STRATEGIC IMPERATIVES AS DRIVERS OF A NETWORK ORIENTATED APPROACH TO THE ORGANISATION OF MARKETING IN B2B FIRMS

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Abstract

Market orientation literature associated market responsiveness (amongst other antecedents) with firm performance for some time now. Almost simultaneously, IMP literature promotes the notion of interdependence where organisations are embedded in complex networks and the interactions between actors are complex. Both phenomena, market responsiveness and collaboration, are often seen as strategic imperatives to function in complex business-to-business networks. Inevitably these notions impact the organization of marketing and the continued evolution of the marketing department. Such structures attempts to optimize cross functional coordination to facilitate the organization of marketing that is network orientated. Our paper theorizes that the evolution towards network orientated marketing organizations is driven by attempts to be sensitive to both these strategic imperatives. That is: respond to what the market wants, and to collaborate with other actors. We show that the relationship between management' desire to be responsive to the market and their perceived need for a network orientated approach to organizing the marketing function is not mediated by cross-functional coordination. The association between management's desire to collaborate with other external actors and such a network approach to organizing marketing, however, is mediated by the perceived importance of cross-functional coordination.

Keywords: Organization, Collaboration, Market Responsiveness, Network Orientation

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INTRODUCTION

Research into the marketing structure of organizations, particularly business-to-business organizations, has been relatively scarce (Möller and Rajala, 1999; Harris and Ogbonna, 2003; Homburg *et al*., 2000; and Krohmer *et al*., 2002). Olson *et al*. (2005) posit that the marketing organization's structural characteristics complement business strategies. Due to the pressures on marketing to be more accountable in terms of marketing investments made and the returns generated, as well as increasing market pressures, it is important to understand how the marketing function can be organized to address these challenges. Traditional marketing structures are characterized by a high degree of centralization, with marketing being characterized as a functional group (Workman, Homburg and Gruner, 1998; Angus and Lorna, 2000). With the ever changing competitive landscape the need arises to move away from hierarchal centralized structures to flatter decentralized structures. The driving force of this shift lies (at least in part) in the emergence of business-to-business networks where organizational structures needs to facilitate multiple levels of interaction that cross traditional functional boundaries (Wilkinson, 2001).

This paper seeks to consider the two important drivers of a network friendly approach to organizing marketing (refer to as a network orientated approach to marketing organization)by attempting to answer three questions: (a) What is the relationship between the desire to meet market demands (market responsiveness) and a perceived network orientation to organizing marketing? (b) What is the relationship between collaboration (across firm boundaries) and a network orientation to marketing organization? (c) Are these two relationships in "a" and "b' mediated by the cross-functional coordination of business activities?

In the literature review to follow we consider the theoretical background on market responsiveness, collaboration, and cross-functional coordination to construct a theoretical model for empirical testing. We then report the results of a cross-sectional among South African business-to-business firms. We conclude with limitations and some suggestion for future research.

BACKGROUND

The organization of marketing deals with the way marketing is arranged to integrate the organization's customer facing processes (Kotler 2000). The organization of marketing has evolved over the years from being characterized by traditional hierarchical, bureaucratic marketing structures (Webster, 1992; Ferlie and Pettigrew, 1996; Snow, 1997) to being characterized by decentralization, devolution and dispersion of the marketing activity (Harris and Ogbonna, 2003). Earlier work on organizational structure was very descriptive (Homburg *et al.*, 2000). It focused on the extent to which organizations had adopted or implemented the marketing concept, and considered the type of organizational structures used. It also focused on the product manager and efforts to understand and explain the extent, involvement and responsibility of marketing groups for various marketing activities (Homburg *et al*., 2000). In the 1990's, interest shifted to beyond the boundaries of the organization to consider the organization and structuring of activities in inter-organization networks (Achrol, 1991; Webster, 1992; Doyle, 1995).

The formalized central marketing department and the structuring of the marketing function has come under scrutiny with the growth of the industrial service sector and the increased

focus on developing long-term relationships in inter-organizational market settings (Angus and Lorna, 2000). The centralized marketing department as a tangible expression of the marketing function is of less importance to organizations. This has brought about a need for reconsidering the marketing function with a move away from hierarchical bureaucracies to flatter, decentralized organizational forms (Webster, 1992; Ferlie and Pettigrew, 1996; Snow, 1997). Olson *et al.* (2005) suggest that marketing managers adopt specific structures that best satisfy the unique business strategy of the firm, and that a decentralized organization will produce more new ideas and program changes than will a centralized organization.

Marketing thus becomes the responsibility of staff from a range of functional areas. The decentralization responsibility for marketing impinges on implementation of organizational marketing activities, the availability of the requisite technical marketing expertise and the ability of isolated marketing managers to deliver a coherent, organization-wide market orientation (Angus and Lorna 2000). A study by Angus and Lorna (2000) and Harris and Ogbonna (2003) in the hospital industry showed that the marketing function was characterized by decentralization to SBU's and marketing decisions were a product of cross-functional negotiation. The devolution of the marketing function also resulted in empowerment of the SBU's. With the decentralization of the marketing function to SBU's, a multi-disciplinary approach is required that included integration of technical front-line staff into the marketing process. Angus and Lorna (2000) found that success was a result of developing structural mechanisms to facilitate the integration of front-line staff into the marketing process while ensuring an effective organization-wide coordination of marketing activities and the articulation of a coherent marketing strategy. In a study of manufacturing organizations, Andersen (2004) found that both decentralized decision structure and planning activities are associated with higher performance in dynamic environments.

The marketing function becomes the development of an integrative, cross-functional marketing culture that embraces the diverse specialist functions within the organization. It must manage the boundaries between individual departments and hence manage the boundary between the organization and its customers (Angus and Lorna, 2000; Homburg et al., 2000). While it is accepted that marketing must be the responsibility of all staff (Angus and Lorna, 2000; Harris and Obgonna, 2003), the study by Angus and Lorna (2000) has shown that effective management of marketing at various levels in the organization requires the necessary structural developments and frameworks to ensure co-ordination of marketing management relationships. Internal marketing relationships, good communications, and the coordination of activities present major challenges for organizations (Möller and Rajala, 1999). Homburg *et al.* (2000) introduced the concept of a primary marketing coordinator, as being the appropriate mechanism/individual for driving the marketing process across SBU's in organizations.

A NETWORK ORIENTATION TO THE ORGANIZING MARKETING ACTIVITIES

Webster (1992) and Snow (1997) both talk about the era of the network organization. Large organizations try to do more with less and thus have adopted a network-type structure for their people and resources. Achrol (1997) has described four major types of network-marketing organizations. These are the internal market network, the vertical market network, the inter-market network and the opportunity network. Also, both Achrol (1997) and Snow (1997) mention the need for the transformation of the marketing paradigm to better reflect the widespread use of network organizations.

Thus, marketing needs to shift away from the dyadic paradigm in which a dominant organization has power over a dependent organization, toward a network paradigm in which multiple organizations seek cooperative and mutually beneficial relationships (Achrol, 1997). Because a given network organization usually does not control all the resources needed in a business venture, it links up with other organizations to form a complete business. It seems inevitable that part of marketing's transformation to a network paradigm will involve a heavier emphasis on this type of network approach to organize marketing (Snow, 1997; Achrol and Kotler, 1999). Although conceptual work indicates that the future of marketing organization is likely to be network-based (Achrol, 1991; Snow et al., 1992; Webster, 1992; Achrol, 1997; Achrol and Kotler, 1999), few authors provide a clear picture of exactly what a network organization would look like. One possible exception is Hall and Wickham (2008) who denotes that the network environment will require a focus on integrated marketing communications, with distinct roles, such as champion, lobbyist, and ambassador, to manage key marketing information throughout the network of firms (Hall and Wickham, 2008). Clearly these guidelines remain rather unspecific. Admittedly, it appears that any deeper level of specification regarding what exactly a network organization should look like is not easily achieved. In fact, Hult (2011) maintains that networks do not align themselves to just one marketing organization. This position is consistent with Jayachandran *et al*. (1999:50) who observed that due to multi-market competitive deployments firm structures often transcends geographical product boundaries.

MARKET RESPONSIVENESS

Homburg *et al*. (2002) identified an increasing emphasis on key account management and proposes the use of cross-functional teams to manage accounts in order to provide the multifunctional expertise required by the customers. Many organizations are pursuing the goal of developing closer relationships with their most important customers and view key account management as one way of achieving this goal. Further, Homburg *et al*. (2000) showed that the changes in marketing and sales organization are interrelated and that there is a general movement toward customer-focused organizational structures. In a customer-focused organization structure, the organization groups its customers by industry, application, usage situation or some other non-geographic similarity. Homburg *et al*. (2000) and Narver and Slater (1990) view a customer-focused organizational structure as a pre-requisite to acquiring and disseminating market information in order to create customer value. This shift away from a product-focused or geographical-region organizational structure is driven by customers, who do not want generalists who will sell to everyone, but rather a person who is focused on their needs and requirements (Homburg *et al*., 2000).

These observations are consistent with the central notion of market orientation. According to Gheysaria *et al*. (2012) market orientation proposes behavioral norms for collecting, sharing and answering to market information, as well as necessitates organizational systems and processes to assess customer needs and market intelligence distribution. Moreover, market orientation requires flexible and adaptive organizational systems with the commitment of top management (Gheysaria *et al*., 2012). Notably market orientation is concerned with generation, dissemination, and responsiveness to information (Helfert, 2002). Therefore we employ the term "market responsiveness" to describe an organization's general attentiveness and sensitivity to market information. We hypothesize that:

H1: *The perceived importance of Market Responsiveness is positively associated with a network orientation to the organization of marketing.*

COLLABORATION

Collaboration is often closely linked with network thinking as appears to drives the understanding that no business is an island and in order to prosper internal and external collaboration is required (Ritter, *et al*. 2004). At the external level this interdependence (Bat and Purchase, 2004) manifest in inter firm boundary spanning (Smirnova, *et al*., 2011) to achieve the desired collaboration for attaining mutual goals. In essence the strategic imperative to collaborate with other firms requires some form of boundary spanning. Importantly, Hult (2011) posits that this external boundary spanning (inter-firm collaboration) and competition co-exist in a marketing organization's network. The result is a dynamic and complex nature of collaboration in the external network. According to Le Meunier-Fitzhugh and Piercy (2009) the success of the boundary-spanning marketing organization depends on how well the marketing activities, customer value–creating business processes, networks, and stakeholder focus are molded together to form an integrated organization. Therefore we hypothesis that:

H2: *The perceived importance of inter firm collaboration is positively associated with a network orientation to the organization of marketing*

CROSS-FUNCTIONAL COORDINATION

As mentioned in the previous section, another form of boundary spanning is to be found in how firm integrate functions in order to achieve desired value creating outcomes. Smirnova *et al*. (2011) view inter-functional collaboration as a measure of the internal alignment and partnership between departments in the firm, which in turn contributes to the creation of sustainable advantages via improved external partnerships and facilitating demand chain integration. The authors (Smirnova *et al*. 2011) cites evidence (see Morgan and Piercy, 1998; Ellinger, 2000 and Piercy, 2009) to demonstrate that effective inter-functional collaboration has become an important strategic issue as it contributes to aligning organizational objectives, values and priorities for both internal and external actors. The associated leverage of resources and knowledge yields synergies between departments that enhance the development of internal social capital (Menguc and Auh, 2005). Similarly, the danger of weak inter-functional integration, which occurs when accumulated market knowledge at the firm level stays isolated within one department, is that it often yielding an "internal sickness" (Atuahene-Gima *et al*. 2006).

Inter-functional boundary spanning activity also attracts criticism. Often the inter-functional integration is considered among two highly related departments such as marketing and sales (Gosselin and Bauwen, 2006). Many studies focus only on western markets while the issue of inter-functional alignment is critical for firms in transitional economies to promote market orientation (Smirnova *et al*, 2011). Other (additional) sources of criticism may well exist.

According to Smirnova *et al* (2011) the most often used conceptualization of inter-functional boundary spanning refers to the degree to which the functions and departments within the firm communicate with each other and work cooperatively This view is consistent with the behavioural operationalization by Kohli and Jaworski (1990) and Narver and Slater (1990) that internal collaboration relates to inter-functional coordination as a latent construct of

market orientation. Importantly, Eng (2006), Henneberg *et al*. (2009) and Piercy (2009) showed that the alignment external business relationships lies in the interactions of internal boundary-spanning functions. Smirnova *et al*. (2011) employs these results to argue that for firms to enhances their performance they need to develop inter-functional interactions to serve customers better – this developing a customer orientation. This approach suggests that the need for cross-functional coordination should affect how the firm organizes its marketing function. We therefore extend this notion to hypothesize as depicted in table 1:

Table 1: Hypothesis relating to direct effects of Inter-functional coordination

H3:	The perceived importance of	*Market Responsiveness*	is positively associated with the perceived importance of	*Inter-functional Coordination*
H4:	The perceived importance of	*Inter firm Collaboration*	is positively associated with the perceived importance of	*Inter-functional Coordination*
H5:	The perceived importance of	*Inter-functional Coordination*	is positively associated with the perceived importance of	*A network orientation to organizing the marketing function*

From these hypothesized relationships is if further possible to hypothesize the follow indirect effects for Cross-functional coordination:

> H6: *Cross-functional Coordination mediates the relationship between Market Responsiveness and a network orientation to the organization of marketing*.
> H7: *Cross-functional Coordination mediates the relationship between collaboration and a network orientation to the organization of marketing*.

Our conceptualization follows the "*structure follows strategy*" notion based on the seminal work by Chandler (1962) and Hall and Saias (1980) in the field of Strategic Management. On this basis we proposed a structural model (figure 1) which denotes that the strategic imperatives of Market Responsiveness and Collaboration drives a network approach (labeled Network Orientation) to organizing the marketing function. Moreover, the relationship between Market Responsiveness and Network Orientation as well as that between Collaboration and Network Orientation is mediated by Cross-functional Coordination.

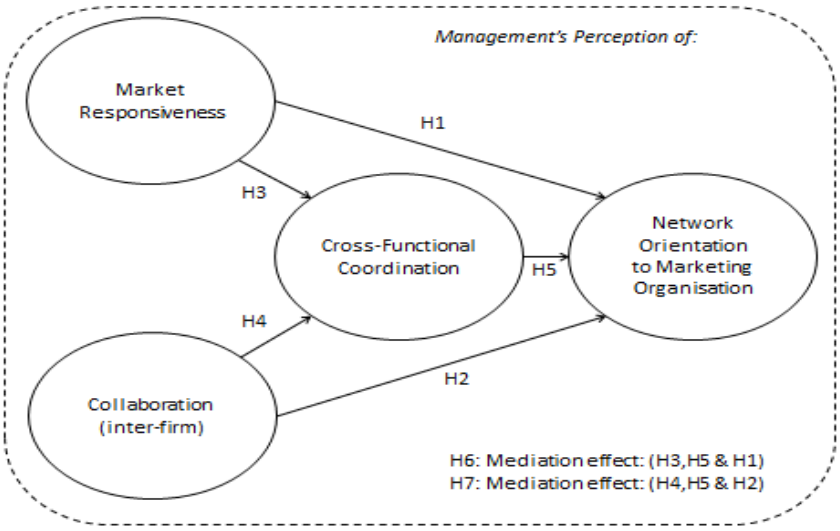

Figure 1: Conceptual Model

METHODOLOGY

The research employed an inductive research approach and quantitative analysis of data collected through a survey was used to test the hypotheses. A measuring instrument (self-administered questionnaire) based on the literature review was developed to test the propositions developed from the literature. A pilot study was then carried out to test if the questions and terminology used in the questionnaire were clear and concise. Input from the pilot test was used to correct the questionnaire. The revised questionnaire was sent to the respondents.

Population and Sample

The population included technical, marketing and business professionals, who have formal training or qualifications with a minimum of 5 years' experience in the field of marketing management, and are actively involved in marketing. These professionals work for organizations in the professional business-to-business service sector in South Africa, employing at least 100 professionals (scientists, engineers, technicians), and using marketing executives to perform the marketing function. The sample of respondents was chosen on a convenience snowball basis from organizations in the mining, engineering design and manufacturing, petrochemical, and telecommunications sectors within South Africa. The respondents had the necessary experience and qualifications to give informed responses to the survey questions. A total of 360 questionnaires were distributed, i.e. 90 for each of the 4 industries, of which 133 were returned; 13 were incomplete, giving a usable sample size of 120, and a final response rate of 33%.

The Instrument

The measuring instrument for the survey was in the form of a self-administered questionnaire. The questionnaire comprised three sections: Section A contained demographic data, Section B contained statements pertaining to marketing structures, using a 7-point likert scale (ranging from strongly disagree (1) to strongly agree (7), and Section C contained statements contributing to the organization of marketing. A coordinator (typically a senior person) was identified in each target organization, and a brief overview on the purpose of the research was given to the coordinator inside the organization; the coordinator distributed the questionnaire to selected technical and non-technical managers in the organizations; the completed questionnaire was returned electronically. For the purpose of this study a subset of the data collected will be employed. From section C five items was indicative of the perceived importance of Market Responsiveness (labelled MR1-5) while six items were indicating the importance of inter firm Collaboration (labelled Col1-6). From section B four items was indicative of the perceived importance of Cross-functional Coordination (labelled CFI1-4), while another four items were indicating the importance of inter firm adopting a network orientation to organizing the marketing function (labelled NET1-4).

Data Analysis

The data was analyzed using a variance based structural equation modelling technique which employs partial least squares to estimate the loadings of observed variables on latent variables and then employs multiple regression to estimate the path coefficients between latent constructs. For this purpose the statistical package SmartPLS 2.0 (Ringle *et al*., 2005)

was selected as it is less sensitive to distributional abnormality and allows for smaller sample sizes (Albert *et al*., 2013).

RESULTS

Descriptive properties

The collection of data was terminated when the target of 30 completed questionnaires per industry sector was achieved, from the petrochemical, telecommunication, mining and engineering industries. In addition, to ensure a spread of inputs across backgrounds, each industry had responses from 10 business, 10 marketing, and 10 technical respondents, giving a total of 80 non-technical and 40 technical respondents. Table 2 shows the industry representation of the final usable 132 responses. It shows that the majority of respondents were from the Telecommunications (24.2%) and Engineering (22.0%) industry suggesting some bias in the sample.

Table 2: Industry representation of respondents

	N	**% of total**	**% of valid responses**	**Cumulative %**
Engineering	29	22.0%	25.7%	25.7%
Mining	21	15.9%	18.6%	44.2%
Petrochemical	14	10.6%	12.4%	56.6%
Telecommunication	32	24.2%	28.3%	85.0%
Warehousing	10	7.6%	8.8%	93.8%
Other	7	5.3%	6.2%	100.0%
Total	***113***	***85.6%***	***100.0%***	
No response	19	14.4%		
Total	***132***	***100.0%***		

Measurement model

To evaluate the measurement model, the reliability (internal consistency reliability and indicator reliability) and validity (discriminant validity and convergent validity) was first considered. Composite reliability is appropriate for use with PLS path modelling (Iacobucci *et al*., 2010) and some authors Hair *et al*. (2010) prefer it above Chronbach's alpha coefficient because of over or under estimation (tau-equivalence) problems associated with Chronbach alpha (Raykov, 1997). Table 3 shows that all the latent variables in the measurement model exhibit good internal consistency reliability as all values exceeds the 0.7 benchmark.

Table 3: Reliability indicators for the of the measurement model

	AVE*	Composite Reliability
Cross-functional Coordination (CFC)	0.55	0.78
Collaboration (COL)	0.53	0.78
Market Responsiveness (MR)	0.50	0.84
Network Orientation (NET)	0.55	0.83

** AVE = Average Variance Extracted*

Table 3 also reports that the Average Variance Extracted (AVE) for each latent variable is higher or equal to 0.5 (Hair, 2010), thus exhibiting good convergent validity. For considering indicator reliability we considered the items loadings as reported in table 4. All items loaded on to the corresponding latent variable and all items exhibit loadings greater than 0.52. Table 4 also reports that all the *t*-values for item loadings were significant that the 95% confidence level.

Table 4: Cross-loadings of Items and t-statistic

Items	Cross-functional Coordination (CFC)	Collaboration (COL)	Market Responsiveness (MR)	Network orientation (NET)
CFC1	**0.77***(10.47)*	0.35	0.13	0.36
CFC2	**0.83***(19.04)*	0.24	0.27	0.54
CFC3	**0.61***(5.89)*	0.32	0.21	0.35
COL1	0.37	**0.62***(8.44)*	0.37	0.35
COL2	0.14	**0.52***(4.59)*	0.26	0.25
COL3	0.29	**0.69***(9.51)*	0.32	0.31
COL4	0.18	**0.60***(8.40)*	0.16	0.31
COL5	0.19	**0.53***(5.34)*	0.36	0.33
COL6	0.23	**0.70***(11.58)*	0.51	0.43
MR1	0.22	0.43	**0.76***(11.05)*	0.38
MR2	0.20	0.37	**0.70***(10.08)*	0.38
MR3	0.16	0.44	**0.66***(9.44)*	0.27
MR4	0.22	0.38	**0.66***(7.69)*	0.29
MR5	0.19	0.35	**0.77***(15.03)*	0.35
NET1	0.36	0.25	0.37	**0.57***(7.54)*
NET2	0.28	0.37	0.38	**0.65***(6.75)*
NET3	0.51	0.48	0.32	**0.87***(28.93)*
NET4	0.50	0.49	0.37	**0.84***(28.58)*

t values in parenthesis - t>1.69 is significant

In addition, table 4 shows that the measurement model exhibit good convergent validity as each factor loading of an item on its associated construct is greater than the loading of another non-construct item on that construct.

Table 5 reports the results for discriminant validity. Using the Fornell and Larcker (1981) criterion confirmed that the square root of any construct's AVE is higher than the correlations between it and any other constructs within the model.

Table 5: Latent variable correlation matrix and descriptive statistics for latent variables

	MEAN	SD	Cross-functional Coordination (CFC)	Collaboration (COL)	Market Responsiveness (MR)	Network orientation (NET)
CFC	5.42	1.48	***0.74****			
COL	4.10	0.80	0.40	***0.73***		
MR	4.31	0.72	0.28	0.55	***0.71***	
NET	5.68	1.25	0.57	0.55	0.48	***0.65***

** Square Root of AVE on diagonal.*

Structural Model

The hypothesised paths between latent variables were estimated as part of the procedure in the SmartPLS and the results are reported in table 6 and figure 2.

Table 6: Results of path analysis

	Hypothesized Relationships	β	t-statistic	Result
H1:	Market Responsiveness → Network Orientation	0.22	2.23	Significant
H2:	Collaboration → Network Orientation	0.27	2.85	Significant
H3:	Market Responsiveness → Cross-functional Coordination	0.08	0.79	Not significant
H4:	Collaboration → Cross-functional Coordination	0.36	3.65	Significant
H5:	Cross-functional Coordination → Network Orientation	0.40	5.19	Significant

t>1.96 is significant at 95% level

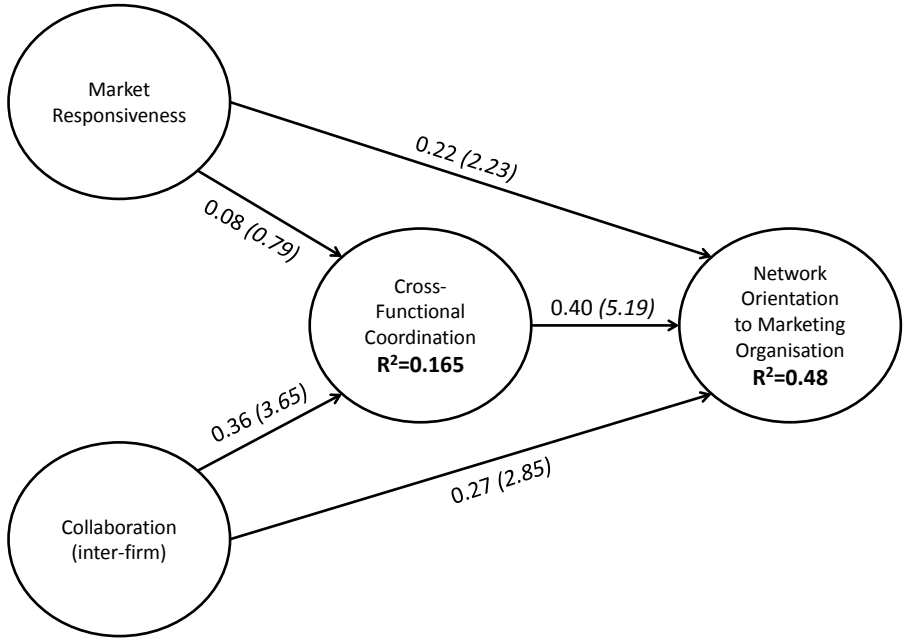

Figure 2: Results of PLS path analysis: β values and t-values in parentheses

Table 6 shows that four of the hypothesized paths were observed to be statistically significant, and therefore the null hypothesis for H1, H2, H4 and H5 was rejected. Only one path, Market Responsiveness to Cross-functional Coordination, did not yield a significant positive relationship, implying that the null hypothesis for H3 could not be rejected. In addition, figure 6 shows that Market responsiveness and Collaboration only explained 16% (small according to the Cohen criteria) of the variance in Cross-functional Coordination. With 48% the model explain a medium (Cohen, 1988) amount of the variance in a network orientation to organising the marketing function.

Importantly, because the association between Market Responsiveness and Cross-functional Coordination was not statistically significant, there is now evidence to support the hypothesised mediation effect of Cross-functional Coordination between Market Responsiveness and Network Orientation. Therefore the null hypothesis for H6 could not be rejected. In the case of H7, all three the path estimates (COL->CFC; CFC->NET and COL->NET) yielded significant results at the 95% confidence level. This result suggests that Cross-functional Coordination partially mediates the association between Collaboration and Network Orientation and provides the motivation for testing H7. The significance of the hypothesized mediation effect was tested using Sobel (1982) procedure. This analysis produced a z-statistic of 2.98 (SE= 0.05; ρ=0.002). Therefore the null hypothesis for H7 could be rejected in favour of a significant partial mediation effect. Thus, H7 is supported.

DISCUSSION

The main thrust of this research is to gain an understanding of some of the factors that drives management's inclination to adopt a network friendly (labelled Network Orientation for the purposes of this study) approach to the organization of marketing. By its very nature the question is of an explorative nature and the current study does not claim causality at any confirmatory level. Nevertheless, management in networks and management of networks is a main stream of scholarly enquiry in business-to-business marketing literature. Any such investigation should at some point arrive at the question of how does firms organize their marketing functions to assist in network management challenges. The importance of this questions (in various forms and contexts) for practitioners is somewhat confirmed in this study as our data loaded on a latent variable that suggests that a network orientation to marketing organizational design is important for managers. The next step would be to consider what are the key drivers of such a network orientation to organizational design?

The prominence of Market Orientation in marketing literature and its well demonstrated association with firm performance presented a natural and obvious place to start. Within the context of market Orientation the respondents in this study particularly emphasized market responsiveness as an important factor to influence their desire to adopt a network orientation to organizing. Following the *structure follows strategy* argument it is conceivable that firms would want to adopt organizational designs that allows them to be responsive to ever changing market conditions and stimuli - a central premise of Market Orientation. Our results shows that managers' views of the importance of market responsiveness positively influence their opinion regarding the importance of adopting a network orientated approach to organizing the marketing function.

Developments in technology and globalization have led to an upsurge in the interest in inter-organizational relations and inter firm collaboration is often associated with networks, organisational learning, value co-creation and interdependence (Sabel and Zeitlin, 2004, and Batt and Purchase, 2004). In essence it is acknowledge that the firm is as much the product of its relationships and network position as they are the result of the firm's own strategic actions and intentions. This gave rise to the insight that collaboration within one relationship will affect relationships with other closely connected actors, making the collaboration process and its outcomes contingent upon the goals of the network rather than the dyad (Batt and Purchase, 2004). It is therefore conceivable that if managers seek to collaborate with other firms it will inform their attempts to develop decentralized network orientated marketing structures in an attempt to optimize the collaboration. Our results show that the perceived importance of collaboration does drive managers' inclination to adopting a network orientated approach to organizing marketing in the firm.

Collaboration also has an internal dimension. This relates to the boundary spanning across units inside the firm. Hult (2011) defines this boundary-spanning marketing organization as an entity encompassing marketing activities that cross a firm's internal and external customer value–creating business processes and networks for the purposes of satisfying the needs and wants of important stakeholders. Moreover the author (Hult, 2011) proposes that the success of the boundary-spanning marketing organization depends on how well the marketing activities, customer value–creating business processes, networks, and stakeholder focus are molded together to form an integrated organization. For the purposes of this paper we adopted the Inter-functional Coordination (Smirnova *et al*., 2011) variant of internal

boundary spanning and showed that it is positively associated with the inclination to view a network orientated approach to organizing marketing as important.

Moreover, our results also suggest that the Collaboration drives Inter-functional Coordination, but Market Responsiveness does not. Considering the observations by Smirnova (2011) regarding cross-funtional integration (as cited in the literature review) the relationship between inter-firm collaboration and cross-functional coordination was expected. However, the result that Market Responsivenss does not drive Inter-functional coordination comes unexpected as Cross-functional Collaboration is often cited as an antecedent of Market Orientation (Narver and Slater, 1990). Clearly a refined approach is needed to consider this relationship in much more detail.

To conclude we also confirmed a mediation effect by Cross-functional Coordination on the relationship between Collaboration and a Network orientation. From this result it appears that the complimentary relationship between external boundary spanning (inter-firm collaboration) and internal boundary spanning (Cross-functional coordination) contributes to adopting a network approach to the organization of marketing. This notion of mediation is consistent with the position of various authors (Harris and Ogbonna, 2003; Smirnova *et al*., 2011; Hult, 2011, Ritter, *et al*., 2004; Batt and Purchase, 2004 and Le Meunier-Fitzhugh and Lane, 2009). The argument builds strongly on the idea of interdependence (Gadde *et al*., 2003) and provides further support for developing an understanding of network structures that may enable firms to consider with whom they may be directly or indirectly affected and affected by. The problem, however, remains that networks are complex and often difficult to delineate which can make network orientated structures fluid and subject to invariably over time.

LIMITATIONS AND FUTURE RESEARCH

The current study is limited by a number of conceptual of methodological challenges. Key among these is that a network orientation to organizing marketing remains poorly refined. This is a key area for future improvement in subsequent studies. To date a clear and concise definition of a networks marketing structure still avoids us. At best, the current study attempts to gauge managers' general disposition towards the idea. Clearly a more rigorous conceptualization is required. In addition, although the inclusion of Market Responsiveness and Collaboration has demonstrated merit, we did not follow an exhaustive process to identify other, perhaps equally relevant, predictor variables.

From a methodology perspective the sampling method and specifically the sample size limits the generalizability of the findings. A stratified and much larger representative should yield better results and will be more appropriate for a causal research design. Therefore our study should be viewed as explorative only.

Homburg *et al*., (1999) showed that a significant proportion of the influence of the marketing function on strategic decision-making is explained by a range of external contingencies (for instance, market growth and technological turbulence), internal contingencies (such as strategy type and customer concentration) as well as institutional determinants (for example, chief executive officer background). Using multiple regression analysis the Homburg study provided the impetus for empirically orientated work to consider issues regarding the organization of marketing in complex environments where decentralization and the

disappearance of hierarchies are common occurrence. Although many subsequent studies have been done, it appears the lack of empirical evidence remains with us (Harris and Ogbonna, 2003). A key challenge in this context is to move away from the "what" and look for empirical evidence that can explain the "how". The answer to the "what" question is seemingly better understood by practitioners as they seem to grasp that movement towards network orientated approaches to organizing marketing is needed to optimize their interaction and position in the network. However, practitioners and scholars seem to be rather unsure of "how" to do this. How do managers create and maintain network friendly marketing organizations? Clearly, research opportunities abound.

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