# MARKETING SCIENCE INSTITUTE

Implementing the Marketing Concept One Employee at a Time: Pinpointing Beliefs about Customer Focus as a Lever for Organizational Renewal

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# Implementing the Marketing Concept One Employee at a Time: Pinpointing Beliefs about Customer Focus as a Lever for Organizational Renewal

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In the last decade researchers have established a clear connection between proper implementation of the marketing concept and SBU-level performance outcomes. Thus, the question of how one might go about changing the organization to make it more market oriented (and thus realize performance benefits) is emerging as an important extension of the work on market orientation.

In this paper, professors Allen, McQuarrie, and Barr advocate renewed attention to organizational culture in order to understand change mechanisms. Drawing on the five-way taxonomy for conceiving culture developed by Deshpandé and Webster (1989), they support the organizational cognition perspective—which emphasizes the subjective beliefs of individuals within the organization—as an important paradigm for understanding change. Consistent with this perspective the authors propose a customer-focus construct that is formulated at the level of the individual employee or manager, rather than at the level of the division or SBU.

## Study and Findings

The authors present a measure for the customer-focus construct and test its predictive validity. Data were collected from 120 people at six companies in the chemical, software, and diversified business equipment sectors. The respondents ranged from senior managers to hourly workers, with job responsibilities in diverse functions. Notably, the majority of respondents did not work in marketing or sales.

The results indicate that the customer-focus scale developed here is a distinct unidimensional measure. Participants from diverse occupational communities varied in their expressions of customer focus in ways that one would expect. Additionally, customer focus proved to be a meaningful predictor of both customer contact and confidence about customers. Together, customer focus and customer contact form the core of a framework for approaching organizational change through an emphasis on modifying beliefs and actions.

### **Managerial Implications**

Organizational renewal has become a common quest in the post-downsizing era. A compelling case can be made for the idea that individuals' beliefs and actions must be targeted as key to the success of the change regimen. Successful renewal entails a mutual, simultaneous shaping of beliefs and behavior, and cultivating a focus on customers can be seen as one valid path to organizational vitality. Thus, this study is intended to revive interest in customer focus as a primary leverage point both for putting the marketing concept into practice and for effecting organizational renewal.

The authors' definition of customer focus as an individual's beliefs about the value of direct customer contact for achieving desired performance outcomes in his or her own job provides specific meaning for a phrase that is not well defined in literature dealing with the marketing concept. Their customer-focus construct can be embraced across functions and levels in any organization. Indeed, by adopting the total quality management distinction between internal and external customers, it is possible for all employees to conceive of themselves as implementers of the marketing concept.

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## Introduction

The marketing concept has been central to management thinking for several decades (e.g., Deming 1953; Drucker 1954; Kotler 1967). Building on this legacy, Deshpandé and Webster asserted that "the marketing concept defines a distinct organizational culture, a fundamental shared set of beliefs and values that put the customer in the center of the firm's thinking about strategy and operations" (1989, p. 3). Like previous scholars, Deshpandé and Webster assumed that this distinctive culture would benefit organizations by way of diverse performance outcomes. Subsequent theorizing and empirical work has probed this assumption and affirmed the relationship between market orientation and organizational performance (cf. Kohli and Jaworski 1990; Narver and Slater 1990, 1998; Deshpandé, Farley, and Webster 1993; Jaworski and Kohli 1996; Deshpandé and Farley 1998a, b).

Given an observed link to performance, it is natural to ask, How might one go about changing an organization to make it more market oriented and thus realize performance benefits? (see Narver, Slater, and Tietje 1998). On this point, extant research has lacked precision and failed to provide context-specific guidance. For example, Jaworski and Kohli concluded only that "a judicious blend of top-down and bottom-up initiatives is key to enhancing market orientation," while advising that "a lot more work needs to be done" (1996, p. 131) on the organizational change issue.

There are many indications that research on the marketing concept has reached an important transition point. Work conducted in the last decade has clearly established a connection between proper implementation of the marketing concept and salient performance outcomes. However, one by-product is an ongoing debate about the centrality of cultural frameworks and concepts for future research. For example, Deshpandé and Farley concluded from their recent synthesis that "market orientation is not a 'culture' (as Deshpandé and Webster suggested in 1989) but rather a set of 'activities'" (1998a, p. 226). If one accepts Schein's view that without the concept of culture, "we cannot really understand change or resistance to change" (1990, p. 117), then an activities-oriented market orientation construct may not be the best vehicle for researching the change issue.

While organizational culture is certainly a complex and multifarious phenomenon (see Smircich 1983), this is precisely its appeal as a metatheory for attacking the change issue. Specifically, the literature on organizational culture reveals multiple ways for studying organizations and reminds us that complex human systems are best appreciated through a diversity of theories and research paradigms (Huff 1981). Deshpandé and Webster (1989) make this point through their specification of five paradigms for investigation of organizational culture. Existing research on the marketing concept has not made full use of Deshpandé and Webster's framework; a few issues have been featured at the expense of others.

In this paper, we revisit the Deshpandé and Webster framework to identify an alternative paradigm for motivating research on the marketing concept. Until now, extant research on market orientation has followed what Deshpandé and Webster call the *contingency management* perspective. The approach we adopt is one they label the *organizational cognition* perspective. In the section that follows we review the nature of these two paradigms and explain how the organizational cognition perspective can foster investigation of issues that are particularly important for effecting organizational change. Next, in order to ground our construct, we compare our assumptions with those in the literature on market orientation (per Wicker 1985). We then present a study that tests a measure for this construct and assesses its predictive validity. Finally, we discuss implications for additional theorizing and change activities.

Implicit in our approach is the premise that different strategies for knowledge development should be pursued if we are to learn all we can about implementing the marketing concept. We do not wish to suggest that our strategy is the only way, or necessarily a better way. It is just another way of motivating research into the marketing concept, and it offers the promise of fresh insights into how to effect change in organizations.

# Alternative Perspectives on Organizational Culture

According to Deshpandé and Webster, "Some scholars view organizational culture as a property of the group or organization itself, like structure or technology. Others view it as something that resides within each individual as a function of cognitive and learning processes" (1989, p. 5). Obviously, such disparate assumptions about the domain of the phenomenon in question will motivate disparate methods for researching it (Smircich 1983). Two of the five paradigms that have been proposed to reflect this disparity are discussed below.

In the contingency management perspective, culture is viewed as an endogenous, independent variable; shared values, beliefs, rituals, and norms throughout large cross-sections (e.g., divisions, sectors, or SBUs) of the organization reflect the essence of culture (Smircich 1983; Deshpandé and Webster 1989). In this paradigm, culture is represented at a high level of abstraction and is viewed as a lever or tool employed by senior management to shape performance outcomes. To exemplify the type of research questions motivated by this perspective, Deshpandé and Webster offered that an important direction would be "to examine the impact of an organization's values and beliefs on market performance. For instance, one might compare an organizational culture emphasizing primarily the satisfaction of customer needs with one emphasizing primarily stockholder wealth maximization on such measures as long- and short-run sales growth, earnings per share, market share, and return on equity" (1989, p. 10). Their recommendation has proved prophetic: the primary focus of the literature on market orientation has involved the linkage between market orientation and SBU-level performance (e.g., Narver and Slater 1990; Deshpandé, Farley, and Webster 1993; Jaworski and Kohli 1993; Slater and Narver 1994).

Alternatively, the organizational cognition perspective assumes that culture derives from the subjective beliefs that individual members share in varying degrees (Smircich 1983). Culture emerges when shared cognitions generate rules to guide behavior; hence, the central task for the researcher is to isolate these rules (Deshpandé and Webster 1989). The emphasis on individuals' beliefs and thoughts leads to studying culture at the micro level, a clear divergence from the macro- or aggregate-level approach taken in the contingency management perspective. In Deshpandé and Webster's view, this makes the organizational cognition perspective "analogous to the cognitive paradigm in much of consumer behavior research" (1989, p. 7).

The micro-level orientation of the organizational cognition paradigm is suitable for examining differences in "thought worlds" between functions such as marketing and R&D or subfunctions such as marketing and sales. Differences in thought worlds could also be anticipated across management layers and among customer service personnel and line workers. Revealing and accounting for differences in

thought worlds may be crucial to implementing any change initiative (see Deshpandé and Webster 1989; Beer and Walton 1990; Dougherty 1992; Reger et al. 1994), including implementation of the marketing concept.

The organizational cognition perspective offers considerable promise as a grounding paradigm for the study of culture when the specific concern is generating better insights for effecting change. In her seminal treatment, Smircich noted that this cognitive orientation provokes questions "of practical concern to those who seek to understand, diagnose, and alter the way an organization is working" (1983, p. 350). Moreover, this emphasis on individuals and their cognition allows one to tap into the rich knowledge base of the behavioral sciences in contemplating appropriate interventions (see Beer and Walton 1990). It follows that this perspective is well-suited to motivating research on the marketing concept at a time when the change issue has emerged as a central challenge.

# **Comparing Assumptions**

Until now, work with the market orientation construct has not examined what the marketing concept means at the level of the individual worker or manager. Instead, key informants have been asked to characterize the market orientation of their SBUs. Although it has proved useful to represent an organization (or SBU) as more or less market oriented, it is equally appropriate to ask how or whether individuals within an organization support or resist the marketing concept. The question requires a new focal construct as a centerpiece for theory development. This new construct needs to be conceived at the level of the individual. It must emphasize personal beliefs, and people at any rank in the organization, irrespective of their functional affiliations, must be able to relate to it equally well. Of course, the construct must also reflect the legacy of the marketing concept.

This comparison of the assumptions grounding our construct with those grounding prior constructs highlights the differences between the contingency management and organizational cognition perspectives. Noting these differences reinforces the point that "different conceptions (of culture) give rise to different research questions and interests" (Smircich 1983, p. 339). Pursuing diverse approaches has the potential to accelerate learning about proper implementation of the marketing concept, especially when the approaches are derived from a coherent, overarching framework such as that of Smircich (1983) and Deshpandé and Webster (1989).

## The Prospect of Multiple Thought Worlds

Assumptions regarding the degree of homogeneity in beliefs, values, and perceived norms throughout an organization make up the most fundamental distinction between the contingency management perspective and the organizational cognition perspective. The contingency management approach assumes homogeneity across broad cross-sections of the organization, whereas the organizational cognition approach assumes "multiple organization subcultures, or even countercultures, competing to define the nature of situations within organizational boundaries" (Smircich 1983,p. 346). There is a substantive case for the existence of multiple thought worlds within organizations (see Deshpandé and Webster 1989; Brown and Duguid 1991; Dougherty 1992; Griffin and Hauser 1994; Kahn and Mentzer 1994). For example, occupational communities can be conceived of as having unique subcultures with their own task rituals, standards, work codes, and supporting beliefs and values (Van Maanen and Barley 1984).

The SBU-level formulation of the market orientation construct restricts its ability to reveal heterogeneous thought worlds. For example, this aggregate approach might overlook differences in the belief systems of an organization's marketing and R&D departments and therefore fail to understand conflict and polarization in the implementation of a customer visit program (McQuarrie 1993). Conversely, this is exactly the kind of issue that is readily understood by the organizational cognition paradigm (Deshpandé and Webster 1989). Moreover, the aggregate approach is

challenged by findings such as those of Kohli et al. (1993), which reveal that informants from marketing disciplines describe market orientation in different terms from those used by informants from nonmarketing disciplines. Lack of convergence among key informants raises the question of whether one's construct has been formulated at an appropriate level of abstraction (see Phillips 1981). By formulating our construct at the individual level, we can anticipate and assess disparities in beliefs among members of different occupational communities.

## Does Cognition or Action Capture the Essence of the Marketing Concept?

Ongoing in the literature on market orientation is a debate over which basic phenomenon should be the focal point in research on the marketing concept. Jaworski and Kohli (1996) conclude that research should focus only on activities and behaviors; they discount cognition as well as the concept of culture. Alternatively, Narver and Slater, like Day (1994), question how one can hope to understand or shape behavior patterns without consideration of the underlying belief system—"yes, the culture" (Narver and Slater 1998, p. 235). Given the impeccable credentials of both sets of debaters, choosing a focus is no easy matter.

We see the origins of this debate in Kohli and Jaworski's 1990 premise that when conceiving market orientation, "the appropriate unit of analysis appears to be the strategic business unit" (p. 6). Taking this premise and the accompanying goal of linking an SBU's market orientation with its performance, the market orientation research stream quickly aligned with the contingency management paradigm. The high level of abstraction that accompanies this paradigm makes individuals' cognitions substantively irrelevant. That is, while SBUs may be characterized by patterns of activity or work routines, asking a key informant to report personal beliefs on behalf of the SBU contradicts the meaning of the term *personal belief*. If individuals' cognitions are to augment research about the marketing concept, individuals (and not SBUs) must become the unit of analysis.

We believe this debate is based on an unnecessary dichotomy that is exposed through different levels of cultural analysis (per Smircich 1983). If one allows that both the contingency management and organizational cognition paradigms are valid means for learning about cultures, then there is a place in research for studying both patterns of activity in SBUs and the beliefs of individual employees and managers. We focus on the latter.

#### Market(ing) Orientation versus Customer Focus

As we have emphasized, the market orientation construct has been conceived at high levels of abstraction and aggregation. Additionally, its conceptual domain, as characterized by its primary proponents (Kohli and Jaworski 1990; Narver and Slater 1990; Deshpandé, Farley, and Webster 1993), is far-reaching. These aspects of the construct create operational challenges.

Deshpandé and Farley's (1998a) recent measurement synthesis reveals the challenges of developing a construct-valid measure for market orientation. Extant measures feature items (e.g., "Our business objectives are driven primarily by customer

satisfaction") that ask key informants to judge their SBUs against what conventional wisdom considers to be best practice. This puts respondents in the position of either acknowledging or denying that their firms endorse conventional wisdom. Since all key informants in Deshpandé and Farley's research were marketing executives from MSI member firms, they likely shared similar perceptions about best practices. Moreover, it is to be expected that these executives would endorse conventional wisdom about marketing practice. This may account for the surprising results described by Deshpandé and Farley (1998a, pp. 220-2) showing that marketing executives from different countries and different industries express *identical* perceptions of their firms' market orientations.

Are these executives expressing market orientation, or merely reporting on the perceived marketing prowess of their firms with reference to conventional wisdom? We can offer no definitive answer to this question but encourage reflection on it. There is a danger here that what once was a discussion about focusing on consumers and markets has evolved into an assessment of the firm's *marketing* orientation (cf. Shapiro 1988). That is, from the perspective of its marketing executives, is the firm following conventional wisdom in its marketing practices? We suspect that none of the primary proponents of the market orientation construct would approve of such an evolution.

Consistent with the organizational cognition paradigm, we propose a construct with a narrow domain that is formulated at the level of the individual employee or manager. This narrow domain focuses on the individual's beliefs about customers; therefore, it should be useful in investigating organizational subcultures' acceptance of the marketing concept. The narrow domain also facilitates assessment of construct validity. Finally, constructs formulated at the individual level can be a basis for new theorizing about what a firm must change if it is to implement the marketing concept more comprehensively.

# Renewing Customer Focus

As Deshpandé and Farley (1998a) have suggested, we are at a point in the evolution of research on the marketing concept when a review of extant constructs and measures is worthwhile. They compared the three primary measures of market orientation in pursuit of a more practical measure. They concluded that their 10-item summary scale has "intuitive integrity" because all its items deal with customer focus. We applaud their synthesis and agree that their scale's emphasis on customer focus has intuitive integrity with respect to the marketing concept (cf. Kotler 1967). Our approach differs in being conceptual rather than inductive, and it involves different grounding assumptions than those in the work that is the basis for their synthesis.

Specifically, we define customer focus as an individual's beliefs about the value of direct customer contact for achieving desired performance outcomes in his or her own job. This construct has several appealing aspects. As a parsimonious, unidimensional construct, it will facilitate knowledge development through the identification of its unique antecedents and consequences. In addition, by focusing researchers' attention on personal beliefs, this construct acknowledges the psychological basis for behavior (Fishbein and Ajzen 1975; Ajzen and Fishbein 1980). As Day (1994) has noted, customer-oriented behaviors must stem from shared personal beliefs that pervade the organization. It is hard to imagine effective change initiatives that do not seek to influence individuals' beliefs along with behavior (Beer and Walton 1990; Reger et al. 1994; Naveh, Erez, and Zonnenshain 1998). Furthermore, by conceiving customer focus at the level of the individual, we have a construct that will allow direct comparisons across functional silos and up and down the hierarchy in any organization. In contrast, approaches that rely on key informants necessarily draw from the executive level, which may be a unique subculture rather than a window on organization-wide perceptions.

Finally, our customer-focus construct provides a means to bridge the disparate literatures on the marketing concept and total quality management (cf. McQuarrie 1993; Day 1994; Dean and Bowen 1994). Both literatures have customer focus at their nexus, but TQM programs often are not guided by the voice of the customer (see Kordupleski, Rust, and Zahorik 1993), while research on consumers is often guarded and maintained within the marketing functional silo (see Hurley and Laitamaki 1995; Mentzer, Bienstock, and Kahn 1995). Our construct and theorizing are also readily adaptable to TQM's distinction between internal and external customers (Mohr-Jackson 1991; Hauser, Simester, and Wernerfelt 1996), which extends their applicability for both marketing and quality-management researchers (cf. Lukas and Maignan 1996).

In the remainder of this paper, we will present a new scale to measure customer focus. Its psychometric properties will be reported and its predictive validity will be assessed by establishing its connection to the amount of customer contact undertaken by managers with different functional backgrounds. This beliefs-to-behavior

connection has not been investigated previously (cf. Deshpandé and Farley 1998b). To conclude, we will discuss implications for both theory development and organizational renewal.

# Research Design

The primary objective of our empirical work was to develop a succinct, unidimensional scale for gauging customer focus. To provide additional background information to assist in interpretation, measures were taken on several other variables, including managers' beliefs about the level of crossfunctional conflict in their organizations, their functional responsibilities, and their tenure within their respective firms. Since the customer-focus measure taps individuals' beliefs, predictive-validity assessment requires that a link be established between these beliefs and the amount of customer contact that respondents undertake in their jobs. Because customer focus varies by occupational community (e.g., marketers express higher levels of customer focus than do operations personnel), in assessing predictive validity we control for functional responsibilities, tenure in one's organization, and beliefs about functional conflict.

#### The Sample

The data were collected as part of a project assessing methods for fostering customer focus. Notices were sent to MSI member companies inviting them to participate in the project. Six Fortune 1000 firms volunteered employees who subsequently received questionnaires. Collectively, these six companies compete in the chemical, software, and diversified business equipment sectors. A total of 120 people contributed questionnaires, but there were a few cases of missing data on some individual items. Data analyses were performed in each instance for all respondents who provided complete responses on the set of items in question (see Table 2).

The questionnaire was administered personally by one of the authors, on site at each firm. These data were never intended to provide generalizations about the divisions or project teams from which the respondents were drawn. Hence, the sample is best thought of as a convenience sample with the following desirable characteristics. Respondents were employees responding to the questionnaire at their place of employment. The occupational status of respondents was diverse, ranging from senior managers to hourly workers. A reasonable variety of industry types are represented, and respondents had job responsibilities in diverse functions. Notably, the majority of respondents did not work in marketing or sales.

#### Measures

Customer Focus. Participants expressed their customer-focus beliefs on 10 Likert-scale items (e.g., "For me to do my job, I need to have direct contact with customers"). They registered their agreement on a seven-point scale ranging from "strongly agree" to "strongly disagree." The 10 items in this measure were generated with slight but intentional differences in meaning to fully map the domain of this construct. Measure refinement and confirmation of a unidimensional measure were pursued through standard analytical procedures. The results section will begin with a summary of these analyses.

Crossfunctional Conflict. This measure involved a set of nine items that were also generated specifically for this study. Here participants were asked to offer opinions on how well or poorly the various functions in their firms work together to develop a consensus on what their customers want. They again registered levels of agreement on seven-point scales. As reported below, the psychometric properties for this measure are marginal, but it does allow for some interesting exploratory analyses in conjunction with the customer-focus measure.

Job Responsibilities and Tenure. Participants reported their functional affiliations by answering a question that asked them to characterize their job responsibilities. They selected one of the following categories to represent their responsibilities: marketing/sales, engineering/R&D, manufacturing/production/operations, or other. Participants also reported how long they had worked in their current position and how long they had worked for their current employer.

Customer Contact. An index reflecting each participant's aggregate amount of customer contact was developed from a series of questions that asked respondents to report the various types of direct interactions that they had over the past 12 months. Each respondent reported whether he or she had visited customers at their place of business, met with customers on site, spoken with customers at trade shows or professional conferences, observed customers in focus groups, or telephoned customers to learn about their needs or problems. For those categories in which respondents affirmed contact, they were asked to estimate how many customers they had interacted with in the past 12 months. The customer-contact index is the sum of a respondent's estimated interactions with customers across the five types of contact.

Customer Confidence. Respondents were also asked to report their levels of confidence in how well they understood the needs of their customers. Confidence was reported on a single 10-point item with the endpoints "very confident" and "not at all confident."

## Results

#### Measure Refinement

The customer-focus and crossfunctional conflict measures were assessed using exploratory- and confirmatory-factor analysis to establish their dimensionality and internal consistency (per Gerbing and Anderson 1988). Regarding the customer-focus scale, principal-components analysis with varimax rotation partitioned the 10 items into two factors. The first factor extracted was dominant and thus was submitted to confirmatory procedures using LISREL VI. Models  $M_1$  and  $M_2$  in Table 1 reflect a comparison of the unidimensionality of the 10-item measure with that of the 6-item version suggested by the exploratory analysis. The differences in the fit statistics establish the superiority of the reduced, 6-item scale as a measure of customer focus. Coefficient alpha for the 6-item scale is .82. Given the excellent fit values and alpha value, we conclude that the 6-item measure of customer focus is unidimensional, internally consistent, and reliable. Scale items for this measure are listed in the appendix.

Table 1. Confirmatory-Factor Fit Statistics						
Model	d.f.	$\chi^2$	p-value	GFI	AGFI	RMSR
M <sub>1</sub> - customer focus, 10 items	35	60.94	.004	.912	.759	0.081
M <sub>2</sub> - customer focus, 6 items	9	8.82	.454	.977	.961	0.034
M <sub>3</sub> - crossfunctional conflict as a unidimensional scale	27	102.23	.000	.845	.612	0.123
M₄- crossfunctional conflict as a three-dimensional scale	24	41.75	.014	.941	.874	0.072

Regarding the crossfunctional conflict scale, principal-components analysis with varimax rotation partitioned the nine items into three factors. In this case, none of the individual factors was dominant, raising the possibility that the different factors are tapping diverse constructs. Confirmatory procedures were used here to assess the appropriateness of interpreting the three factors as distinct constructs. Models M<sub>3</sub> and M<sub>4</sub> in Table 1 provide a comparison of fit statistics for a unidimensional versus three-dimensional interpretation. As shown in Table 1, the three-dimensional interpretation is more suitable, but the fit statistics do not rival those for M<sub>2</sub>—customer focus. Moreover, coefficient alphas for the three three-item subscales are .62, .58, and .49. Hence, we retain only the first two factors for subsequent analysis, and acknowledge that these two scales need additional work to establish their reliability and validity. For this paper, maintaining these scales in the data analysis merely enriches insights regarding our featured construct—customer focus. In the analyses that follow, we refer to these two scales as *crossfunctional conflict* and *marketing dominance*. Their correlations with the customer-focus measure

are .13 and .34, respectively. The items representing each of these variables are shown in the appendix.

## **Predicting Customer Contact and Confidence**

Predictive validity for the customer-focus measure is assessed via a series of regression analyses. Two dependent variables—customer contact and confidence—are featured in these analyses. In each case, the predictive validity of the customer-focus measure is tested against a baseline model that includes respondents' functional affiliations and work experience. Functional affiliation is represented by a set of three dummy variables (with "other" serving as the null category) that indicate whether or not a respondent reported marketing/sales, engineering/R&D, or manufacturing/operations as an appropriate descriptor of his or her job responsibilities. Work experience involves two variables: tenure with the firm and time in one's current position.

Recall that the customer-contact variable is an aggregate index of each respondent's amount of direct interaction with customers over the past 12 months and that customer confidence is the respondent's assessment of his or her understanding of customers' needs. Regression results for these dependent variables are summarized in Table 2.

Table 2. Predicting Customer Contact and Confidence: Full Sample

	DEPENDENT VARIABLES				
	Customer Contact		Customer (	Confidence	
PREDICTOR VARIABLES	l (n = 115)	ll (n = 111)	III (n = 111)	IV (n = 107)	
Marketing/Sales	.37***	.30***	.08	01	
Engineering/R&D	09	09	20	21*	
Manu/Operations	23**	19*	.04	.10	
Tenure with Firm	10	08	09	08	
Time in Current Job	.02	.02	.12	.11	
Customer Focus		.22***		.40***	
Crossfunctional Conflict		17**		09	
Marketing Dominance		.02	_	.07	
Adjusted R <sup>2</sup>	.22	.28	.04	.17	

<sup>\*</sup> p < .10

Equation 1 in Table 2 represents the baseline model with customer contact as the dependent variable. As one might anticipate, functional affiliation predicts customer contact, with marketing/sales personnel having greater contact and manufacturing/operations personnel having less. Work experience is not associated with amount of customer contact. Equation 2 in Table 2 adds the three psychological

<sup>\*\*</sup> p < .05

<sup>\*\*\*</sup> p < .01

variables to the model. Here we see that customer-focus beliefs do predict customer contact, as do perceptions of crossfunctional conflict. More customer focus is associated with higher levels of customer contact, while greater conflict is associated with less contact. These data indicate that individuals' beliefs about the value of direct customer contact are manifested in their behavior. This is an important demonstration because it affirms the connection between beliefs and actions in this specific domain. The customer-focus measure thus appears to be revealing something more than a mere social desirability bias that might lead one to profess a belief in customer focus without ever acting on that belief.

As shown in Equation 4 in Table 2, customer focus is also associated with increased confidence in managers' understanding of their customers' needs. Here it is interesting to note that in the baseline model (Equation 3), no functional affiliation is any more or less prone to customer confidence. Adding the three psychological variables in Equation 4 reveals a strong link between customer focus and customer confidence. Additionally, the partialing effect of including these psychological factors also renders the negative coefficient for an R&D affiliation marginally significant (compare equations 3 and 4). Controlling for the psychological factors, R&D personnel are less confident in their knowledge about customers.

Of course, it is quite likely that beliefs, actions, and confidence are intimately intertwined in this behavioral domain, just as they are in others. However, the key point here is that the construct validity of the customer-focus measure is affirmed through its prediction of other variables that should be logical outcomes of customer focus.

## Are Nonmarketers' Actions and Confidence Influenced by Customer Focus?

As might be anticipated, customer focus varied by functional affiliation: mean values for the marketing/sales, engineering/R&D, and manufacturing/operations groups were 38.5, 36.0, and 34.5, respectively. These differences are significant [F(2,107) = 4.32, p < .02] and indicate that those with a marketing background report more affirmative beliefs about the value of customer contact. However, this finding also raises the possibility that it may be those with a marketing affiliation who account for the linkage between customer focus and customer contact. Notice as well in Equation 2 of Table 2 that the increase in R² (over Equation 1) attributable to customer focus is no more than 6 percent. It is conceivable that this modest increment in prediction is solely due to the beliefs and subsequent actions of the marketers in our sample. To assess this possibility, the analyses reported in Table 2 were rerun excluding the 25 participants who reported a marketing/sales affiliation. Results from the follow-up analyses are summarized in Table 3.

Table 3. Predicting Customer Contact and Confidence: Marketers Excluded

		DEPENDENT	VARIABLES		
	Customer Contact		Customer	Confidence	
PREDICTOR VARIABLES	I	II	III	IV	
Marketing/Sales	N/A	N/A	N/A	N/A	
Engineering/R&D	11	10	20	21*	
Manu/Operations	30**	25**	.04	.10	
Tenure with Firm	14	11	06	05	
Time in Current Job	.04	.07	.10	.09	
Customer Focus		.25***		.39***	
Crossfunctional Conflict		30***		09	
Marketing Dominance	_	.13		.02	
Adjusted R <sup>2</sup>	.05	.18	.03	.17	

<sup>\*</sup> p < .10

The results shown in Table 3 parallel those from the full sample and suggest that the level of customer contact realized by those without a marketing background may be even more dependent on their customer-focus beliefs. Comparing equations 1 and 2, there is a 13 percent increment in R² due to the psychological variables; greater customer focus is again associated with higher levels of customer contact, while higher perceived crossfunctional conflict is associated with less customer contact. With customer confidence as the dependent measure, we observe in Equation 4 a strong relationship between customer focus and confidence. The noteworthy aspect of these findings is that they establish the applicability of the customer-focus construct and measure to people without a primary affiliation in marketing, thus indicating that this construct and measure are not marketing-centric.

<sup>\*\*</sup> p < .05

<sup>\*\*\*</sup> p < .01

# Discussion and Implications

### Construct Validity

Our definition of customer focus—an individual's beliefs about the value of direct customer contact for achieving desired performance outcomes in his or her own job—provides specific meaning for a phrase that is widely used but often not well defined in literature dealing with the marketing concept. This study offers precise conceptualization and a construct-valid measure, both of which are critical to knowledge development, for the customer-focus construct.

In addition, by emphasizing the distinction between organizational- and individual-level constructs, our discussion discourages practices that confound levels of abstraction. For example, in recent studies of market orientation, one sees researchers applying theories formulated for the individual level (such as Fishbein and Ajzen's Theory of Reasoned Action) to analyses of SBU-level phenomena, and SBU-level constructs put into practice using perceptions of individuals rather than those of key informants. Mixing levels of abstraction raises the complex problem of incommensurability (Anderson 1986). Procedures for developing construct-valid measures differ dramatically depending on whether the respondents are individuals or key informants (cf. Peter 1981; Phillips 1981). These points are fundamental to the advancement of theory and are made more apparent when an individual-level construct like customer-focus is juxtaposed with the SBU-level market-orientation construct.

Our results indicate that the six-item customer-focus scale shown in the appendix is a distinct unidimensional measure with sound psychometric properties. Moreover, in an important test of construct validity (cf. Churchill 1979), the measure behaved as expected with respect to the other key variables in this research. That is, participants from diverse occupational communities varied in their expressions of customer focus in ways that one would expect. Additionally, customer focus proved to be a meaningful predictor of both customer contact and customer confidence. The connection between customer focus and customer contact is pivotal because it shows the connection between beliefs and actions, a connection that can be mobilized for organizational change. Furthermore, this association between beliefs and actions addresses the concern expressed by Jaworski and Kohli (1996) about social-desirability biases that may contaminate belief measures in this domain. The evidence offered here indicates that customer-focus beliefs provide a psychological basis for behavior in organizations, just as they do in so many other settings (Fishbein and Ajzen 1975; Ajzen and Fishbein 1980).

Classic criticisms of customer focus as a prescription for managerial activity (e.g., Hayes and Abernathy 1980; Bennett and Cooper 1981) feature the naive premise that customer focus amounts to nothing more than conducting marketing surveys among current customers. Our conceptualization refutes this premise through: (1) an emphasis on direct customer contact using a variety of methods (such as observation, personal interviews, focus groups, visits to customers, and participation in

trade shows); (2) specific recognition of a wide array of customer types (such as current customers, lost customers, lead users, distributors, and internal versus external customers); and (3) recognition that customer contact is a shared, crossfunctional responsibility (Deming 1953; McQuarrie 1993; Grover 1996).

#### A Preliminary Nomological Network for Customer Focus

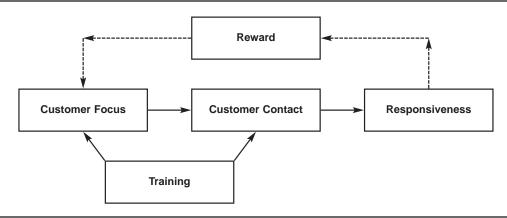
As a parsimonious construct applicable across functions, customer focus has the potential, through identification of its unique antecedents and consequences, to motivate and guide theory development. Recently, Jaworski and Kohli warned that a specific emphasis on customer focus "can be myopic . . . with detrimental consequences" (1996, p. 122). We question this extreme point of view (cf. McQuarrie and McIntyre 1990) and encourage renewed interest in customer focus. Specifically, by giving meaning to the customer-focus construct and its nomological network, we can examine empirically whether customer focus produces detrimental or beneficial effects.

In addition, when customer-focus beliefs are the focal point of a distinctive nomological network, it is readily apparent that the actions arising from these beliefs will be context-dependent. A senior executive in the sales function and an assistant brand manager may share a common belief in customer focus, but they can be expected to manifest those beliefs in very different ways. Knowing how to adapt one's actions to the requirements of the situation is always central to effective implementation of a program (cf. Mohr-Jackson 1991; Nohria and Berkley 1994; Grover 1995). Conversely, applying a generic set of actions may yield disappointing consequences. An important benefit of the framework we propose is that it invites a context-specific approach.

A nomological network encompassing customer focus should include antecedents like those investigated in this research. We propose that factors such as functional affiliation, previous job assignments, and educational and training history are determinants of customer-focus beliefs. These factors may be characterized as static antecedents of customer focus because an individual's beliefs are predicated on them.

Given our contention that the customer-focus construct may be particularly useful for contemplating organizational change, it requires a dynamic mechanism. Such a mechanism is represented in Figure 1. Notable is its proposed recursiveness involving customer focus, customer contact, responsiveness, and reward.

Figure 1. Dynamic Aspects of Customer Focus



Advocates for direct customer contact maintain that the explicit and tacit knowledge gained through direct interface with the customer fosters responsiveness (e.g., Drucker 1990; McQuarrie 1993; Johansson and Nonaka 1996). Similarly, Gouillart and Sturdivant (1994) propose that direct contact with customers can generate empathy for their needs that then serves as a catalyst for responsiveness. Empathy and emotional involvement can be powerful motivators of individual behavior under other circumstances (see Hoffman 1981; Bagozzi and Moore 1994); we see no reason to discount their potency in the specific domain of customer engagement. Add to this the likelihood that rewards will often derive from an individual's responsiveness to real customer needs, and one has the basis for a powerful motivational mechanism. Moreover, through proper reward, customer-focus beliefs will be reaffirmed in such a way that they become an even more powerful basis for subsequent action (Mohr-Jackson 1991).

Narver et al. (1998) also conceive of change as a function of learning, with a particular emphasis on experiential learning (see also Beer and Walton 1990). Narver et al. contend that "the reason most businesses fail to create a market orientation is that they emphasize abstract learning about a market orientation to the virtual exclusion of experiential learning" (1998, p. 252). However, all forms of learning must start with the individual employee, and if experiential learning is the goal, the question then becomes, What is it that the individual employee must do to launch a positive, reinforcing cycle of behavior and attitude change? Because their theorizing is grounded in the SBU-level conception of market orientation, Narver et al. do not specify a change mechanism that is applicable at the level of the individual employee. In our theorizing, the individual must be encouraged to act on beliefs about customer focus to establish direct customer contact. From customer contact comes the experiential learning that underlies organizational change.

Research directed at assessing the proposed linkages in the mechanism portrayed in Figure 1 is a logical next step in establishing the merits of customer focus. An additional leverage point is the role for training. As suggested by the double arrows emanating from it in Figure 1, training may be used both to affect customer-focus beliefs, and to coach employees on how to act on those beliefs in ways that apply

to their particular function, firm, and customers. Influencing customer-focus beliefs is a value-dissemination agenda that may be led by top management, whereas coaching employees on how to act requires careful implementation based on keen appreciation for contextual factors. Perhaps because they are formulated with reference to SBUs, extant models of market orientation make no allowance for training individual employees to effect organizational change. This is an important omission and provides further rationale for featuring individuals' customer-focus beliefs as a point of emphasis for proper implementation of the marketing concept.

## **Customer Focus and Organizational Renewal**

Organizational renewal has become a common quest in the post-downsizing era (White 1996). A compelling case can be made that to realize renewal, individuals' beliefs and actions must be targeted if the change regimen is to be successful (Reger et al. 1994; Bartlett and Ghoshal 1995; Pascale, Millemann, and Gioja 1997; Rucci, Kirn, and Quinn 1998). Successful renewal will entail a mutual, simultaneous shaping of beliefs and behavior (Beer and Walton 1990). While the particular nexus of the regimen may take multiple forms, cultivating customerfocus beliefs and behaviors throughout the organization is certainly among the most concrete and attractive options (see Drucker 1954; Gouillart and Sturdivant 1994; Lukas and Maignan 1996). As discussed above, this regimen must include both value dissemination from the top down and training to ensure appropriate follow-through on emergent beliefs at all levels. As Louis Gerstner demonstrated with IBM (Sager 1996), a senior executive's modeling of desired practices can be a potent means of cultivating customer focus (cf. Beer and Walton 1990).

Our thesis is that customer contact is one valid path to organizational vitality. This contact provides insight into current shortcomings in the firm's offerings. It also promotes empathy, emotional involvement, and responsiveness—for all informed participants. Customer contact can be embraced across functions and levels in any organization, and is a necessary element in total quality management (see Kordupleski, Rust, and Zahorik 1993; Reger et al. 1994; Lukas and Maignan 1996). Indeed, by adopting the TQM distinction between internal and external customers, it is possible to conceive of *every* employee as a participant in implementation of the marketing concept (Mohr-Jackson 1991; Hauser et al. 1996). In this way an agenda for change can be established that is unequivocally pertinent to the job performance of all employees, not just those who naturally interact with the external customer. While throughout this paper the frame of reference has been the external customer, it is noteworthy that our customer-focus construct, its measure, and the proposed nomological network can be readily applied to internal customers as well.

As a principle or premise for change, customer focus is almost without rival in terms of its transparency and potential for engagement. The customer-focus construct explicated herein is offered as a valid supplement to the more complex conceptualizations that now dominate theorizing about the marketing concept. From a pragmatic standpoint, simplicity can be a virtue when redesigning management systems to effect change (see Rucci et al. 1998). We hope that this paper will revive interest in customer focus as a primary leverage point both for putting the marketing concept into practice and for effecting organizational renewal.

# Appendix. Scale Items after Measure Refinement

Participants responded on a scale ranging from 7 (strongly agree) to 1 (strongly disagree)

## Customer Focus (alpha = .82)

For me to do my job, I need to have direct contact with customers.

Time spent talking to customers takes away from my real job (reverse code).

The customer has the information I need to do a better job.

For me to visit a customer's place of business would probably be a waste of time (reverse code).

I would enjoy seeing how customers use our product and discussing it with them.

If I could learn more about our customers, I could do a better job.

## **Crossfunctional Conflict (alpha = .62)**

People in marketing do not want anyone else to visit the customer.

Marketing, engineering, and manufacturing never seem to agree on what customers want.

There is good teamwork between marketing, engineering, and manufacturing (reverse code).

## Marketing Dominance (alpha = .58)

People in engineering and manufacturing should not be expected to learn about customers.

It is useful when people outside of marketing interact directly with customers (reverse code).

It is a mistake to put people from outside of marketing in front of customers.

The **Customer Contact Index** was developed from the following series of questions: During the last 12 months, did you interact with customers in any of the ways listed below?

Type of Interaction	Did you do this?		With how many customers?
a. Met with a customer at his or her place of business.	no	yes	
b. Met with a customer at our place of business.	no	yes	
c. Spoke with a customer at a trade show, conference, or other industry event.	no	yes	
d. Observed a focus group or other activity at which customers were interviewed.	no	yes	
e. Telephoned customers to learn more about their problems.	no	yes	

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