphasis is on understanding why customers act and feel the way they do, and exploiting this knowledge. Selling is considered important, but the emphasis is on making products that will almost “sell themselves.”</p>	41	5	100	71.59

**TABLE 9.4:****APPROACH TO BUSINESS**

	Frequency	Percent
We identify the demand and requirements of customers and ensure our products and services meet them	16	36.4
We use selling and advertising to help sell our products and services.	10	22.7
We provide the goods and services society in general needs rather than simply satisfying individual customers.	5	11.4
We concentrate on manufacturing efficiency to achieve low unit costs to sell our products at the lowest possible prices.	1	2.3
We endeavour to offer the best technical product in our industry.	0	0
We use our assets and resources to maximise short-term profits or other financial measures.	0	0
We organise our activities to provide security and continuity of employment for our employees.	0	0
No answer / unusable answer	12	27.3
Total	44	100.0

Alternatively, New Zealand businesses may not be decisive and clear in their strategy; perhaps these case study organisations indicate a propensity for multiple high-level business approach strategies. However, as Porter (2006) suggests, if this involves efforts to be good at everything and please all markets, it can be destructive to competition. In his view, good strategy requires trade-offs and deciding what *not* to do.

### ***Market Orientation Patterns***

From these five case study organisations in different sectors, patterns emerge as almost a formula for their market orientation. (See Tables 9.5, 9.6 and 9.7.) While the commonly perceived strategic priority over the last two years for participant organisations has been to build long-term market share, opinions about the focus for how this is being delivered differ. The most common perception of the primary marketing objective in these organisations is to achieve steady sales growth, which is achieved by attacking selected market segments with positioning of technical quality generally exceeding – and service delivery definitely exceeding – competitor deliverables, while the price is at approximately the same level.

The financial performance queries have one correct answer for each organisation, but as revealed in the case study results, knowledge of financial performance is variable. The only overall themes that can be identified in relation to financial performance in these high market-oriented organisations are for a positive return on investment, and better performance than the previous complete financial year for the business and in comparison with competitors.

**TABLE 9.5: STRATEGIC PRIORITIES**

	Frequency	Percent
<b>Strategic Priority Over Last 2 Years</b>		
Survival	2	4.5
Good short-term financial returns or profits	5	11.4
Long-term building of our market position	36	81.8
No answer / unusable answer	1	2.3
<b>Focus Over Last 2 Years</b>		
Cost reduction and efficiency gains	15	34.1
Expanding the total market for our products	12	27.3
Winning market share from competitors	7	15.9
No answer / unusable answer	10	22.7
<b>Primary Marketing Objective</b>		
To maintain or defend our current position	5	11.4
To achieve steady sales growth	28	63.6
To achieve aggressive sales growth or to dominate the market	7	15.9
No answer / Unusable Answer	4	9.1
Total	44	100.0



**TABLE 9.6: MARKETING STRATEGY**

	Frequency	Percent
<b>Market Targeting Approach</b>		
Attack the whole market	7	15.9
Attack selected market segments	26	59.1
Target specific, individual customers	9	20.5
No answer / unusable answer	2	4.5
<b>Product Positioning</b>		
Technical quality is higher than the main competitors	26	59.1
Technical quality is about the same as the main competitors	13	29.5
Technical quality is lower than the main competitors	0	0
No answer / unusable answer	5	11.4
<b>Service Approach</b>		
Service quality is higher than the main competitors	38	86.4
Service quality is about the same as the main competitors	4	9.1
Service quality is lower than the main competitors	0	0
No answer / Unusable Answer	2	4.5
<b>Price Approach</b>		
Price is higher than the main competitors	6	13.6
Price is about the same as the main competitors	28	63.6
Price is lower than the main competitors	4	9.1
No answer / Unusable Answer	6	13.6
Total	44	100.0

**TABLE 9.7: ORGANISATIONAL PERFORMANCE**

	Frequency	Percent
<b>Return on Investment in Last Complete Financial Year</b>		
Loss	0	0
Break even	4	9.1
1-9%	14	31.8
10-19%	11	25.0
20% or more	4	9.1
No answer / Unusable Answer	11	25.0
<b>Performance Relative to Budget This Financial Year</b>		
Better than target	10	22.7
On target	16	36.4
Below target	15	34.1
No answer / Unusable Answer	3	6.8
<b>Organisational Performance Relative to Last Year</b>		
Better than last year	28	63.6
Same as last year	4	9.1
Worse than last year	9	20.5
No answer / Unusable Answer	3	6.8
<b>Performance Relative to Main Competitors Last Year</b>		
Better than competitors	22	50.0
Same as competitors	9	20.5
Worse than competitors	4	9.1
No answer / Unusable Answer	9	20.5
Total	44	100.0

### ***Individuals' Views of Market Orientation***

Individuals, though, did not all hold high opinion of market orientation in their organisations. Table 9.4 shows that half of the usable responses are for a business orientation other than a market one, and it has already been stated that ten participants in the market orientation survey rated their organisations as 50 per cent or more selling focused (see Table 9.3). Similarly, Table 9.8 shows eight participants had Narver and Slater (1990) scale scores that are categorised as medium or low (as identified in Hooley et al. (2000)<sup>1</sup>). These different results within the same organisations are consistent with Narver and Slater's (1990) findings that there can be different levels of market orientation in the strategic business units within a large corporation, and also different views amongst senior management team members.

**TABLE 9.8: INDIVIDUAL'S HIGH, MEDIUM AND LOW MARKET ORIENTATION SCORING**

	Full Study Participants		Market Orientation Participants	
	N	%	N	%
Low	2	5.3	2	4.5
Medium	5	13.2	6	13.6
High	31	81.6	36	81.8
Total	38	100%	44	100%

### **9.1.3 Interfunctional Coordination**

In this study, interfunctional coordination emerged as an element that distinguishes market orientation. The Narver and Slater (1990) interfunctional coordination scores were relatively low in all businesses (see Table 9.2), except Organisation C (see Table 6.5 in Chapter 6). In addition, all organisations presented with disparate answers to the more factually-based questions regarding strategic priorities, marketing strategy and organisational performance. (For aggregated results of these questions, see Tables 9.5, 9.6 and 9.7, respectively.) Organisation C, in contrast, achieved relatively high interfunctional coordination results in the market orientation scale items, and tended to have less variability in its answers to questions about strategic priorities, marketing strategy and organisational performance (see Chapter 6). They are also the organisation that had the

<sup>1</sup> For further discussion on high, medium and low market orientation scores, see Appendix 4.

highest Narver and Slater (1990) scale market orientation score, and the smallest range for the validation-check question (see Table 9.1). A key tool in facilitating interfunctional coordination in Organisation C is its comprehensive, useful, and used customer relationship management system. Organisations A, D and E also mentioned developments in their customer databases, which can be expected to facilitate enhanced coordination and integration. At a functional marketing level, Organisation A found value in ‘marketing guidelines,’ which provide advice about marketing solutions for particular business situations. These, too, may assist integration of at least marketing activities.

In general, the practical difficulty of achieving interfunctional coordination was highlighted in the interviews, not just the market orientation scale data. Many participants were inarticulate about their role in the marketing of the organisation. Understanding tended to be at a tactical, ‘job-description-responsibility’ level and hence they did not understand the broader organisational impact they could have on adoption of the marketing concept. Perhaps this is not unexpected, given that unprompted awareness of the market orientation, and marketing concept, in particular, was low. As might be anticipated, this understanding tended to be better with people with marketing responsibilities, but this was not necessarily the case, and some technical marketers did focus on just that – technical, tactical marketing – rather than the broader, strategic, organisational philosophy that is likely to give most performance power to the marketing concept.

#### **9.1.4 Perceived Consequences of Adopting the Marketing Concept**

Again, once prompted with the marketing concept, consequences for the organisation were expressed in terms of better achievement of customer focus, resulting profitability with repeat patronage, but also resulting complication in the form of increasing customer expectations, and gaining organisational understanding that it is not possible to be all things to all people. Deciding to fill latent demand was also identified as risky or potentially costly. These results are consistent with the construct and propositions of Kohli and Jaworski’s (1990) ‘antecedents to and consequences of a market orientation.’ However, in this study, in outlining consequences of adopting the marketing concept, there was a worrying tendency for some involved in marketing roles to have only a tactical marketing understanding and not a broader focus. A comment from one participant seems poignant on many levels: “You have to be relevant; you’re not here for your own self-indulgence.”

### **9.1.5 CEOs' Views of Market Orientation and the Marketing Concept**

All participants thought the CEO considered marketing to be a vital part of the organisation's efforts. Most participants thought their CEO perceived the market orientation and marketing concept in the same way they did. Some specifically requested confirmation that this was the case.

In fact, not all CEOs did see the adoption of the marketing concept in the same way as their organisational participants. In interviews, they generally gave an objective assessment, looking at what their organisations did well and what they did not do so well. In the Narver and Slater (1990) scale, CEOs' market orientation scores ranged from 3.36 to 4.36, with a mean score of 3.99. There was a mean gap between CEO and organisation market orientation of 0.32. In all but one organisation, (Organisation D,) the CEO's perception of market orientation was higher than the overall result. In only one organisation (Organisation A) was the top market orientation score attributed to the CEO (and in Organisation A, two other people recorded the same score), but overall the CEOs tended to be in the top half of the market orientation scores for their organisations. The exception was Organisation D, where the CEO's market orientation score ranked twelfth of the sixteen participants.

In the validation-check question, the CEOs did not present with a tendency for low, medium or high scores for market-oriented Company B compared with their colleagues. In fact, CEOs had all of lowest, middle and highest scores in the case study organisations. The average percent for Company B for the CEOs was 70, similar to the overall study's mean of 71.6. However, it was derived from a range of 55 (40 percent to 95 percent market-oriented).

In summary, in interviews there was balanced discussion of organisational market orientation and adopting the marketing concept, and the market orientation validity-check question indicated similarly varying views. However, the market orientation survey instrument revealed that CEOs tended to have a more optimistic perception of delivery of the market orientation than the other participants. This is in contrast to the quantitative findings of Gray et al. (1998) that Marketing Managers tended to have more optimistic

views of market orientation than their CEOs. (Only one Marketing Manager had a more optimistic view than the CEO in this study.)

#### **9.1.6 CEOs' Actions to Facilitate Adoption of the Marketing Concept**

Employees in the case study organisations gave similar examples of what the CEOs do that specifically facilitated adopting the marketing concept. Helpful actions were: taking every opportunity when talking to staff to emphasise the importance of customer focus and customer satisfaction; talking directly to and with customers; being involved in market and marketing activity; reporting to staff, the customers, the public; and investing time and budget in marketing. Other helpful actions included leadership behaviours, such as: listening to people, providing clear direction, role-modelling customer focus and customer satisfaction, having a good relationship with the Board, providing training and opportunities in the organisation, and having and using relevant business or industry connections.

##### ***Lead Marketer Views:***

##### ***What Else CEOs Could Do to Facilitate Adoption of the Marketing Concept***

In four organisations, the top marketer was asked what more they would like their CEO to do to facilitate adoption of the marketing concept. Everyone pointed out the strong support they had from their CEOs for the marketing endeavour. Answers were unimaginative, and focused on “communication, communication, communication.” This included mainly more staff communication – making use of the generally well regarded skills most CEOs had to explain business strategy clearly, as well as relay known information about customers and why they return, or don't, to the organisations. One marketer noted a desire to spend more one-to-one or senior management team time talking about the organisation's mid-level strategies. High-level strategies were discussed well, but in this person's view mid-level ones did not receive the necessary attention.

Rather than tactical, directly marketing-related activity, then, these people pointed to a leadership style related behaviour as being of most use in promoting adoption of the marketing concept. ‘Communication’ is a leadership competency (Zenger & Folkman, 2002), which is noted as fundamental in many leadership theories outlined in Chapter Two. The CEO giving clear signals and establishing “clear values and beliefs about serving the

customer” (Webster, 1988, p. 37) has long been suggested as important, and Webster (1988) declares, “[o]nly the CEO can take the responsibility for defining customer and market orientation as the driving forces” (p. 37) of the business’s strategy. Porter (2006) also advocates the importance of clearly articulating business strategy and the CEO’s role in this.

### **9.1.7 Measurement of Market Orientation and Adoption of the Marketing Concept**

Lead marketers were asked how their organisations measure adoption of the marketing concept. Responses mainly referred to tactical marketing measurement. For example, all marketers discussed customer satisfaction and measurement tools, and development of metrics for measuring promotion campaign results. Reporting from the customer database systems was considered important. These database tools were seen as critical to the current or future reporting success in four of the five case study organisations. On the whole, though, measurement of a market orientation or adoption of the marketing concept is not currently occurring. This study was the first opportunity to provide comprehensive insight into it.

Perhaps improved measurement of market orientation would promote greater thinking about specific actions that could be taken by the CEOs to improve their organisations’ market orientation performance. This would also reinforce suggestions in the literature that ‘market orientation’ and ‘learning organisation’ cultures cohabitate (Slater and Narver, 1995).

### **9.1.8 Summary of Findings**

Interesting findings about market orientation and the marketing concept in this study include:

- While most organisations are aware of and subscribe to the notion of customer orientation, they were not aware of the full market orientation and marketing concept in an unprompted setting. Upon having a market orientation described to them, most participants believed their organisations to be market oriented. The market orientation measurement instrument used in this study reveals all organisations as being market oriented. This was not necessarily confirmed by answers to a validity-check question,

which had 23 percent of participants marking their organisations 50 percent or more sales-oriented. Overall, perhaps precarious understanding of the market orientation and marketing concept indicates a lack of relevance to them of anything more than a customer focus, or perhaps that marketers are letting down their organisations by not providing enough information and strategic context for marketing activity and its potential power as a key tool of strategic choice.

- Integration of market orientation and marketing effort across the organisation presents as the most problematic component of the marketing concept. Customer focus, profitability, achievement of goals, environmental and competitive mindfulness all appear to be well understood, even if they are not perfectly executed. Integration and coordination of activities, though, is not well understood. To be clear, integration of marketing activities at a tactical level is understood and may be occurring. In fact, one organisation had particular success with ‘marketing guidelines’ in this respect. However, in the broader strategic sense, the qualitative and quantitative results of this study indicate integration at the more important strategic interfunctional level is not understood. Notably, this is also the area where the CEO’s leadership style has the most potential to impact.
- CEOs generally have a balanced view of deliverables and non-deliverables of their organisations in relation to market orientation, but have a tendency for a higher perception of overall market orientation than many of their employees on the market orientation measures used in this study.
- In noting what the CEO does to facilitate adoption of the marketing concept, several leadership style type qualities emerge: listening to people, providing clear direction, role-modelling customer focus and customer satisfaction, having a good relationship with the Board, providing training (in general) and opportunities in the organisation, and having and using relevant business or industry connections. The single most important action marketers suggested CEOs could take to improve adoption of the marketing concept in their organisations was communication with both staff and customers. This is also a leadership style issue.
- Marketers may be letting down their CEOs by lack of quantifiable or perhaps even anecdotal information about measurement of market orientation and adoption of the marketing concept. This exercise appeared to be each organisation’s first foray into

this practice. Lack of marketing achievement metrics also hinder significant progress, although four organisations noted the importance of customer database information for yielding improved future performance.

## **9.2 CEO Leadership Style**

### **9.2.1 The Language of ‘Leadership Style’**

Arguably one of the most interesting findings from this study is the way people talk about ‘leadership style’ in an unprompted way. When asked to describe the CEO’s leadership style, most people talked about the personal qualities of the CEOs and their personalities. This seems to reflect practical discussion of leadership retaining the ‘trait’ focus the literature contends was early leadership thinking (for example, Robbins et al., 2000; Stoner, 1982). Could it be that leadership theorists have developed complex models of describing activities and results expected from leaders that, while perhaps useful in the context of leadership development, is not a natural language, mindset or expectation typically adopted by people working with leaders? Certainly, Kroek, Lowe and Brown (2004) believe “the myriad theories and conceptualisations may be more diversion than asset” (p. 72), and the findings from this study suggest they are correct.

Most participants were more comfortable going through a list of attributes than the unprompted discussion, and often commented on the usefulness of the list as being aligned with what they would expect of the CEO. (This is not to say participants did not find the rating itself difficult. Many commented that it was.) Nevertheless, this study revealed that the way people experience leadership style is ultimately personal, interpersonal and difficult to describe. This is somewhat different from the assumptions that might be made when reading leadership literature, but does go some way towards endorsing the decision to not select a particular leadership theory for investigation in this study. It also reinforces Zenger and Folkman’s (2002) observations that leadership is complex and diverse, and that effective leadership practices need to be considered in their organisational context.

As with market orientation, it is perhaps not a surprising result that most people talked mainly about the positive qualities of their CEOs. Those that offered critical remarks were



quick to point out that their CEO's 'good points' outweighed, or even forgave, the less favourable qualities. In this study it was identified that while all CEOs have their 'weaknesses' in the eyes of peoples' ideals, none were to the extent of 'fatal flaws,' which detracted from the positive attributes. In the checklist of leadership attributes, all CEOs gained high overall performance ratings for respect and integrity, which may be key to this. Again, these findings are consistent with Zenger and Folkman's (2002) leadership insight that "greatness is not caused by the absence of weakness" (p. 22).

### ***Managerial Participants: A Curious Tendency***

During interviews some participants who were also managers, in talking about leadership, compared themselves and their own leadership qualities with those of the CEO. These managers wanted the CEO to have the good qualities they perceived themselves to have, but which they considered to be lacking in the CEOs. Interestingly, skills they acknowledged themselves to be relatively weak in were rated as less important leadership attributes in a CEO. This type of critical/benevolent transference occurred mainly with those in the 40 to 49 age group. Participants in the 50 plus age groups were more generous and less ego-centric in their evaluations.

### **9.2.2 Leadership Influences**

CEOs were asked to identify their leadership role models – both positive and negative – past and present. In response, they generally reflected on the positive role models, although two commented about negative ones:

- "Most of what you see in management is pretty crap really... . You certainly learn a lot from a manager, and it's better to have a good one than a bad one. If you have a bad manager, the only thing you can really do is leave. To sit and hope the manager will leave doesn't work. That destroys everything." This CEO confessed to having left half of his roles because of "bad managers."
- "It's easier to find leaders you don't want to be like. ... It's what you learn that you won't do that is probably crucial."

The CEOs were not forthcoming in describing characteristics of bad managers, although one suggested it was important not to be dictatorial. However, that did not mean "suffering fools." Meeting standards, delivering quality work and being loyal to the organisation were considered mandatory.

When considering positive role models, the CEOs generally talked about personal role models and leaders they had worked with. One CEO particularly noted the impact of teachers on leadership role modelling – especially the teachers in the primary school system, although the secondary school teachers were also influential. A few CEOs noted the important role of parents and family members in the development of their values, their views of leadership and what constitutes effective leadership performance. (Similarly, family members and teachers were among the influencers noted in a Harvard Business Review’s article about CEOs’ “moments and people that shaped them” (Collingwood, 2001, p. 1).) One CEO mentioned mentors that had contributed positively, and one discussed people who had delivered people management sections of management or leadership education and training programmes. One leader offered, “I’ve been very lucky in the role models I’ve had. And when that happens, things become natural.”

A couple of people mentioned management books as a source of leadership insight. Jim Collin’s “Good to Great” was mentioned, as well as the General Electric story, not just of the well-known Jack Welch, but also of the two previous CEOs “who were real leaders in organisational change at least as good as Welch.” Jack Welch and his two predecessors, Reg Jones and Fred Borch, were among the notable personalities that have impacted leadership thinking for the CEOs involved in this study. Others were: Winston Churchill, Donald Campbell (racing driver), and Dame Sylvia Cartwright.

It is interesting that only one CEO particularly noted the impact of management or leadership education, training and development on views of leadership. Leadership programmes have proliferated recently and there is a growing abundance of leadership material available academically and in the popular literature. Yet only one of the case study organisations had a formal leadership development programme at the time of conducting this research. However, others did offer in-house courses on leadership-related competencies and/or facilitate and encourage participation on external management courses. In the case study organisations, at least, the leadership development craze has not hit. Does the proliferation of leadership commentary make for communication ‘noise’ that impedes worthy material being noticed? Or, again, could it be that the practical aspects of leadership development are being lost through a myriad of conceptual theories that, while

perhaps mildly interesting and thought-provoking, are not of practical assistance in the development or change of actual leadership behaviour?

### 9.2.3 Leadership Attribute Checklist

Several attributes of leadership were queried in a checklist form with interview participants. The overall importance of the attributes to participants and perceived performance of CEOs are summarised in Table 9.9. They are listed in order of largest to smallest gap between importance and performance.

Interestingly, in aggregate, CEOs showed greater performance in some areas than participants might expect. The small positive gaps for: “is optimistic that goals and vision will be achieved” (+0.04), “expresses confidence in own judgement and ability” (+0.08), and “is smart” (+0.09) are areas where higher performance is considered ‘a bonus.’ The gaps for the other items (“is authoritarian,” +0.26; “demonstrates introvert behaviour(s),” +0.28; “exhibits extrovert behaviour(s),” +0.33) are more controversial. While some participants thought an excess of these attributes was helpful, others perceived them to be unhelpful. The meaning people associated with these attributes varied, so results are difficult to interpret. (See Appendix 5 for participants’ comments on what ‘authoritarian,’ ‘introvert,’ and ‘extrovert’ mean.) Similarly, an *excess* of “expresses confidence in own judgement and ability” can tip the scales from ‘confidence,’ which is perceived positively, to ‘cockiness,’ which is not. However, from interview discussions, it is clear that the aggregate small positive mean gap in this study does not reflect the more ego-based ‘cockiness’ response.

**TABLE 9.9: LEADERSHIP GAPS**

	Importance Mean	Performance Mean	Mean Gap
Inspires people and creates excitement so that team members want to work hard and perform well	4.84	3.93	0.91
Acts as a resource and a coach in allowing and empowering individuals to reach their potential	4.55	3.64	0.91
Encourages participation in decision making	4.58	3.69	0.89
Delegates appropriately	4.58	3.74	0.84
Lets people know what is expected of them	4.82	3.99	0.83
Identifies difficult situations and seeks resolution	4.79	3.97	0.82
Fosters collaboration	4.63	3.85	0.78
Has goals for the organisation and communicates these well	4.95	4.24	0.71
Encourages people to consider problems from multiple perspectives and seek new solutions	4.47	3.76	0.71
Encourages individuals to monitor their own efforts	4.58	3.93	0.65
Recognises people and celebrates their good performance	4.68	4.10	0.58
Demonstrates self-awareness (awareness of own strengths and weaknesses)	4.63	4.06	0.57
Trusts people and inspires trust in others	4.74	4.19	0.55
Anticipates and adapts	4.68	4.14	0.54
Makes tough decisions	4.66	4.15	0.51
Adapts working style to the needs of the situation	4.21	3.71	0.50
Generates a sense of purpose	4.66	4.28	0.38
Shows concern for others and their points of view	4.45	4.08	0.37
Commands respect	4.82	4.49	0.33
Does what s/he says s/he will	4.71	4.38	0.33
Leads by example	4.68	4.35	0.33
Is results focused	4.74	4.42	0.32
Uses power appropriately	4.66	4.35	0.31
Is visionary	4.68	4.39	0.29
Is people focused	4.68	4.42	0.26
Sees change as a source of opportunity	4.68	4.44	0.24
Displays constancy in personal behaviour	4.45	4.23	0.22
Shows other people respect	4.71	4.50	0.21
Has charisma	3.71	3.58	0.13
Brings about significant change	4.53	4.42	0.11
Takes sensible risks	4.24	4.14	0.10
Has integrity	4.84	4.75	0.09
Is optimistic that goals and vision will be achieved	4.50	4.54	+0.04*
Expresses confidence in own judgment and ability	4.50	4.58	+0.08*
Is smart (intelligent)	4.45	4.54	+0.09*
Demonstrates no fear of failure	3.42	3.63	+0.21*
Is authoritarian	2.89	3.15	+0.26*
Demonstrates introvert behaviour(s)	2.37	2.65	+0.28*
Exhibits extrovert behaviour(s)	3.05	3.38	+0.33*

\* the CEOs on average have more of this attribute than is necessary/desirable

### ***Leadership Importance: The ‘Top Ten’***

Table 9.10 lists the aggregated ‘top ten’ attributes people in this research said were *important* in a CEO’s leadership. The table also notes whether these items are placed in the

‘top ten’ leadership importance rankings in Organisations A to E. The shaded items denote the ‘top five’ attributes – overall for the study and whether they are in the ‘top five’ attributes for Organisations A to E.

The table shows that only one of the ‘top five’ and two of the ‘top ten’ leadership expectations are common to all case study organisations. The two common ‘top ten’ items are the personal attribute “commands respect” and the functional role of “having goals for the organisation and communicating them well.” In fact, the ‘top ten’ importance items for each organisation, as listed in Chapters 4 to 8, and are reasonably different from each other, perhaps reflecting different industry expectations and/or specific company leadership culture.

**TABLE 9.10: ‘TOP TEN’ IMPORTANT LEADERSHIP ATTRIBUTES**

	OVERALL	A	B	C	D	E
Has goals for the organisation and communicates these well	1	1=	2	1=	1=	1=
Inspires people and creates excitement so that team members want to work hard and perform well	2=	3=	1=	2=	2=	
Has integrity	2=	1=	3=		1=	1=
Lets people know what is expected of them	3=	3=	3=	1=	3=	
Commands respect	3=	4=	1=	2=	2=	1=
Identifies difficult situations and seeks resolution	4	2=				
Is results focused	5=	1=	1=		3=	
Trusts people and inspires trust in others	5=		3=	2=	2=	
Shows other people respect	6=		3=		2=	1=
Does what s/he says s/he will	6=	4=		2=	3=	
Number of items scoring between 5 and 4.5 for importance	32	12	25	28	30	32

Table 9.10 also specifies the number of leadership checklist items that achieved scores of between 4.5 and 5.0 for importance in each participating organisation. Zenger and Folkman (2002) define a strength as an item achieving 4.5 or higher on a 5 point scale. This logic is applied to importance thus: if organisations score 4.5 or higher for importance, they require it as a strength in their CEO. The numbers of leadership items in this category (there were a total of 39 checklist items) shows the overall high standards and expectations people have of their top leaders in most of the participant organisations. Organisation A is the only exception. It has more moderate expectations. However, there may be an interview effect operating. Organisation A participants completed the checklist separately from the

interviews, whereas participants from all other organisations completed them within the interview.

### ***Leadership Performance: The ‘Top Ten’ Attributes***

Table 9.11 summarises the aggregated ‘top ten’ perceived leadership *performance* strengths of the CEOs in the case study organisations, from highest to lowest, and specifies whether these items were in the ‘top ten’ performance items in Organisations A to E. The ‘top five’ attributes – both overall and if these items were in the ‘top five’ performance items for Organisations A to E – are highlighted with shaded boxes.

TABLE 9.11		'TOP TEN' LEADERSHIP PERFORMANCE STRENGTHS					
	OVERALL	A	B	C	D	E	
Has integrity	1	1	1=		1=	1=	
Expresses confidence in own judgment and ability	2	2=	2=	1			
Is optimistic goals and vision will be achieved	3=	4=	1=	6=	5=	3=	
Is smart (intelligent)	3=	4=		2	5=		
Shows other people respect	4	4=			1=	1=	
Commands respect	5	4=			3	3=	
Sees change as a source of opportunity	6		3=	4=	6=		
Is results focused	7=	2=	4	5=	5=		
Is people focused	7=	3=			6=	1=	
Brings about significant change	7=		3=	6=	2		
Number of items scoring between 5 and 4.5 for performance (Performance 'strengths')	6	3	10	7	11	22	

Table 9.11 shows that there are no performance strengths common to CEOs in the ‘top five’ items. “Optimism that goals and vision will be achieved” is the only top ten performance strength common to all CEOs in the case study organisations.

### ***Leadership Performance: Lowest Performing Attributes***

In the context of high achievers and performers such as these CEOs, referring to lower performance attributes as ‘weaknesses’ seems inappropriate, especially given the relatively high scores, or the expressed unimportance of these attributes by participants. ‘Potential vulnerabilities’ might be a more apt description. Table 9.12 summarises the aggregated bottom five perceived leadership ‘potential vulnerabilities,’ from lowest to highest, and indicates whether these items are ranked in the lower leadership performance areas in Organisations A to E. As noted in Chapters 4 to 8, for the purposes of this study, lower

leadership performance areas have been arbitrarily defined as those scoring a mean of less than 3.7.

The table shows that there are no lower performing leadership attributes common to all CEOs in this study. The importance ratings assigned to these lower performance attributes show that these low scores are in fact desirable in some of the case study organisations. Where this is the case, the items are marked with an asterix (\*).

**TABLE 9.12** **LOWEST FIVE PERFORMANCE LEADERSHIP ATTRIBUTES**

	Overall	A	B	C	D	E
Demonstrates introvert behaviour(s)	1*	2*		1*	1*	2*
Is authoritarian	2*				2*	1*
Exhibits extrovert behaviour(s)	3*	3*		2*		4=
Has charisma	4	4				4=
Demonstrates no fear of failure	5*				4	3*
Range for lowest 5 performance attributes	2.7–3.6	2.4–3.3	3.0–3.5	2.2–2.8	2.4–3.8	1.9–3.7

\* a low score is a good result in this organisation

Tables 9.11 and 9.12 emphasise that “leaders have widely different personal styles. There is no one right way to lead” (Zenger & Folkman, 2002, p. 19). While interview discussions generally revealed high levels of satisfaction with the CEOs’ performance being appropriate for their organisation’s needs, the data provided during the sessions can be analysed to verify whether it corroborates this impression. This ‘assessment of fit’ is explored in the next section.

### ***Summary of Leadership Measures***

A picture of leadership culture and fit can be taken by considering the number of high-scoring items (between 4.5 and 5.0) for importance and performance (reflecting standards and delivery, respectively); the range of importance and performance for the thirty-nine attributes in the leadership questionnaire; performance range for the ‘top ten’ performance items; number of low scoring items (less than 3.7) for importance, and the importance and performance gap ranges for these items; mean gaps between expectations and performance overall, and on the ‘top ten’ important items. These figures are summarised in Table 9.13.

**TABLE 9.13 SUMMARY OF MEASURES TO ASSESS LEADERSHIP CULTURE AND FIT**

	OVERALL	A	B	C	D	E
Number of items scoring between 5 and 4.5 for importance	32	12	25	28	30	32
Number of items scoring between 5 and 4.5 for performance	6	3	10	7	11	22
Importance Range	2.4 – 5.0	1.8 – 4.9	3.4 – 5.0	2.0 – 5.0	2.4 – 5.0	2.4 – 5.0
<b>Performance Range</b>	2.7 – 4.8	2.4 – 4.8	3.0 – 4.8	2.2 – 5.0	2.4 – 4.9	1.9 – 5.0
– top ten	4.4 – 4.8	4.3 – 4.8	4.5 – 4.8	4.3 – 5.0	4.5 – 4.9	4.9 – 5.0
<b>Lower Attributes</b>						
– importance number	4	4	4	5	4	5
– importance range	2.4 – 3.4	1.8 – 3.5	3.4 – 3.6	2.0 – 3.0	2.4 – 3.6	2.4 – 3.6
– performance gap range	+2 – +3	-.1 – +.8	+2 – +.6	+1 – +1.1	0 – +.6	-.5 – +.3
<b>Mean Gap between desired and actual performance</b>	-0.4	-0.4	-0.4	-0.6	-0.3	-0.2
– top ten importance items	-0.5	-0.5	-0.6	-0.8	-0.4	-0.1
– range	-.9 – +.3	-1.3 – +.8	-1.6 – +.6	-1.9 – +1.2	-1.1 – +.6	-.8 – +.4

#### 9.2.4 Discussion of Checklist Results: Corroboratory Evidence?

Overall, findings in this research emphasise views in the literature that effective leadership style is contextual (Zenger & Folkman, 2002) and a matter of culture (Schein, 2004). Certainly, “we should not take for granted that models and theories developed in one place will work similarly in another” (Den Hartog & Dickson, 2004, p. 277).

Tables 9.10, 9.11, 9.12 and 9.13 show that each organisation has its own leadership culture. The aggregated scores for all participants are not a good measure of how leadership is experienced in each of the participating organisations. The overriding importance of context could be why acknowledgement of leadership theories remains unexpressed in this leadership study. Perhaps the generalisations from aggregated studies of leadership lose too much of their contextual origins for their premises to be considered relevant. Situational and contingency theories have attempted to overcome this, but as mentioned earlier, the language and conceptualisations may make them inaccessible to those who ultimately experience leaders.

In Table 9.13, several measures endorse the overall high satisfaction with the CEO’s leadership performance on the attributes questioned: the small ranges for the top scoring items, small mean gaps on the top ten importance items, and small performance gaps on



items of low importance. (The only caution is provided by the relatively large mean gap (1.1) between importance and performance for one item in Organisation C's less important leadership attributes. This was in response to "is authoritarian." Chapter Six explains this authoritarianism is not perceived as overwhelmingly negative in Organisation C when combined with the other leadership qualities. These particular findings support Zenger and Folkman's (2002) leadership insights that powerful combinations produce great results, and great leaders do not have an absence of weakness.)

The number of high scoring importance and performance items in Table 9.13 may also be indicative of leadership culture, as well as the individual leader's styles. For leaders to score this highly, there had to be a small variation in participants' views. Given that participants were from many areas and different levels of the organisations, it is difficult, and hence laudable, to achieve consistency in performance ratings. Interestingly, CEOs from the two nationwide organisations had the lowest level of concord on performance. Perhaps this indicates the difficult job of leadership when there are geographical challenges.

### ***Leadership 'Detractors'***

It is important to note that no CEOs presented with universally poor scores for performance from employees in their organisations. Generally, lower scores occurred when one or two people rated performance low, but in most circumstances others rated performance high on the same attribute. Some employees had a tendency towards lower scores, but no one consistently rated a CEO's performance on all checklist attributes as low. This is indicative of both the varying standards individuals apply and, again, the personal nature of people experiencing leadership. Given the generally long tenure of participants in the organisations, industry or professions, the leadership results could also be an expression of individuals' perspectives of the expected culture of the organisation.

Further, the data in Tables 9.12 and 9.13 give more confidence to the view that no CEOs in this study presented with 'fatal flaws' that significantly detracted from overall perception that the CEO was doing a good job for the organisation, or personality dimensions which underlie management derailment. Personality dimensions that can cause leaders to stumble include being excitable, sceptical, cautious, reserved, leisurely, bold, mischievous, colourful, imaginative, diligent, and dutiful (Hogan & Hogan, 2001, p. 42). In interviews

with all participants, no CEOs presented with these excesses. In fact, all showed degrees of Collin's (2001) 'level five' leadership: a certain humility, combined with a driving desire for their organisation's to be successful.

### *New CEO – New Style*

Participants in two of the case study organisations compared their current CEOs to their immediate predecessors, and noted the change in style the new CEOs brought. Although the achievements of the predecessors were acknowledged, the comments were almost universally positive about the strengths of the new CEOs. It was a consistent view that it was timely to have a new leadership approach. In this way, it was acknowledged that changing external environments, internal business conditions and markets may determine the appropriate leadership response. Fiedler's (1965) least preferred co-worker model of leadership posits that leaders need to be put into situations that suit them. However, while the findings from this research support this, they also add to the debate about the narrowness of Fiedler's three variables: leader-member relations, task structure and positional power. In the context of this study and in relation to CEO leadership – for the leadership level does impact (Kroek et al., 2004) – the variables are potentially inappropriately inwardly focused. At this level, they would do well to take into account more market-focused, or perhaps 'transformational'/change requirements of the top leader of the organisation. Further, these findings do not avoid the perceived difficulties with the LPC measure itself. In effect, the only area of agreement with this theory, is that leaders may be suited to particular settings.

For the organisations with the newer CEOs, the leadership importance and performance results indicate the leaders are highly valued for their fresh focus. Optimistically, general satisfaction with the leadership of the CEOs in these two organisations means, rather than potentially just compensating for the short-comings of the previous CEO, Boards (or at least these two) are taking into account the needs of the organisations moving forward, and the evolving expectations both they and employees have of their top leaders. In this way, these two Boards may have recognised the role CEOs play in the culture of the organisation.

### ***Searching for Transformational Leaders?***

Consideration of the aggregate importance participants placed on leadership attributes (see the importance ratings in Table 9.9.), it could be argued that they are looking for transformational leadership qualities in their CEOs. Separately many of the case study organisations, similarly, highly rate transformational qualities. Inspiration is a central theme to transformational theories, as is vision development and inclusive change management towards that vision. However, charismatic leadership is another central tenet of transformational theories. In fact, it has been explicitly argued that “charisma is necessary, but not sufficient for transformational leadership” (Sashkin, 2004, p. 176), thereby putting it at the heart of the approach. Yet, charisma was not highly regarded by these participants. In this study, they had many views of charisma, so, again, language could be frustrating shared understanding. Regardless, several commented that charisma was “a bonus” in a CEO, not a necessity. A few, though, did think it was essential. In contrast, some were adamant it was disadvantageous, as they associated charisma with ego-centricity which was thought to be a dangerous characteristic in a CEO. However, there are several conceptualisations of transformational leadership, and charisma is not central to all of them (for example, see Sashkin, 2004).

From this study, though, it seems the language and tenets of transformational leadership remain an enigma in practical settings. Instead, of all the theories outlined in Chapter Two, this research provides most support for the findings and insights on leadership offered by Zenger and Folkman (2002).

### ***Leadership as Culture***

Indeed, the observations from this research go a long way towards emphasising the context-specific expectations of CEOs and the importance of determining ‘cultural fit’ of these leaders to the needs and expectations of the businesses they charge. As discussed in Chapter Two, CEOs have roles “in creating, changing or maintaining culture [and] content of culture also shapes how followers experience leaders and which types of leaders are effective” (Den Hartog & Dickson, 2004, p. 276). All of the case study leaders emerged as being entirely suitable for the roles they hold. Swapping CEOs in this study to be leading one of the other participant businesses, though, would not work. The differences between the expectations in the different organisations and the performance levels of the CEOs are too great. (Research findings that higher performance is evident when the fit between

industry conditions and CEO characteristics are tighter (Rajagopalan & Dalta, 1996) gives confidence to this view.) The question is, if such a strange experiment were to be conducted, would their strong market orientations and belief in customer focus help see them through such a transition? Is it a particular set of customers CEOs can relate to, or is this particular skill a generic one? Certainly, three CEOs have changed sector before, and it is suggested their customer focus was a contributing factor to successfully making the transition. So, industry understanding may not be critical, although, of course, no doubt having it would give confidence to the Board when making a selection decision. Staff may similarly feel more secure working with someone experienced in the industry. The issue of 'cultural fit' though is a slightly different one, and probably more related to industry similarities, and clusters of leadership attributes and expectations, rather than just customer centricity.

### ***Is Market Orientation a Helpful Leadership Concept?***

It is suggested that CEOs are best selected for the match of their leadership strengths with organisational needs during the proposed term of their appointment. Strategic understanding of market orientation and marketing concept adoption for the particular organisation or industry may prove a useful investigative tool for selection. Whether this is in fact the case, will become clearer in the following chapter, which seeks to answer the question posed by this research: Does CEO leadership style impact adoption of the marketing concept?

### **9.2.5 Summary of Findings**

Interesting findings about leadership in this study were:

- The way people experience leadership style is ultimately personal, interpersonal and difficult to describe. When discussing leadership style, most participants talked about personal qualities of CEOs and their personalities.
- The language of leadership theory is not naturally assumed by people working in organisations. Conceptual labels of leadership – for example, people oriented, situational, trait, behaviour, transactional, transformational – are not generally used. This begs the question of whether the language of leadership is practically useful.

- Leadership attributes are valued differently in different organisations and by the people within them. In this study there were only two common leadership attributes that each organisation rated in its top ten for importance. They were: “has goals for the organisation and communicates these well” and “commands respect.”
- Views on leadership performance vary amongst individuals, again emphasising the very personal and interpersonal experience of leadership. Potentially this also points to the different expectations and experiences of organisational culture and leadership within that culture.
- Strengths are important, as is having the right strengths for the organisation. Highly regarded strengths result in perceived weaknesses being forgiven.
- No CEOs in this study presented with vulnerabilities that might be described as ‘fatal flaws’ that ultimately detract from effective leadership performance. However, this does not mean they present with no potential vulnerabilities in leadership style.
- All evidence from this research corroborates that the CEOs in these case study organisations are appropriate leadership-style-matches for the needs of their organisations.
- Of all the leadership theories and conceptualisations in Chapter 2, Zenger and Folkman’s (2002) work is the most consistently pertinent to the findings of this research.

## Chapter Ten: Discussion and Conclusions

CEO leadership style impacts on adoption of the marketing concept. Individually, all of the case study results suggest this is true, and consideration of them together and in aggregate reinforces this view. The most perplexing issue is “how?” Chapter 3 notes that exploratory studies inevitably pursue this question, even although their purpose is not to determine causation. Rather, exploratory research seeks to generate propositions that encourage further study. This concluding chapter of the report presents discussion of the overall results and enquires into issues of why and how CEO leadership style impacts on adoption of the marketing concept.

### Outline:

- 10.1 The Case Study Organisations in Aggregate
  - 10.1.1 Common Themes
    - Challenging the Relationship: Other Experiences
    - Passion: A Linking Force
  - 10.1.2 The Counter Argument: The Case for ‘Just CEO Support for Marketing’
  - 10.1.3 Explaining the Relationship Further: The Case of Organisation C
- 10.2 Individual Level Analysis: A Quantitative Diversion
- 10.3 Summary
- 10.4 Study Limitations
  - 10.4.1 Selection Bias
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    - Prompted Understanding of Marketing Orientation and Marketing Concept
    - Researcher Learning Effects
    - Market Orientation Survey
    - Leadership Checklist
    - Replication
  - 10.4.3 The Nature of Market Orientation/Marketing Concept and Leadership

## 10.5 Ideas for Future Research

### 10.5.1 Market Orientation: Strategy Selection and Implementation Tool

### 10.5.2 Individual Level Analysis

### 10.5.3 Quantitative Investigation: Market Orientation, Leadership and Organisational Culture

## 10.1 The Case Study Organisations in Aggregate

### 10.1.1 Common Themes

Chapters 4 to 8 indicate that ‘how’ CEO leadership style impacts on adoption of the marketing concept was different in each organisation. From the discussion in Chapter 9 it is clear that this was the case because leadership expectations were contextual, and the way leadership style was experienced by individuals was unique to them. Furthermore, participants in the study found it difficult to describe leadership style. Despite this, some common themes connecting CEO leadership style with market orientation emerged in discussions with each organisation.

‘People focus’ was the most easily identifiable theme. Other commonly noted leadership attributes were vision, a positive perspective and influence on change, and skill in inspiring people. Together these leadership attributes enable CEOs to empathise with consumers, see market needs, and unite the organisation to move in pursuit of maintaining and/or gaining customers.

### *Challenging the Relationship: Other Experiences*

During the interviews, non-CEO participants contemplated other CEOs they had experienced – in the same organisation, in other organisations, in different sectors, and different economies. The businesses were from many sectors, including: insurance, banking, forestry, telecommunications, information technology, clothing manufacture, travel and transport, professional services, health, meat, liquor, building and construction, utilities, food and hospitality, and training and education. Companies discussed operated in New Zealand, Australia, Papua New Guinea, United Kingdom, United States of America, and Europe.

Participants reflected that some of these organisations were market-oriented and others were sales- or production-oriented. In some of these same organisations, the CEOs believed in a market orientation, but leadership style made it difficult for the businesses to realise it. This was mainly due to perceived significant weaknesses in leadership – such as not understanding the market, not being willing to hear ‘bad news’ about results, or being charismatic or extrovert to the extent of ego-centric behaviour, rather than market-oriented behaviour. When ego took over, leadership became about using positional power to enforce the leader’s ‘I know best’ view in the organisation.

In fact, several people had stories of CEOs coming in and destroying previous business success by not being market-oriented. Instead, they were short-term driven and sales-focused. A lack of listening, respect, attention to results that mattered for customers, and too much charisma – or rather ego – were believed to have contributed to the organisations’ failure. Many of these participants expressed surprise at the power one person had to turn around previous business success in relatively short periods of time. Often within two years, the businesses were defunct, and being bought and/or restructured in a way to enable redundancy of the CEO. In the less extreme cases, turnover and personal grievances were high, and business size and profitability declined. These reflections provide doubt for the (atypical) suggestion made in Organisation E that CEO leadership style may not change much with different leaders.

### ***Passion: A Linking Force***

Considering these views in conjunction with the more robust enquiry in the five case study organisations, ‘passion’ emerges as a linking force between leadership style and adoption of the marketing concept. This includes passion for the industry and belief in what the organisation stands for and is about, and driving passion for the success of the business. Importantly, this passion needs to be well-directed. Discussions about CEOs whose leadership style was perceived to have impeded organisational market orientation and adoption of the marketing concept revealed ‘misplaced ego,’ or perhaps ‘an excess’ or ‘misplaced’ passion, as a likely reason. This is consistent with notations that being overly ambitious (or passionate about self-positioning) causes management failure (McCauley, 2004), and that excess of ‘boldness’ (or passion) is a reason for management derailment (Hogan & Hogan, 2001). More positively, Zenger and Folkman (2002) suggest ‘passion’ is one of the factors that ultimately distinguishes good leaders from great ones. Collins



(2001) describes 'will' (another form of passion) as an important factor in his concept of level five leadership.

Unfortunately, passion is not a subject directly explored in the leadership checklist used in the interviews. However, there are many factors which might infer some involvement of passion, such as: "inspires people and creates excitement so that team members want to work hard and perform well," "sees change as a source of opportunity," "anticipates and adapts," "is visionary," "expresses confidence in own judgement and ability," "is optimistic goals and vision will be achieved." All of these attributes are also associated with transformational leadership, although there are notable omissions from some conceptualisations of this approach, such as charismatic influence. This was discussed in Chapter 9. The attributes are also consistent with explanations of Zenger and Folkman's (2002) sixteen competencies that distinguish great leaders from good ones.

#### **10.1.2 The Counter Argument: The Case for 'Just CEO Support for Marketing'**

Support for marketing and the marketing function was thought to be critical to adoption of the marketing concept by participants in this study, and certainly this is widely postulated in the literature, as outlined in Chapter 2. A small number of participants (two) thought it was the only important input, and were not convinced the CEO's leadership style had any impact on adoption of the marketing concept. Two others thought CEO buy-in was more important than leadership style, but they did think leadership style had an impact.

Those who held these views were tactical marketers and front-line department managers. However, not all tactical marketers and front-line managers had this opinion. As already mentioned, the marketers all referred to the importance of the support of the CEO for the marketing function and what they were trying to do for the marketing of the organisation. They all said they had this. None of the tactical marketers who believed leadership style was not as important as support for the function had direct reporting links to the CEO.

In Chapter 3 it was predicted that (academically trained) marketers may be sceptical about the impact of CEO leadership style on adoption of the marketing concept, over the more widely suggested support for the function. In the light of others' views to the contrary, an interesting query is whether those tactical marketers who saw CEO leadership style as less

relevant have issues with perceived CEO ‘interference’ in marketing, and protection of their role in marketing the organisation. Marketing is one of the business disciplines in which everyone considers themselves expert, and most marketers in this study referred to this reality. Some other participants acknowledged this difficulty too. As Kohli and Jaworski (1999) observe, in relation to market orientation, “there is a danger of individuals in marketing departments trying to relegate other departments to a secondary status” (p. 39). Could it be that some of the tactical marketers in this study are trying to relegate the CEO’s leadership style in this way? In protecting their area of expertise, is it difficult for them to identify with any potential impacts other than their own? Certainly, this approach overlooks that “a market orientation involves the efforts of virtually all departments in an organization” (Kohli & Jaworski, 1999, p. 39).

Marketing departments may have a larger role to play in the organisations’ market orientation by virtue of their contact with customers and the market (Kohli & Jaworski, 1999), but to do this well, they need to understand the broader context of what their roles are designed to facilitate. It could be that their specific roles in the organisation mean they are engaged in tactical marketing delivery, but they also have a responsibility to look beyond this to how they inform and contribute to their organisation’s strategic position. This includes active facilitation of coordination within the organisation and a realisation that a market orientation is not their solo effort. Nor should they hold a gate-keeping role.

CEO support for the marketing department is important, but it is not a matter of simply recognising their professional expertise and giving them latitude on communication tactics that will reach target markets. The partnership model professed by one tactical marketer in this study may offer a solution: “Leadership style is really important and awareness of the importance of marketing in the organisation. ... Success of whether it works or not does come down to leadership, and it also comes down to trust of the people you’ve hired to do the marketing to do it well, and understand where you are coming from and what outcomes you want.” It follows, then, that clearly communicating goals is vital.

### **10.1.3 Explaining the Relationship Further: The Case of Organisation C**

A specific example of the connection between CEO leadership style and adoption of the marketing concept is useful. Table 10.1 summarises the aggregate data from leadership

importance and market orientation from Chapter 9. It highlights a case study to consider – Organisation C.

Organisation C has the highest market orientation and the highest mean gap between desired and actual CEO leadership performance. The range of the gap between desired and actual leadership performance is also highest: Organisation C's CEO has the biggest negative gap (or perceived lack of performance) and the biggest positive gap (or performance beyond that expected or desired). As such, this CEO's style demonstrates more extremes and is seen as the poorest match with participants' expectations, as reflected in their leadership importance scores. Chapter 6 notes that participants in this organisation freely and factually discussed CEO weaknesses in style. However, these were largely forgiven and overcome by the perceived strengths. It is relevant that the CEO of Organisation C has a comprehensive understanding of the full range of the premises of the marketing concept. He also believes market orientation is important.

<b>TABLE 10.1</b>		<b>SUMMARY OF LEADERSHIP PERFORMANCE AND MARKET ORIENTATION</b>				
	OVERALL	A	B	C	D	E
Number of items scoring between 5 and 4.5 for importance	32	12	25	28	30	32
Number of items scoring between 5 and 4.5 for performance	6	3	10	7	11	22
Mean Gap between desired and actual performance	-0.4	-0.4	-0.4	-0.6	-0.3	-0.2
– range	-.9 – +.3	-1.3 – +.8	-1.6 – +.6	-1.9 – +1.2	-1.1 – +.6	-.8 – +.4
Market Orientation scores	3.80	3.67	3.94	4.06	3.68	3.71

Study of this organisation helps clarify the perplexing muddle of literature on market orientation and the marketing concept. There is a view that “[m]arket-oriented behaviors do not result from organizational values but from management fiat” (Gainer & Padanyi, 2005, p. 856). CEO fiat is a feature in Organisation C; he presents with a relatively authoritarian leadership style. In fact, Chapter 6 notes the comment from a participant that if the CEO was sales-oriented, that's the philosophy the organisation would adopt. But in Organisation C it is more than CEO decree. In Organisation C, market orientation is *all of* culture, strategy and behavioural tactics, *not a choice among them*. Further in Organisation C, they understand how critical interfunctional coordination is to success in the

marketplace. They have marshalled organisational effort to coordinate the market focus around culture, strategy *and* tactics. Key tools in this are their organisational values which promote a high performance culture, and their customer relationship management system (CRM). The CRM allows instant sharing of information nationwide. The leadership style impacts because the leader uses the strengths of his style (see Chapter 6, Table 6.14) to drive strategy, embed culture, and ensure tactical delivery. In short, this CEO's passion, will, and clarity of thought for all of the strategy, culture and tactics of market orientation has significant impact on its adoption throughout the organisation.

It is believed that if the leadership style does not converge to allow all these things to happen in the way that suits both the organisation and the marketplace, the CEO can 'talk' market orientation, but 'achieve' something less. Unfortunately, this latter point cannot be verified in this research, as all case study organisations had a high market orientation and all CEOs presented with appropriate styles. However, the earlier-noted experiences of participants in other organisations point to the possibility that the CEO's leadership style can confound the organisation's ability to deliver a market orientation, despite the CEO's espoused belief in it.

## **10.2 Individual Level Analysis: A Quantitative Diversion**

Unfortunately, it is challenging to identify leadership attributes that may make a difference to adoption of the marketing concept, when all case study organisations present with high market orientation and all CEOs are regarded as having organisationally appropriate leadership styles. However, not all individuals who participated in the study believed market orientation in their organisations was high, and not all participants evenly regarded performance of the CEO against the leadership attributes. Therefore, further analysis of the survey instruments used in the case studies may reveal useful ideas that enhance understanding, or provide support or refutation for the already proposed linkages between CEO leadership style and adoption of the marketing concept (see sections 10.1.1 and 10.1.3).

It is important to note that it was not the intention of this study to engage in individual level analysis using quantitative methods. However, participant numbers in case study organisations were generally higher than expected, and 38 participants were included in the

full study, which involved interviews, as well as the leadership checklist and market orientation survey instruments. Small samples and sub-samples do not offer valid or reliable results in statistical tests. However, data from 38 participants does provide capacity for exploratory analysis using quantitative methods, providing the limited applicability of results is remembered. It was decided to undertake such an investigation, with the purpose being only to inform whether there are any potential trends for particular leadership attributes in this study to contribute to higher perceptions of adoption of the marketing concept. Of particular interest is whether participants' views of important leadership influences also show through in analysis of the survey data.

Two statistical tests can be applied to explore potential relationships because both discrete and continuous/interval scale data are available for market orientation. The first test is cross-tabulation of the ordinal data – actual scores on the five-point scale for leadership performance attributes, with the discrete descriptions of high, medium and low market orientation presented in Table 9.8. The resulting chi-square scores indicate whether this small study yields any potentially significant relationships worthy of investigation in a larger-scale analysis.

The second test that can be used is the Kruskal-Wallis test. This test is used to assess the significance of relationships between one independent discrete variable (each leadership performance attribute) and one dependent continuous variable (market orientation score) (Page & Meyer, 2000). This is a non-parametric test, so it makes no assumptions about the distribution of the dependent variable (market orientation score) (Page & Meyer, 2000). This means it is an appropriate test to use. The p-values indicate any leadership performance attributes that compute as relevant in this study and hence worth considering in a larger quantitative study.

Because this study is an exploratory one, a 90 percent confidence level was used. It is acknowledged that quantitative studies more commonly apply a 95 percent confidence level, so results at this level were also sought. Both tests showed some leadership attributes as being statistically relevant at both 90 and 95 percent confidence levels. However, the aforementioned extremely small sample and sub sample sizes mean the results provide only insight into the elements that may be connected in this study. Table 10.2 summarises the leadership performance items that were related to market orientation in the tests. Items that

showed relevance at the 95 percent confidence level are highlighted in grey-scale in the table.

**TABLE 10.2: LEADERSHIP ATTRIBUTES RELATED TO MARKET ORIENTATION**

	Kruskal-Wallis Test	Cross Tabulation
Inspires people and creates excitement so that team members want to work hard and perform well	✓	✓
Is results focused	✓	✓
Is optimistic that goals and vision will be achieved	✓	✓
Identifies difficult situations and seeks resolution	✓	✓
Makes tough decisions	✓	✓
Demonstrates no fear of failure	✓	✓
Encourages participation in decision making	✓	✓
Has integrity	✓	✓
Displays constancy in personal behaviour	✓	
Generates a sense of purpose		✓
Is visionary		✓
Delegates appropriately		✓
Fosters collaboration		✓
Encourages people to consider problems from multiple perspectives and seek new solutions		✓
Demonstrates self-awareness (awareness of own strengths and weaknesses)		✓
Anticipates and adapts		✓
Has charisma		✓
Is people focused		✓
Sees change as a source of opportunity		✓
Exhibits extrovert behaviour(s)		✓
Has goals for the organisation and communicates these well		✓

✓ 90% confidence level

✓ 95% confidence level

The commonly identified items of ‘optimism,’ ‘inspiring people’ towards achievement and ‘result drive’ are consistent with the attributes discussed in section 10.1.1. Themes of transformational leadership approaches are again noticeable, as well as Zenger and Folkman’s (2002) leadership competencies. Interestingly, the commonly identified attributes in Table 10.2 also give some weight to Welch’s (Welch & Byrne, 2001) ‘four Es of General Electric leadership’ being relevant for perception of adoption of a market orientation: “very high *energy* levels, the ability to *energise* others around common goals, the *edge* to make tough yes-and-no decisions, and ...the ability to consistently *execute* and deliver on their promises” (p.158).

Overall, analysis at aggregated case-study and individual-participant levels confirm there is potential for aspects of transformational leadership style and/or Zenger and Folkman’s (2002) leadership competencies in CEOs to be relevant in perception of market orientation

in the organisations they lead. Methodological constraints mean that particular variables and their causal links cannot be determined from this exploratory study.

### 10.3 Summary

Interesting findings in pursuit of any impact of CEO leadership style on adoption of the marketing concept include:

- Intuitively, most people in this study believed there is a connection between CEO leadership style and adoption of the marketing concept. In reality this was difficult to test at an organisational level, because each of the case study businesses presented with high market orientations and CEOs with appropriate leadership styles.
- Tactical marketers who do not report to the CEO appreciate the support of the CEOs for the marketing function, but do not necessarily believe leadership style impacts on its delivery. This was not a universal finding of all tactical marketers, but is a concerning one. Powerful execution of market orientation requires all marketers to have comprehensive strategic as well as tactical understanding. This higher-level understanding was not evident in all tactical marketers involved in this study.
- In describing connection between the CEO's leadership style and adoption of the marketing concept, common themes were for it to be necessary for leaders to exhibit a people focus (in terms of customers and staff), be visionary, have a positive perspective and influence on change, and an inspiring passion for the business. These attributes are most strongly associated with some transformational leadership approaches (those that do not have charisma as a basic premise), and Zenger and Folkman's (2002) leadership competencies.
- At an individual level, a quantitative diversion using statistical tests in an exploratory way corroborated that there is some connection between perception of CEO leadership attribute performance and perception of market orientation in their organisations. The tests are of limited validity and reliability with small sample and sub-sample sizes, but they do provoke thought. The attributes identified were some aspects of transformational leadership approaches, including: "inspires people and creates

excitement so that team members want to work hard and perform well,” “is results focused,” “is optimistic that goals and vision will be achieved,” “identifies difficult situations and seeks resolution,” “makes tough decisions,” “demonstrates no fear of failure,” and “has integrity.” These qualities are consistent with Zenger and Folkman’s (2002) leadership competencies. They also lend weight to Jack Welch’s ‘4E’ theory of leadership as applied at General Electric: energy, energise, edge, execution (Welch & Byrne, 2001). A causal relationship, though, cannot be proved from this study.

## **10.4 Study Limitations**

### **10.4.1 Selection Bias**

Selection bias operated on two levels in this study. Firstly, as noted in Chapter 9, interest or belief in marketing and learning or research were possibly prerequisites for CEOs to agree to the organisation being involved in the research. This interest probably implies positive market orientation and leadership style. Secondly, while some roles were specified, generally CEOs had input into who specifically was included in this study. By definition, perhaps this also provided opportunity for whom to exclude. In these ways, positive bias was probable through the original ‘opt in’ selection process for the organisation, and possible in the individual participant selection within the organisation.

### **10.4.2 Research Methodology and Strategies**

#### ***Prompted Understanding of Market Orientation and Marketing Concept***

As noted in Chapter 3, after conducting interviews in Organisation A, to enable a robust discussion of market orientation and the marketing concept, it was deemed necessary to provide a simple, consistent outline describing each. In Organisations B to E, after unprompted discussion of market orientation and marketing concept, there was prompted discussion and evaluation. This approach was criticised in Chapter 2, and acknowledged in Chapter 3. The more objective survey assessments helped minimise the potential impacts. It remains that the case study for Organisation A did not benefit from a shared understanding of market orientation and the marketing concept, and this may be reflected in their results.



### ***Researcher Learning Effects***

While all semi-structured interviews followed a set format, issues raised by participants meant the five case studies traversed slightly different territory. Researcher experience and learning from previous case studies also prompted desire to get to new or different levels of understanding in the subsequent organisations. In this way, the research made use of grounded research principles, namely theory emerged from the data in each organisation. The methodology provided the advantage of freedom to go where conversations led, but the disadvantage is that exploration across companies was not entirely consistent. This is evident from review of the case studies in Chapters 4 to 8.

### ***Market Orientation Survey***

While interviews within organisations were generally conducted within a matter of a few weeks from each other, thereby allowing similar contexts for discussions, market orientation questionnaires were returned at very different intervals. Some were received very promptly. However, market orientations surveys in three case study organisations were returned several months after the interviews were conducted, after several follow-ups. This would be inappropriate in most studies outside the exploratory realm. In addition, the language of the survey was not conducive to shared meaning in all organisations. Those in the non-profit sector had particular difficulty, and question non-response in these businesses was relatively high.

### ***Leadership Checklist***

The Leadership Style Checklist is not a scientific construction that has been tested for reliability and validity. It represents a summary of leadership attributes from a variety of leadership theories, but in attempting to provide a general approach, it also potentially under-represents some theories and misrepresents the finer details of others. Results and relationships with particular leadership theories are therefore indicative only.

This research considered absolute leadership performance. However, analysis of gaps in perceived leadership performance against importance for the organisations is more contextually relevant for identifying strengths and weaknesses. In this case, the strengths would be those with a smaller gap and weaknesses those with a larger gap. Treatment of positive gaps, though, becomes subjective: is too much of an attribute positive or negative?

On some of the more contentious leadership issues, such as authoritarianism, researcher bias is possible. This is why the investigation focused on absolute leadership performance.

### ***Replication***

The research methodology and strategy were designed to help ensure the possibility of replication, thereby providing greater confidence in results being generalisable to other settings. Although no public companies agreed to take part, the spread of industries and organisational features meant that original requirements for multi-site diversity were largely met. Several findings relating to leadership style are endorsed by existing literature and are believed to be robust and generalisable: effective leadership style is organisation-specific; effective CEOs have very different personal styles – there is no one right way; top leaders do not have to have all of their leadership attributes highly regarded, because significant, relevant strengths result in relative weaknesses being forgiven.

Similarly, there are common themes to the CEO leadership attributes associated with impact on adoption of the marketing concept. However, all organisations had high market orientation scores and leaders with appropriate leadership styles. Participants considered their experiences in other organisational settings, but this inquiry lacked research rigour. Overall, findings regarding the central research question are not generalisable. Further study is definitely required.

### **10.4.3 The Nature of Market Orientation/Marketing Concept and Leadership**

The theoretical languages of market orientation/marketing concept and leadership style are not widely used in practice. This was a finding of the research. Indeed, there are not agreed definitions of these constructs. Market orientation may or may not be an appropriate approach for an organisation, and it was discovered that leadership requirements are unique to each organisation. These four factors converged to mean it was difficult to have shared understandings and conversations on inter-relationships. This was difficult in terms of methodological decision-making for this research and has also been a demanding consideration in the interpretation of results.

## **10.5 Ideas for Future Research**

This study suggests several avenues for future enquiry. Three are noted here. Propositions that may be tested in these studies or others are presented in Appendix 6.

### **10.5.1 Market Orientation: Strategy Selection and Implementation Tool**

Practitioners would benefit from exploration of whether and how it is appropriate to develop market orientation measurement for a particular organisation. As noted in Chapter 2, there is a proliferation of suggested measures in the literature. It is potentially helpful to develop an audit tool that will help test and verify, over time, the appropriateness of the market orientation model for a business, as well as its delivery. A parallel methodology is the emerging models of leadership that seek to tailor requirements to the particular needs of the organisation. A valid and reliable audit tool would potentially facilitate greater organisational learning about the construct as it practically works in the particular organisational context, including all of its antecedents, moderators and consequences. In turn, this is likely to enhance interfunctional coordination and hence integration of the marketing concept – an area this study has identified as a critical consideration.

### **10.5.2 Individual Level Analysis**

Another interesting area of research would be a large scale, perhaps multinational, study to determine whether individual perception of CEO leadership style or line manager leadership style has the greater influence on perception of adoption of the marketing concept in organisations. The review in Chapter 2 indicates much of the literature does not distinguish the special role of CEO and refers mainly to ‘top management.’ As such, this proposed study would allow determination of any universally important leadership attributes and market orientation interrelationships, as well as any CEO-specific ones. It is likely this would also facilitate greater understanding of interfunctional coordination in organisations, and the impact of leadership style on this particular component of the marketing concept. The study could usefully explore consideration of a potentially major interaction between market orientation and (CEO) leadership style: when is the balance tipped from having insightful empathy and understanding of the market that provides

appropriate prediction of latent demand and competitor response, to the more ego-centric 'I know best' behaviour that derails businesses? Is this a fatal flaw of (CEO) leadership?

The concluding step would be to attempt to validate findings in one large organisation. As in this study, the first challenge would be determining the leadership and market orientation measures to be used. The findings from this investigation suggest leadership enquiry should focus on transformational styles or Zenger and Folkman's (2002) competencies, and market orientation should investigate all of the strategic, cultural and behavioural tactical dimensions.

### **10.5.3 Quantitative Investigation:**

#### **Market Orientation, Leadership and Organisational Culture**

Finally, in the interests of progressing organisational effectiveness and understanding of the antecedents and interactions related to strategy selection, it would be intriguing to study one very large organisation or a sector (although in the case of a sector or industry, local business application would need to follow). In the first instance, the study would determine the important leadership attributes, so relevant ones are used. The other component would be developing market orientation measures, which challenge the business's current position and approach, and encourage thinking about the next stages in market orientation strategy and tactic development. Such measures would use language that is appropriate to the organisation/sector. Once this was done, it would be possible to conduct a full scale study of not just CEO leadership style, but also other managers in the business units to determine whether the CEO's leadership style impacts adoption of the marketing concept, or business unit or line managers are more influential. A third layer of analysis could involve the culture and climate of the organisation to determine these effects on both leadership and market orientation. Linking results to business unit and organisational performance measures will allow further analysis of impacts.

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## Appendix 1

### Market Orientation Questionnaire

#### MARKET ORIENTATION SCALE QUESTIONS

This is an assessment of the market orientation of your business.

The following is the scale used for the questions:

Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree	Don't Know
1	2	3	4	5	9

Please circle the number that best reflects the extent of your agreement or disagreement with each statement.

Market Orientation Item	Strongly Disagree			Strongly Agree		Don't Know
1. Our commitment to serving customer needs is closely monitored.	1	2	3	4	5	9
2. Sales people share information about competitors.	1	2	3	4	5	9
3. Our objectives and strategies are driven by the creation of customer satisfaction.	1	2	3	4	5	9
4. We achieve rapid response to competitive actions.	1	2	3	4	5	9
5. Top management regularly visits important customers.	1	2	3	4	5	9
6. Information about customers is freely communicated throughout the organisation.	1	2	3	4	5	9
7. Competitive strategies are based on understanding customer needs.	1	2	3	4	5	9
8. Business functions are integrated to serve market needs.	1	2	3	4	5	9
9. Business strategies are driven by increasing value for customers.	1	2	3	4	5	9
10. Customer satisfaction is frequently assessed.	1	2	3	4	5	9
11. Close attention is given to after sales service.	1	2	3	4	5	9
12. Top management regularly discuss competitors' strengths and weaknesses.	1	2	3	4	5	9
13. Our managers understand how employees can contribute to value for customers.	1	2	3	4	5	9
14. Customers are targeted when we have an opportunity for competitive advantage.	1	2	3	4	5	9

Market Orientation Comments:

## GENERAL PERCEPTION

15. Please indicate the degree to which your organisation resembles the two companies described below by distributing 100 points between them. Thus, if your organisation was primarily like Company A and only remotely like Company B, you might allocate 90 points to Company A and 10 points to Company B.

**Company A** relies heavily on its sales people to use a variety of selling techniques for getting customers to say “yes”. The primary emphasis in the company is on selling. Customer satisfaction is considered important but the emphasis is on going out and pushing the company’s products.

**Company B** does a lot of research to learn the concerns of its customers, and responds by developing new products and marketing programmes/campaigns. The emphasis is on understanding why customers act and feel the way they do, and exploiting this knowledge. Selling is considered important, but the emphasis is on making products that will almost “sell themselves”.

Company A: \_\_\_\_\_ Company B: \_\_\_\_\_ (Total = 100 points)

(This question is sourced from: Kohli, A. K., Jaworski, B. J. & Kumar, A. (1993). MARKOR: a measure of market orientation. *Journal of Marketing Research*, 4, 467-77.)

## BUSINESS QUESTIONS

16. Which of the following best describes your organisation's approach to business?
- ☐ We use selling and advertising to help sell our products and services.
  - ☐ We endeavour to offer the best technical product in our industry.
  - ☐ We identify the demands and requirements of customers and ensure our products and services meet them.
  - ☐ We concentrate on manufacturing efficiency to achieve low unit costs to sell our products at the lowest possible prices.
  - ☐ We use our assets and resources to maximise short-term profits or other financial measures.
  - ☐ We organise our activities to provide security and continuity of employment for our employees
  - ☐ We provide the goods and services society in general needs rather than simply satisfying individual customers.
17. Which of the following best describes your organisation's strategic priority over the last two years?
- ☐ Survival.
  - ☐ Good short-term financial returns or profits.
  - ☐ Long-term building of our market position.
18. Which of the following best describes the focus of your organisation over the last two years?
- ☐ Cost reduction and efficiency gains.
  - ☐ Expanding the total market for our products.
  - ☐ Winning market share from competitors.
19. Which of the following best describes your organisation's primary marketing objective?
- ☐ To maintain or defend our current position.
  - ☐ To achieve steady sales growth.
  - ☐ To achieve aggressive sales growth or to dominate the market.
20. Which of the following best describes your organisation's market targeting approach?
- ☐ Attack the whole market.
  - ☐ Attack selected market segments.
  - ☐ Target specific, individual customers.
21. Which of the following statements best describes your organisation's approach to product positioning?
- ☐ Technical quality is higher than the main competitors.
  - ☐ Technical quality is about the same as the main competitors.
  - ☐ Technical quality is lower than the main competitors.

22. Which of the following statements best describes your organisation's approach to service?
- ☐ Service quality is higher than the main competitors.
  - ☐ Service quality is about the same as the main competitors.
  - ☐ Service quality is lower than the main competitors.
23. Which of the following statements best describes your organisation's approach to price?
- ☐ Price is higher than the main competitors.
  - ☐ Price is about the same as the main competitors.
  - ☐ Price is lower than the main competitors.
24. Which of the following best describes your organisation's return on investment in the last complete financial year?
- ☐ Loss
  - ☐ Break even
  - ☐ 1-9%
  - ☐ 10-19%
  - ☐ 20% or more
25. Which of the following best describes your organisation's performance relative to budget in the current financial year?
- ☐ Better than target
  - ☐ On target
  - ☐ Below target
26. Which of the following best describes your organisation's performance relative to last year?
- ☐ Better than last year
  - ☐ Same as last year
  - ☐ Worse than last year
27. Which of the following best describes your organisation's performance relative to main competitors in the last complete financial year?
- ☐ Better than competitors
  - ☐ Same as competitors
  - ☐ Worse than competitors

## PERSONAL STATISTICS

This section asks for some details about you.

- 28 Please indicate your gender:
- ☐ Male
- ☐ Female
- 29 Which of the following age groups do you come into?
- ☐ Under 30 years
- ☐ 30-39 years
- ☐ 40-49 years
- ☐ 50-59 years
- ☐ 60 years or over
- 30 Please specify your role: \_\_\_\_\_
- 31 Which of the following best describes how many years you have been with your present organisation?
- ☐ Less than 1 year
- ☐ 1-2 years
- ☐ 3-5 years
- ☐ 6-10 years
- ☐ Over 10 years
- 32 Which of the following best describes how many years you have been working in this industry?
- ☐ Less than 1 year
- ☐ 1-2 years
- ☐ 3-5 years
- ☐ 6-10 years
- ☐ Over 10 years
- 33 Which of the following best describes how many years you have been working in your current professional area? (ie If you are a marketing professional, how long have you been working in marketing?)
- ☐ Less than 1 year
- ☐ 1-2 years
- ☐ 3-5 years
- ☐ 6-10 years
- ☐ Over 10 years

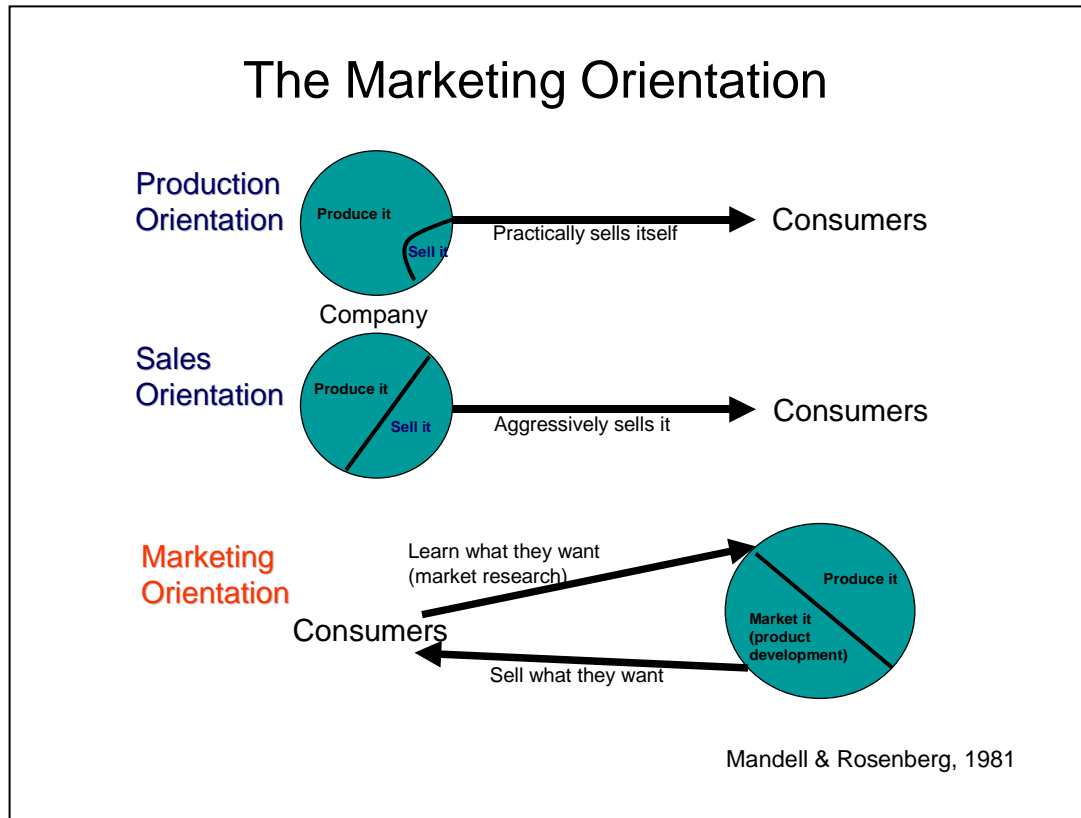
**Thank you for your help.**

**Please return to:**

**Kristen Cooper**  
**Student, University of Canterbury**

## Appendix 2

### Marketing Concept Prompt Card



## The Marketing Concept

...is the guiding philosophy for a market or marketing oriented organisation.

Three core themes:

1. customer focus,
  2. coordinated marketing and integration of marketing effort across the organisation, and
  3. profitability
- (Kohli & Jaworski, 1990)
- (Sometimes profitability is replaced by achievement of organisational goals.)

## Appendix Three

### Leadership Style Interview Aid - Checklist of Rating Statements

Importance					Leadership Element	Performance				
Low		High				Low		High		
1	2	3	4	5		1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Has goals for the organisation and communicates these well	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Anticipates and adapts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sees change as a source of opportunity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Identifies difficult situations and seeks resolution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Encourages people to consider problems from multiple perspectives and seek new solutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Takes sensible risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Delegates appropriately	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Encourages participation in decision making	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Makes tough decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Brings about significant change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Adapts working style to the needs of the situation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Is results focused	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Is authoritarian	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Leads by example	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Inspires people and creates excitement so that team members want to work hard and perform well	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Lets people know what is expected of them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Encourages individuals to monitor their own efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Shows concern for others and their points of view	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Fosters collaboration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Acts as a resource and a coach in allowing and empowering individuals to reach their potential	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Recognises people and celebrates their good performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Is people focused	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



<i>Importance</i>					<i>Leadership Element</i>	<i>Performance</i>				
<i>Low</i>		<i>High</i>				<i>Low</i>		<i>High</i>		
1	2	3	4	5		1	2	3	4	5
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Has charisma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Exhibits extrovert behaviour(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Generates a sense of purpose	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Has integrity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Commands respect	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Shows other people respect	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Expresses confidence in own judgment and ability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Is visionary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Is smart (intelligent)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Demonstrates no fear of failure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Is optimistic that goals and vision will be achieved	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Trusts people and inspires trust in others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Uses power appropriately	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Does what s/he says s/he will	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Demonstrates introvert behaviour(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Displays constancy in personal behaviour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Demonstrates self-awareness (awareness of own strengths and weaknesses)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Comments:*

## Appendix 4

### High, Medium and Low Market Orientation Scores

Market orientation scores using the Narver and Slater (1990) scale are calculated by averaging the scores for the 14 contributing items. As specified in Chapter Three, this study uses a five-point Likert scale to test opinion on the strongly disagree (1) to strongly agree (5) continuum. This is in keeping with comments by Gray et al. (1998) in relation to their New Zealand-based research. The direction of the scale is consistent with recommended practice (Page & Meyer, 2000).

The Hooley et al. (2000) study from which the scale statements were derived used a seven-point scale, ranging from strongly agree (1) to strongly disagree (7). The Hooley et al. (2000) research determined high, medium and low scores for market orientation, based on their data from 1396 participants in different businesses in their Central European study. It was thought useful to consider this data as a basis for categorising the market orientation scores discovered in this study as high, medium or low. However, in Hooley et al.'s (2000) research, a low score means a higher market orientation, and in this study (as most others, such as Greenley, 1995a, 1995b) a higher score means a higher market orientation. To compensate for this and the difference between Hooley et al.'s seven-point scale and this study's five point one, the scores and their standard deviations needed to be reversed and proportioned in order to arrive at commensurate guidelines for this study. Table A4.1 below shows the Hooley et al. (2000) comparison figures, and those used in this study as a means to categorising market orientation scores as high, medium or low.

**TABLE A4.1: HIGH, MEDIUM AND LOW MARKET ORIENTATION SCORING**

	Hooley et al. (2000)		The equivalent for this study		
	Mean	Standard Deviation	Mean	Standard Deviation	Range Used
Low	4.07	0.54	2.09	0.39	1.70 – 2.48
Medium	2.96	0.24	2.89	0.17	2.72 – 3.06
High	1.98	0.40	3.59	0.29	3.30 – 3.88

## Appendix 5

### Participant Comments on Leadership Style

#### Meaning Associated with Terms

##### Authoritarian

- It means you tell people what to do and I don't think that's important in a CEO.
- "It's the captain at the helm."
- Being "in control" is important (as opposed to "taking control")
- Being authoritative (in control and in charge in an appropriate way) is different from being authoritarian (a dictator).
- It has connotations of dictatorial, but it's not always that. You do need to have someone who makes decisions.
- Sometimes a CEO has to pull rank and use their authority. It has a negative connotation, but at the same time, we have to recognise the buck stops with someone and sometimes the CEO has to stamp authority on a situation.

##### Introvert

- An introvert is someone who is closed and doesn't communicate.
- An introvert is someone who is more comfortable on their own and making decisions on their own.
- Someone who is introverted is divorcing themselves from the coalface.
- It refers to withdrawing and having other things on your mind.
- It's about looking into yourself. If you're an introvert, you're fairly quiet, unassuming, don't really have much of a presence, a bit mousy perhaps.
- An introvert is a person who needs time out, they need time away.
- It's about being contemplative, about reflection and gaining strength from yourself. There are times when a CEO needs to do it.
- It's about ability to listen.
- It's about being shy, or quiet and reserved. It's important – and important to know when to use it.

- There are some things a Chief Executive will know about that you don't need to know about as a staff member. Not everything is public knowledge, so it's important to be an introvert at the appropriate times.
- You often need to be introspective to make the right decision. It's great for what you are ultimately going to do and how you are going to do it. But it's great to have extroversion at the beginning of the process, as that brings out the passion in people and the debate.

## **Extrovert**

- It's about being able to relate to people at all levels and going out talking to people. You have to have it; you can't lead from inside an office.
- It's about eccentricities.
- A person who is upfront with what they say, like Helen Clark.
- It's about presenting and being comfortable in groups and socially comfortable.
- Extroverts sparkle in a room of people.
- Being the centre of attention.
- An extrovert is someone who gets their energy from other people rather than themselves.
- Confidence goes with extroversion, but a CEO shouldn't be over the top and manic.
- An extrovert is somebody who is right out there. An extreme extrovert puts people off with being too "in your face" or outlandish. It can cause controversy.
- If you're too extrovert, you can relate at non-professional, inappropriate levels.
- When you're an extrovert, you need to be able to read the situation and know what level is appropriate.
- CEOs need to be able to communicate and enthuse and encourage, but extrovert behaviour can be "OTT" (over the top) as well.

## Appendix 6

### Research Propositions

As a result of this study, several propositions emerge for further research. Some are outlined here for market orientation, leadership, and the impact of CEO leadership style on adoption of the marketing concept.

#### Research Propositions: Market Orientation

- M1 'Customer focus' is core to higher market orientation scores.
  
- M2 Delivery of 'competitive focus' is subject to widely varying perceptions (greater than those for 'customer focus').
  
- M3 Interfunctional Coordination
  - a. Delivery of 'interfunctional coordination' is subject to widely varying perceptions (greater than those for 'customer focus').
  - b. 'Interfunctional coordination' is the distinguishing feature for organisations with highest market orientation scores. (That is, these scores are generally higher than those of organisations with lower market orientation scores.)
  - c. 'Interfunctional coordination' is facilitated by effective, used customer databases and information management systems.
  
- M4 Coordination of marketing effort and brand consistency in multi-site organisations is assisted by central control and/or 'marketing guidelines.'
  
- M5 Market orientation is highest in businesses for which it is central to all of strategy, culture and tactical behaviour in the organisation.

## **Research Propositions: Leadership**

- L1 Not listening to the market is a fatal leadership flaw. (This does not refer to pedantic adherence to what customers say they want, because latent demand is an important consideration (Kohli & Jaworski 1990/1999; Narver et al. 1998; Narver et al., 1999). Rather, this proposition refers to the 'I know best' belief over-taking listening and adapting to market needs.)
  
- L2 Authoritarian leadership
  - a. A certain level of authoritarianism is required in CEOs to facilitate appropriate decision-making in pursuit of the vision. The appropriate level of authoritarianism is organisation-specific.
  - b. When CEOs and companies are performing effectively, CEO authoritarianism is still considered to be greater than what people in the organisation think is necessary.
  - c. People younger than 50 years of age think leaders are more authoritarian than they need to be. Conversely, those aged 50 years and over are less likely to perceive authoritarianism is excessive.

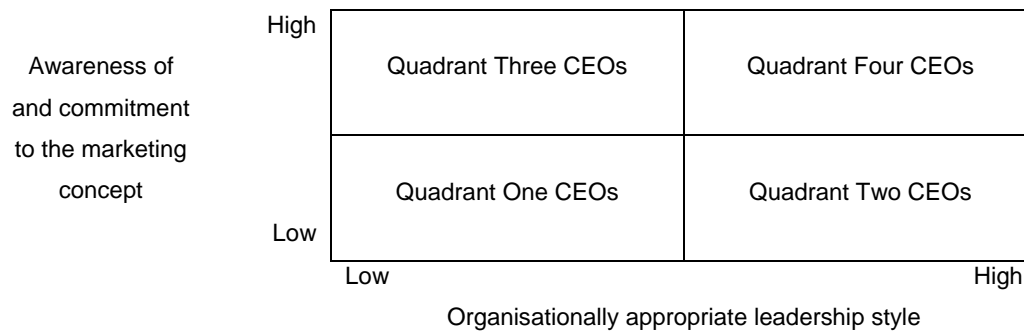
## **Research Propositions: The Impact of CEO Leadership Style on Adoption of the Marketing Concept**

- ML1 In market orientation constructs, CEO leadership style has most impact on interfunctional coordination.
  
- ML2 CEOs with more transformational leadership styles have higher impact on adoption of the marketing concept in their organisations.
  
- ML3 CEOs with higher degrees of the leadership competencies specified by Zenger and Folkman (2002) have higher impact on adoption of the marketing concept in their organisations.
  
- ML4 Market orientation is highest in businesses whose CEOs understand and facilitate its delivery at all of strategy, culture and tactical behaviour levels.

### ML5 Propositional framework

- a. CEOs can be categorised according to Diagram A6.1.
- b. Organisations with Quadrant Four CEOs have the highest market orientation.
- c. Organisations with Quadrant One CEOs have the lowest market orientation.
- d. Organisations with Quadrant Three CEOs have lower market orientation than organisations with Quadrant Four CEOs.
- e. Organisations with Quadrant Two CEOs have higher market orientation than organisations with Quadrant One CEOs.

**DIAGRAM A6.1: CEOs IN RELATION TO LEADERSHIP STYLE AND MARKET ORIENTATION**



*Descriptions:*

Quadrant One CEOs are unaware of the value and possibilities of the market orientation, and their leadership style is inappropriate for its delivery.

Quadrant Two CEOs are relatively unaware of the value and possibilities of a market orientation and the marketing concept, which results in disparate activity and little harnessing of what may be relatively appropriate leadership behaviour and potential.

Quadrant Three CEOs are highly market oriented, especially customer-centric, but their leadership behaviour prevents front-line/business delivery of the concept.

Quadrant Four CEOs are very conversant with and committed to the marketing concept, and their leadership style is appropriate for delivery of it through to the ultimate consumers.