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Marketing Organization:

A Holistic Framework of Dimensions and Determinants

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ABSTRACT

While there is increasing interest in topics related to organization of the marketing function, there is relatively little research that relates marketing organization to the business unit's environment. This paper, based on interviews in U.S. and German firms, explores how the organization and role of marketing varies across business contexts. After reviewing prior research and describing the methodology, we present a conceptual framework relating aspects of marketing organization to the business environment. We then draw on our field observations and prior research to describe variations and develop illustrative propositions for three organizational dimensions: (a) the structural location of marketing and sales groups, (b) the cross-functional dispersion of marketing activities, and (c) the relative power of the marketing sub-unit. We conclude with theoretical and managerial implications.

Over the past few years, there has been growing interest in marketing's cross-functional relationships with other departments as well as broader issues of how to "reengineer" organizations around key business processes in order to deliver better products and services to customers. Topics that touch on these organizational issues include the effects of a "market orientation" on business performance (Jaworski and Kohli 1993; Slater and Narver 1994), the creation of learning organizations (Moorman 1995; Sinkula 1994; Slater and Narver 1995), the identification of core capabilities of market-driven firms (Day 1994), and the importance of managing networks of relationships with key suppliers and customers (Achrol 1991; Webster 1992). Recognizing the managerial importance of these issues, the Marketing Science Institute has identified "Marketing Function, Structure, Culture, and Intrafirm Relations" as one of its research priorities.

While individual studies have focused on selected dimensions of marketing organization (e.g., role of product managers, marketing/R&D interactions, centralization of decision making, new hybrid forms), there has been a lack of integration of these studies. As Anderson (1983, p. 28) noted: "... much research in marketing remains scattered and fragmented," leading to what Arndt (1985, p. 13) described as a "preoccupation with unconnected and narrowly defined problems." Our study aims at providing a holistic framework which encompasses both structural as well as non-structural aspects of marketing organization. Thus, it takes into account that marketing can be thought of as either a functional group within the firm or as a set of activities (e.g., advertising, product management, market research, sales, customer service) whose placement will vary across organizations (Glazer 1991; Piercy 1985; Varadarajan 1992; Webster 1992). This framework also makes explicit the link between environmental dimensions and marketing organizational dimensions.

Our research has important implications for both research and practice. As Day (1997, p. 67) notes, "organizational issues are rising to the top of the agenda on the future of marketing." However, much of the research on marketing organization has been done on isolated organizational aspects without having a holistic framework within which to consider these decisions or without acknowledgment of environmental factors which may lead to differing organizational forms. By developing such a holistic framework, we not only provide a synthesis of prior research, but also identify avenues for future empirical research (especially with some of the more non-traditional organizational constructs we introduce in our paper). From a managerial perspective, we identify the range of parameters for organizing the marketing function within the company and the range of environmental parameters to be considered. Thus, rather than implying that some new form is the wave of the future, we provide a more complex and balanced view which emphasizes the range of decisions and the types of situations where one form or another may arise.

We begin by reviewing prior theoretical and empirical research related to the organization of marketing as well as marketing's relationship with other functional groups within the firm. We then provide an overview of the field research and the approach to developing the conceptual model. This is followed by the introduction of our conceptual framework which relates environmental dimensions to dimensions of marketing organization. We then consider the more novel dimensions in greater depth and develop illustrative propositions relating aspects of the business unit's environment to these dimensions. We conclude by discussing future research issues.

Literature Review and Theoretical Background

Theoretical and Conceptual Research Related to the Organization of Marketing

The field of organization theory has long focused on issues related to how firms organize their activities, how tasks are allocated to sub-units, and performance implications of various organizational structures in differing environments (cf., Cyert and March 1963; Perrow 1970; Pfeffer 1982). While organization theory does not focus specifically on the organization and role of marketing, a number of concepts from organizational theory have been widely used within marketing. For example, the "contingency theory" concept that there is no one best way to organize has been applied by marketing researchers to a range of issues including organizational buying (Spekman and Stern 1979), the organization of marketing tasks (Ruekert, Walker and Roering 1985), and decision making in marketing channels (Achrol and Stern 1988).

In the 1980s a number of conceptual and theoretical papers (see Table 1) focused on factors affecting marketing's interaction with other functional groups (Gupta, Raj, and Wilemon 1986; Wind 1981) as well as factors affecting marketing's role in specific contexts such as strategic planning (Anderson 1982; Hutt and Speh 1984). Perhaps the most widely cited article on marketing's role is Anderson (1982). In this article, Anderson draws on Pfeffer and Salancik's (1978) resource dependence theory and argues for a "constituency-based theory of the firm" which is more reflective of how behavior occurs within organizations. Under such a conceptualization, the relative influence of marketing in strategic planning is a function of the importance of the resources the marketing coalition brings to the firm. Anderson argues that "the chief responsibility of the marketing area is to satisfy the long-term needs of its customer coalition" (p. 22) and states that "marketing's role in strategic planning must be that of a strong advocate for the marketing concept" (p. 24). While Anderson's article has had a significant theoretical impact within marketing, there has been little effort to operationalize measures of marketing's power over various issues within organizations. Additionally, he makes no distinction between marketing and sales.

A stream of research at Minnesota has also used contingency ideas to examine aspects of marketing's activities and role in specific contexts. In a conceptual paper, Ruekert, Walker, and Roering (1985) focused on the relative effectiveness, efficiency, and adaptiveness of organizational forms and argued that the structure of the marketing function (centralized and formalized vs. decentralized and informal, internal vs. external location of marketing tasks) should match the environmental demands. In a more specific context, Walker and Ruekert (1987) develop propositions about marketing's role in strategy implementation and propose that marketing's role will vary with the type of strategy pursued. Empirical work has shown general support for their contingency framework (Ruekert and Walker 1987).

More recently, conceptual work on marketing's role has shifted from marketing's role within the firm to marketing's role in managing relationships with a range of external partners. Achrol (1991) focused on two specific organizational forms he labeled 'marketing exchange company' and 'marketing coalition company' and argued that these forms were more appropriate for turbulent environments where knowledge is dispersed across firms. Webster (1992) emphasized the role of marketing in managing strategic partnerships with the goal of being more flexible and less bureaucratic in managing the entire value chain from suppliers to customers. Day (1994) has a similar focus on the value chain and focuses primarily on the capabilities, rather than specific organizational forms, of 'market-driven firms.' This shift in the 1990s from the study of marketing within the firm to the study of marketing's role in helping span the boundary between firms is partly the result of the growing awareness in this decade of the importance of interfirm alliances and the rationalization of activities throughout the entire value chain.

In reviewing the conceptual work on marketing organization, there is a great variety in the dependent variable which is being explained (see column 3 of Table 1). This is partly due to the complexity of the phenomena -- the organization of marketing encompasses many dimensions including structure (Weitz and Anderson 1981), power (Hinings, et al. 1974; Pfeffer 1981), interactions with other groups (Walker and Ruekert 1987; Wind 1981), and bureaucratic dimensions such as formality, centralization, and standardization (Håkansson and Östberg 1975; Ruekert, Walker and Roering 1985). Additionally, in the design of the marketing organization, decisions must be made concerning whether a marketing group should exist (Piercy 1985), the assignment of responsibility for activities to functional groups (Hutt and Speh 1984), the 'locus of decision making' at the corporate vs. divisional groups for various decisions (Varadarajan and Clark 1994), as well as decisions concerning which activities to perform internally versus externally (Achrol 1991; Day 1994; Ruekert, Walker and Roering 1985; Webster 1992). What has been missing from this conceptual work is a close linking to managerial practice. We now consider the more applied field research which has focused on how firms actually do organize their marketing efforts.

Field-based Research on the Organization and Role of Marketing

In Table 2 we summarize key field studies done over the past twenty-five years which focus on some dimension of marketing organization. Early researchers typically conducted interviews with sales, marketing, and general managers in a numbers of firms (e.g., Buell 1973; Bund and Carroll 1957; Carson 1968; Lazo and Corbin 1968) and sought to describe variations in how the marketing function was organized. For example, Buell (1973) documented a range of marketing organizations but was primarily concerned with changes in how advertising was handled by major advertisers, the roles and responsibilities of product managers, and the locus of decision-making concerning advertising. While Buell's work is insightful concerning managerial practice, there are two key limitations to his work. First, his field research is limited to very large U.S. firms who spend large amounts of money on advertising (primarily consumer firms) and thus his sample does not allow statements to be made about how marketing is organized in smaller firms or in large firms who are not major advertisers. Second, the research is primarily descriptive with little effort to link his field observations to other academic work and little effort to systematically relate organizational forms to contingency variables. The field research conducted by Webster (1981) and Cespedes (1994) shares some of these same limitations -- a focus on a limited number of large firms and an emphasis on descriptions of practice rather than development of theory relating situational or environmental variables to dimensions of marketing organization.

Two studies using field research which are more theoretically driven are those by Nonaka and Nicosia (1979) and Bart (1986). Nonaka and Nicosia limit their field research to four firms, one in each cell of a two by two matrix with the dimensions being high/low environmental heterogeneity and high/low environmental uncertainty. While their sample size is too small to permit hypothesis testing, they rank order their four firms based on: (1) perceived organizational variety (which they also call decentralization), (2) perceived environmental heterogeneity, and (3) perceived environmental uncertainty, and find a positive association (as expected) between heterogeneity and decentralization but a negative association between uncertainty and decentralization (contrary to expectations). Bart (1986) similarly uses interviews in a small number of firms (five) to examine the relationship between the strategy for a specific brand and various measures of what he calls structure (Job descriptions, planning systems, job assignment system, performance evaluation system, reward system). While he finds variation in the product managers' activities based on the strategy for their product (i.e. "growth/defend" versus "harvest/divest"), he fails to find any structural variations as a function of strategy.

In summary, while there are a number of field studies which describe variations in marketing structure across firms, there is often little effort to identify dimensions for comparing between organizations and often little attempt to relate organizational dimensions to either antecedent conditions or to outcomes. Thus many of the field studies have had limited theoretical impact due to an overemphasis on description of managerial practice and a lack of systematic development of a general theory of marketing organization.

Survey-based Research on the Organization and Role of Marketing

The most common empirical approach in the study of marketing organization has been to choose one dimension of organization or interaction and to then use a mail survey to collect data in order to test a contingency theory of how the given dimension will vary across some set of conditions. In Table 3 we present summaries of studies which use this approach. Three of these studies focus on *non-structural dimensions* such as interactions (Ruekert and Walker 1987), distinctive competencies in marketing (Conant, Mokwa, and Varadarajan 1990), and power of brand managers (Starr and Bloom 1994) while three focus on *structural dimensions* (Dastmalchian and Boag 1990; Piercy 1986; Tull, et al. 1991).

In relating dimensions of marketing organization to situational or environmental variables, there is substantial variety among the empirical studies of which independent variables are related to which dependent variables. Two studies do not test for any such associations beyond size (Piercy 1986; Tull, et al. 1991) and one focuses on the single contextual variable of strategy (Conant, Mokwa, and Varadarajan 1990). In a more complete examination, Dastmalchian and Boag (1990) characterize the structure of the marketing department using adaptations of the Aston group dimensions of structure (cf. Inkson, Pugh, Hickson 1970; Pugh, et al. 1968) and develop hypotheses relating functional specialization, formalization, centralization, and integration to measures of customer and market dependence. While this study represents an important empirical attempt to develop operational measures of marketing structure, their sample is limited (44 firms) and due to their focus solely on small firms (median number of employees was 90) they do not address issues of allocation of marketing responsibilities to corporate versus divisional groups. Summarizing the empirical work on the organization of the marketing function and marketing activities, we find the same limitations we found with the conceptual work -- a wide variety of dependent variables and few systematic attempts to relate dimensions of organization to multiple independent variables.

Summary and Objectives of Our Study

In reviewing the prior research on marketing organization, we see four key limitations. First, while there are several well cited articles on specific dimensions related to marketing organization (e.g., Anderson 1982; Ruekert and Walker 1987; Walker and Ruekert 1987), there is *no integrative framework* for relating organizational dimensions to environmental dimensions. Much of the research on marketing organization focuses on specific dimensions such as structure, interactions, or power and does not present a more general framework for considering how marketing is organized across different firms.

Second, prior researchers using field interviews have not systematically related their observations to the existing research and thus there is a *gap between theoretical literature* on marketing organization *and descriptive accounts* of how firms organize their marketing efforts. While we wanted to understand managerial perspectives using field research, we wanted to avoid an overreliance on descriptive data. Therefore, one of our goals was the development of a theoretically-based conceptual framework which identified key dependent and independent variables whose relationships can be tested in empirical research.

Third, there has been an *overreliance on* the *bureaucratic dimensions* such as formalization, centralization, specialization and standardization originally articulated by Weber (1947/original 1924). In contrast, we were particularly interested in how current issues such as the increasing interest in relationships and increasing use of cross-functional teams may affect the way firms organize their marketing activities.

Finally, there has been little field research to date which has compared *marketing organizations cross-culturally*. While several of the empirical studies shown in Tables 2 and 3 were done outside the U.S. (Bart 1986; Dastmalchian and Boag 1990; Piercy 1986), no studies have collected data from more than one country. Given the growing interest in understanding key differences in doing business cross-nationally, we wanted to explore marketing organizational arrangements in more than one country.

Considering these limitations, we designed a field research project to explore both dimensions of how the marketing function is organized in different firms as well as environmental aspects (both within the firm and external to the firm) which might affect the organization of the marketing function. Our goal was to develop an integrative framework, based on both theoretical literature and cross-cultural field research, which explores both structural and non-structural organizational dimensions. The importance of developing such a holistic framework is underlined by the fact that such frameworks exist and have contributed to knowledge development in numerous areas of marketing. As former editor Roger Kerin noted in his review of marketing knowledge development:

> "Nearly 25% of the articles appearing in JM during its sixth decade [1985-1995] featured integrative conceptual frameworks that explicated a coherent structure of interdisciplinary knowledge pertaining to a particular domain of marketing phenomena. These frameworks, based on comprehensive literature reviews, frequently embraced a contingency approach to the study of marketing phenomena ... (Kerin 1996, pp. 7-8)

Methodology

A number of marketing researchers have noted that the problems of marketing organization and interaction with other groups are in need of better conceptual development. For instance, in his article advocating the use of inductive case research, Bonoma (1985, p. 202) notes that "the coordination of marketing activities with other business functions are currently non-quantifiable phenomena; they are so complex it is impossible at this early stage of theory development to know what to count." Similarly, in their article on marketing's interaction with other functional groups, Ruekert and Walker (1987, p. 15) say:

> "Though calling for future research has become a cliché, so little is known about how marketing employees interact with those in other functional areas that such a plea seems appropriate, especially given the importance of such interaction to the effective

> implementation of marketing programs and to the performance of the organization as a whole."

At such a stage of knowledge development, field research is appropriate for the development of concepts, frameworks, and theories (Bonoma 1985, Eisenhardt 1989, Hirschman 1986, Zaltman, LeMasters, and Heffring 1982). Therefore, field interviews were conducted in order to explore how firms organize their marketing activities and their underlying reasons for organizing in a given way.

There are numerous purposes and methods for the conduct of field research. One of the most general distinctions is between interpretive/symbolic studies which are more inductive and emphasize native perspectives and meanings and positivistic studies which do not emphasize native meanings to the same extent. Research drawing on interpretive/symbolic perspectives has typically studied (a) narrower topics, (b) in greater depth, (c) relying primarily on field data in development of their concepts, and (d) has usually been theoretically predisposed against positivist, functionalist, or contingency approaches (cf., Anderson 1986; Hirschman 1986; Hudson and Ozanne 1988; Sherry 1991). In contrast, the field interviews in positivistic studies are typically a first stage leading to a quantitative phase (e.g., Kohli and Jaworski 1990 followed by Jaworski and Kohli 1993) or a catalyst for the development or refinement of a positivistic model or framework (e.g., Burgelman 1983; Lawrence and Lorsch 1967; Leonard-Barton 1992; Miles and Snow 1978; Quinn 1980; Robinson, Faris and Wind 1967).

Given our goals, our paper follows the positivistic approach to field research rather than the interpretive approach. We sought to develop a holistic framework which integrated insights from the field interviews with the existing literature. Thus, in contrast to most conceptual frameworks which have been derived solely from a review of the literature, our framework is derived from both prior literature and from field observations, with the field observations serving as a catalyst for more deeply examining existing literature to account for our observations. In comparison to inductive field studies which primarily draw on field observations to develop “grounded theory” (Glaser and Strauss 1967), our approach uses more of a dialectic interaction between field observations and existing theory in order to “reconstruct” existing theory (Burawoy 1991).

Several key decisions on sample selection and focus of our inquiry helped put boundaries on the field research. First, since prior research has shown that most marketing activities are performed at the SBU or divisional level rather than the corporate level (Buell 1982; Piercy

1985), our primary unit of analysis is the organization of marketing *within a business unit* rather than at the corporate level. Thus, we included divisions of large corporations, subsidiaries of foreign-based corporations, and smaller firms consisting of a single business

unit. Second, we choose to limit our sample to manufacturing firms and did not include retailers, wholesalers, or service firms. In service firms there are more points of contact between customers and employees and the nature of these interactions is a key aspect of the customer's evaluation of the service, which leads to differing activities, organization, and roles for marketing in these contexts (cf., Grönroos 1990; Piercy 1989; Tull et al. 1991). Third, since prior research has consistently found strong relationships between organizational size and structural dimensions (e.g., Dastmalchian and Boag 1990; Inkson, Pugh, Hickson 1970; Pugh, et al. 1968), we sought firms in a variety of size categories. In contrast, many of the prior field studies of marketing organization (Buell 1973; 1982; Cespedes 1994; Webster 1981) have focused primarily on large corporations, thus limiting the amount of variation observed. Finally, we included firms with varying levels on selected factors which are considered to be potentially important determinants of marketing organization. They include technology intensity (Davidow 1986; Moriarty and Kosnik 1989; Shanklin and Ryans 1987; Glazer 1991) and consumer as well as industrial firms (Hambrick and Lei 1985; Hutt and Speh 1994; Rangan, Shapiro, and Moriarty 1994).

The field research consisted of interviews with 72 managers in 27 U.S. firms and 20 German firms over a twelve month period. The interviews were arranged by identifying the manager in charge of marketing in a business unit, sending a letter or fax explaining the nature of the project, and then following up by phone to schedule the interview. The names of marketing managers (or sales manager if no marketing department existed) were obtained through cold calling, from industry directories, and from references and personal knowledge of people in marketing at these firms. Where it was possible to arrange additional interviews, we also sought informants outside of marketing such as sales managers, R&D managers, or general managers of the division. On the whole, we believe that we reached managers knowledgeable about marketing organization based on the job titles and reporting relationships.

The interviews averaged a little over an hour in length and were semi-structured with the focus on the organization of the marketing and sales groups, perceptions of the internal and external environment, and identification of key marketing activities and the influence of various functional groups over these activities. Our objective was to uncover dimensions for comparing the organization of the marketing function across firms and to assess the marketing manager's perception of key facets of the environment which might affect the organization of the marketing function. In contrast to research which has focused on the internal structure of the marketing department (Cespedes 1989; Dastmalchian and Boag 1990; Nonaka and Nicosia 1979; Tull, et al. 1991; Weitz and Anderson 1981), we were more interested in what Piercy (1985) calls the "departmentation" of marketing and sales at the business unit level. We explored both a functional group as well as an activity-based definition of marketing and we asked our informants about both the existence, activities, and reporting relationships of marketing and sales managers as well as what the informant considered to be the key marketing activities, regardless of who performed them.

A native German speaker (one of the second author's Ph.D. students specializing in organizational issues in marketing) accompanied the U.S.-based researcher on all of the German interviews. Fifteen of the 20 German interviews were primarily conducted in English with five primarily conducted in German. The interviews were taped and transcribed in 24 of the 27 U.S. firms, however none of the German interviews were taped due to differing business customs within Germany. Field notes on the German interviews were typed based on notes taken during the interview and discussion between the two researchers and were completed within 24 hours of the interview.

Upon completion of the field research, the first author (the only one present for the interviews in all 47 firms) did a systematic review of: (a) over 500 pages of typed transcripts of U.S. interviews, (b) several hundred pages of handwritten and typed field notes, and (c) material received from the companies such as annual reports, ads, and product brochures[1]. The information was organized for discussion with the co-authors in three ways. First, excerpts from the transcripts and typed field notes were organized by topical area using word processing software. Second, organization charts were drawn which showed the organizational position of marketing and sales in relation to the other functional groups in each firm. These charts were often based on organizational charts provided by informants in the interviews. Third, a table was developed which allowed comparison across the firms (one row per firm with comparative dimensions in the columns). The authors had extensive discussions with each other over the eighteen months following the field research, exchanged drafts of documents on key organizational themes, and compared insights derived from the field research with prior research in marketing on the topic. As in other field research using multiple researchers, there were differing levels of field participation among the authors (e.g., Adler and Adler 1987; Celsi, Rose, and Leigh 1993) The second author who was not present at the interviews played a key role in the process of linking to the field observations to the marketing literature by providing a more analytic and distanced perspective. With this background on our methodology, we now present a holistic framework for linking dimensions and determinant of marketing organization.

Overview of Conceptual Framework

In this section we introduce a conceptual framework linking selected dimensions of marketing organization to situational and contextual factors (see Figure 1). We briefly provide an overview of this framework and then go into depth and develop illustrative propositions for four parts of the framework.

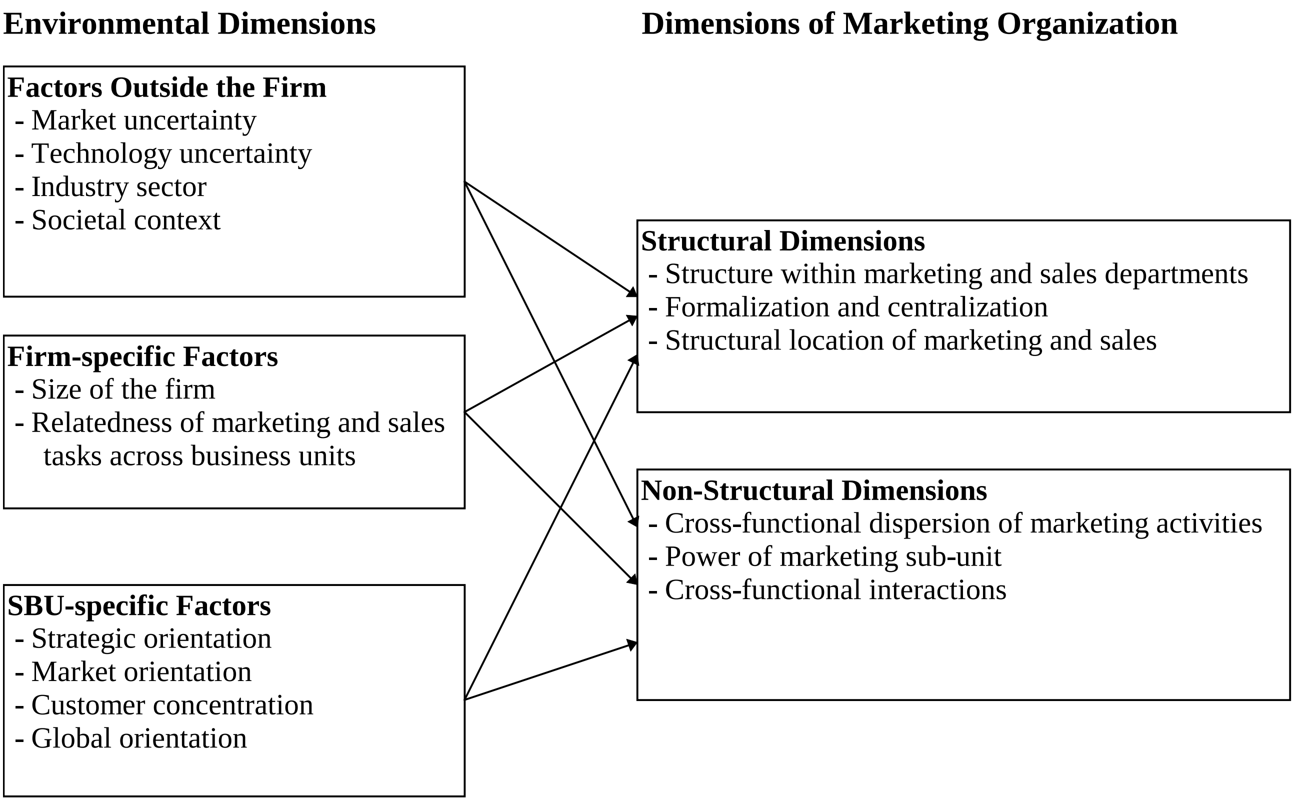

Figure 1
Conceptual Framework linking the Environment with
Dimensions of Marketing Organization

Organizational dimensions were categorized into structural and non-structural dimensions where structural dimensions are those dealing with aspects of organizational structuring such as reporting relationships and bureaucratic dimensions such as centralization, formalization, and standardization (cf. Pfeffer 1982; Pugh, et al. 1968). Non-structural dimensions have been receiving increasing attention within the marketing literature as there has been greater managerial focus on use of cross functional teams and organizational forms which are more adapted to rapidly changing environments (Achrol 1991; Day 1997; Germain, Dröge, and Daugherty 1994; Olson, Walker and Ruekert 1995; Workman 1993). Specifically, we focus on the non-structural dimensions of cross-functional dispersion of marketing activities, the power of marketing, and cross-functional interactions.

In describing the environment, we make a distinction between the external business environment (beyond the boundary of the firm and thus outside direct managerial control) and the internal corporate environment, a distinction which has been made by Duncan (1972) and utilized in marketing contexts by researchers such as Germain, Dröge, and Daugherty (1994). We further break down internal factors into factors unique to the SBU and factors common to all SBUs in the firm. Rather than provide a comprehensive review of constructs for characterizing the environment (for such reviews, see Dess and Beard 1984 or within a marketing context, Achrol 1992), we instead identify dimensions we believe are most important in their effect on dimensions of marketing organization. In Table 4 we provide definitions of each of the environmental constructs.[2]

The key contributions of such a framework are to review and integrate prior literature, to provide a perspective on the topic under consideration, and to identify the types of factors which may be relevant. Thus, the framework helps structure future inquiry into the topic. In order to reduce complexity and be parsimonious, it is not possible to provide a comprehensive list of every construct that may be relevant in a specific context. Rather, the framework should be viewed as delineating the most important categories of constructs (see Figure 1) with an identification of the more important specific constructs within each category.

In the sections which follow, we go into greater depth on three of the dimensions of marketing organization and develop illustrative propositions linking environmental dimensions to each of these three. We also consider the effects of the United States/German societal contexts on selected variables in our conceptual framework. We emphasize that we develop illustrative propositions and researchers desiring to test these propositions would have to do additional work to develop operational measures of key constructs. First, we consider a structural dimension -- the location of marketing and sales groups in relation to the business unit. We then consider two "non-structural" dimensions -- cross-functional dispersion of marketing activities and power of the marketing sub-unit. We have selected these three dimensions plus the U.S./German societal context for further development because these dimensions have not been discussed as much in the marketing literature as more traditional aspects such as the role of product managers (e.g., Buell 1975; Hise and Kelly 1978; Low and Fullerton 1994) or interactions between marketing and other groups (e.g., Cespedes 1995; Griffin and Hauser 1996; Gupta, Raj, and Wilemon 1986; Hutt and Speh 1984; Ronchetto, Hutt, and Reingen 1988; Ruekert and Walker 1987; Walker and Ruekert 1987). Many researchers such as Burawoy (1991), Davis (1971), and Zaltman, LeMasters, and Heffring (1982) have argued that qualitative researchers should focus on "interesting" concepts which diverge from existing theoretical explanations.

Elaboration of Selected Aspects of the Framework

A Typology of the Structural Location of Marketing and Sales

In this section we organize our field observations around a typology of organizational forms which focuses on the location of the marketing and sales groups. With this typology, we seek to reduce the variety in how marketing is organized across the 47 firms down to a limited number of "ideal types." Specifically, we introduce the following five categories to characterize marketing's structural location[3]:

1) Marketing and sales in a *functionally-organized autonomous business unit*
2) Marketing and sales in a *functionally-organized business unit with a corporate marketing group*
3) Marketing in a business unit which *shares a sales force* with other business units
4) Marketing and sales in a *distribution business unit* with few R&D or production capabilities
5) Marketing and sales in *corporate groups* shared by multiple business units with no marketing groups of their own

In this typology we assume that the "business unit" manager (typically a CEO, President, General Manager, or Division manager) is held responsible for the performance of the unit, although he or she may not completely control all activities or functions in the design, production, marketing and sales of the products. With this overview of the typology, we now explore some typical characteristics of each of these five organizational forms.

Marketing and Sales in a Functionally-organized Autonomous Business Unit: In this organization form, there is a relatively simple organization with each of the major functions reporting to the general manager, president, or CEO of the company. We observed significant variety in which functions reported to the general manager -- some firms have ten or more people reporting to the business unit manager while others restrict it to just a few major functions. There is also variety in the structural position of marketing. The three most common positions of marketing and sales are: (1) a non-existent marketing group with the marketing tasks being handled in either sales or possibly a business development group, (2) marketing and sales each report to the business unit manager, or (3) marketing and sales each report to a manager with a title such as "VP of Sales and Marketing" who then reports to the business unit manager."

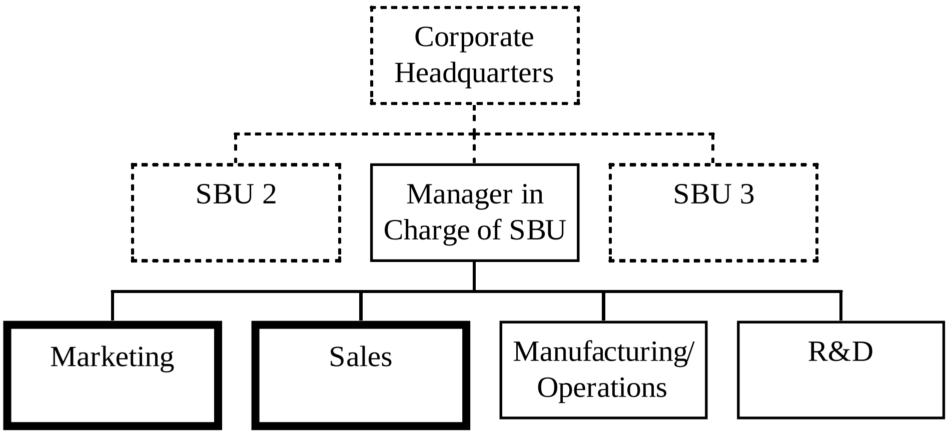

Figure 2
Marketing and Sales in a Functionally-organized
Autonomous Business Unit

Marketing and Sales in a Functionally-Organized Business Unit with a Corporate Marketing Group: The key difference between firms in this category and the one just discussed is the existence of a centralized marketing group which has some level of oversight or coordination of the activities of multiple business units. At least some (if not all) of the business units are functionally organized with control over their own design, production, marketing and sales. By definition, the business units in this category have retained separate marketing and sales groups for each unit, although they have created a centralized marketing group. The most common tasks of these corporate marketing groups seemed to be coordination of marketing and strategy planning across the decentralized marketing groups and development of specialized expertise that cannot be justified within each unit (e.g., market research, artists, media buying). For multinational corporations with a sufficient scale of operations, there may be a centralized marketing group within each major country as well as a replication of the various business units from the country of the corporate headquarters.

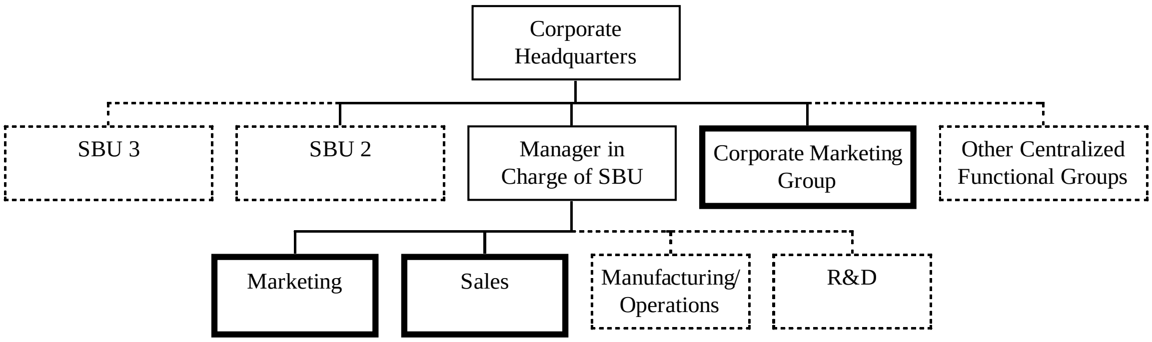

Figure 3
Marketing and Sales in a Functionally-organized Business Unit
with a Corporate Marketing Group

Marketing in a Business Unit which Shares a Sales Force with other Business Units: In the prior case there was some centralization of marketing functions, yet retention of marketing and sales groups at the business unit level. We now consider organizations which have created a separate sales organization which handles products from multiple business units. Consider for example, the following comment from a marketing manager in a multi-billion dollar U.S. based packaged goods company:

> "At {FoodCo}, because of its size, it just isn't efficient for each of the operating companies to have its own dedicated sales force. That sales management structure is housed within a separate operating company called the Sales and Integrated Logistics Company. ... So the accountability for sales and profits does not report into our President. The sales responsibility reports into a separate President who is on the same level as the President of our operating company."

The primary reason given for having a single sales force selling the products of more than one business unit is to save on sales and distribution costs for related products. In diversification terms, the multiple business units are typically in related vs. unrelated product lines (Ilinitch and Zeithaml 1995; Palepu 1985; Rumelt 1974) and thus synergy can be achieved by having a single sales force sell the multiple product lines. An additional reason provided is the increase in the use of long-term relationships with customers and the need to coordinate sales across divisions to major corporate accounts. Consider, for example, the comment of a marketing manager of a German chemical firm.

> "We are not well organized to do business with large corporate customers like Mercedes. With pressure toward fewer suppliers and more outsourcing of parts, there is a need for greater coordination among our units."

The challenge in the companies with this type of organization is having relatively autonomous divisions which are responsible for profit and loss, yet do not directly control the activities of the sales force. Many packaged goods companies have this challenge with brand managers responsible for the performance of a product, yet not having control over the sales force or possibly other functional groups (cf. Webster 1997, p. 43). Product managers in industrial firms often face a similar challenge of getting the attention of the sales force. There are a variety of ways of handling these integration issues such as having people dedicated to being a liaison with the sales organization, negotiating charge-backs from the sales force to each of the product divisions, setting quotas for the sales force to achieve for each of the divisions' products, and/or having dedicated specialists for each product line within the sales organization which generalist sales people bring in as needed during the sales cycle (see Cespedes 1995).

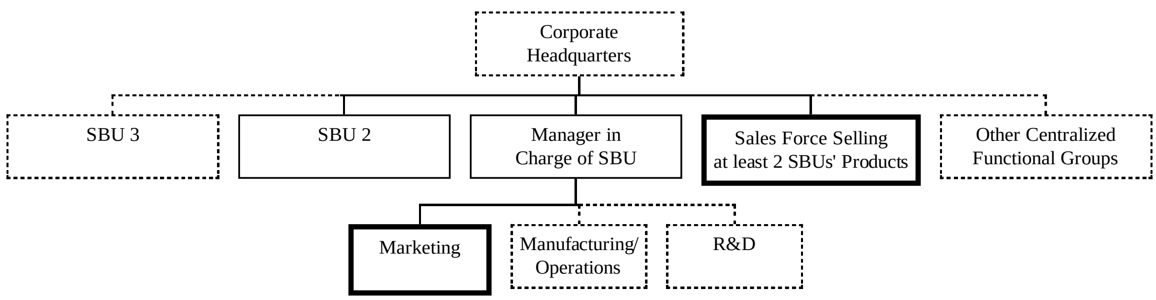

Figure 4
Marketing in a Business Unit which Shares a Sales Force with other Business Units

Marketing and Sales in a "Distribution Business Unit" with Few R&D or Production Capabilities: We use the term "distribution business unit" to refer to those units which primarily are concerned with sales, marketing, and customer service for some specified group of customers (usually geographically-based) but which do not have significant R&D or manufacturing capabilities. In these cases the general manager is responsible for the performance of the business unit, but without full control of design and production of the products being sold. An R&D manager in a U.S. pharmaceutical firm explained:

> "Marketing is a market function, and so there are marketing departments all around the world. Research is a corporate function - more centralized, so we have this kind of corporate resource, which is R & D, but marketing is in different geographies. And each marketing group has a P&L for its area."

What is unique about this type of organizational arrangement is that the division head has responsibility for meeting revenue goals (and may have profitability goals based on transfer prices for the products), but does not control the design of new products or the manufacturing of products. In some cases there may be limited R&D and/or production capabilities within the distribution unit, but they are relatively minor compared to the primary R&D and production groups in the parent firm. This R&D and/or production is typically used to provide for minor adaptations and modification of the products for local customers. For example, a director of marketing services for a food products company in Germany said: "You often hear the phrase, 'Think globally, act locally.' We use technology and R&D globally but adapt to local preferences in food."

For multinational corporations it is common to have this type of organizational arrangement, particularly when there are wholly-owned subsidiaries in many countries which are responsible for distribution within that country, but where other functions are performed centrally. Within these subsidiaries there may be R&D and production operations, but they report to a different manager (for example, to a European operations manager vs. "distribution business unit" managers in each country). Under such a structure, even the distribution business units located in the country of the parent company may have no special claim on R&D resources which must be evaluated based on worldwide marketing needs. For example, consider the comment of a VP of R&D in the U.S. for a European-based pharmaceutical firm:

> "The Marketing and Business groups in the U.S. deal with the U.S. marketing needs are. In R & D, we're not driven totally by the U.S. marketing needs. What happens is the U. S. marketing needs are fed in, as all the other countries to the worldwide strategic marketing group which will then provide an overall direction to R & D for candidate projects."

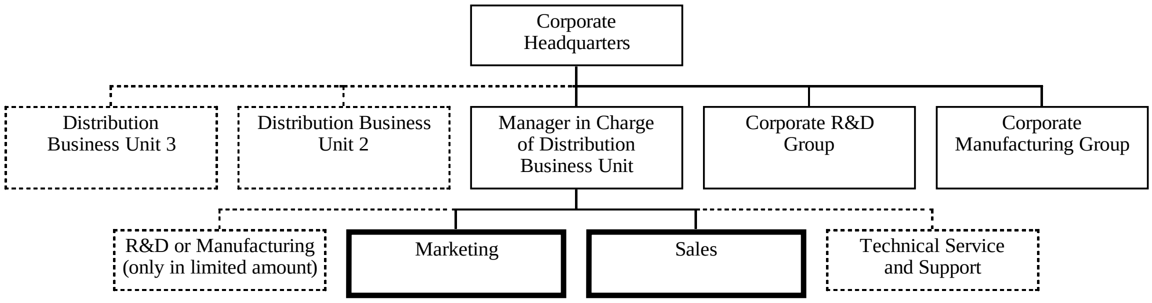

Figure 5
Marketing and Sales in a "Distribution Business Unit"
with Few R&D or Production Capabilities

Marketing and Sales in Corporate Groups Shared by Multiple Business Units: A final category we introduce are companies where multiple business units, divisions, or profit centers have been established, but they do not have any marketing people within their group but rather share central marketing and sales groups. In two U.S. furniture companies, the "business unit managers" were the plant managers who were primarily responsible for manufacturing. The output of multiple plants was handled by marketing and sales groups at the corporate level. In other cases the division managers or business units managers were located: (1) in R&D, (2) in product-based divisions where the manager controlled design and production but not sales and marketing, and (3) in project groups where each project manager had responsibility for the cost side of carrying out a project, but where marketing and sales were done centrally.

The common thread tying together companies in this category is that while there are separate profit centers representing different business units, there is enough commonality among the output of these multiple profit centers that centralized marketing and sales groups serve them all rather than having separate marketing and sales groups for each business unit. While the intent of our fieldwork was to focus on marketing within the business unit, for firms of this type, there are no marketing groups within the business units. This is an important concept to point out since it is commonly assumed that SBU managers have control over marketing and sales. In some cases, such as where products from multiple divisions are distributed similarly, all of the marketing activities may be done at the corporate level.

Discussion: Our motivation for developing this typology has been to show systematic structural variations in where marketing and sales are located. Beyond the types identified, there may be additional cases where firms use hybrid or mixed types. For example, a multinational corporation may have marketing organized as part of a distribution business unit in many of its geographic markets while using a functional structure in the domestic market. Typologies by their very nature are abstractions (Weber 1947), capturing essential features while reducing complexity (Miller 1996).

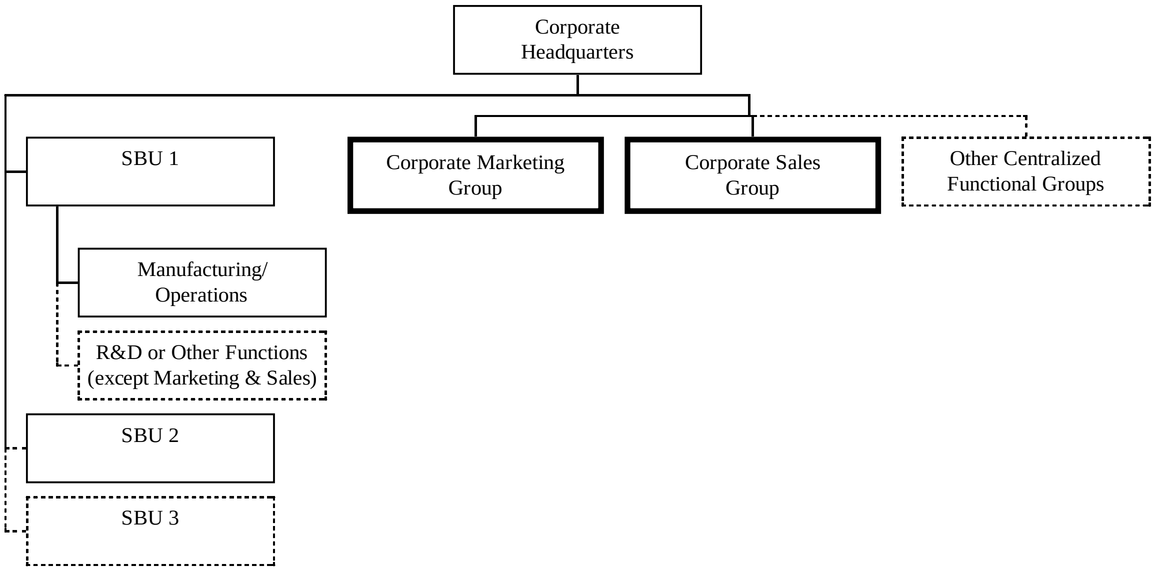

Figure 6
Marketing and Sales in Corporate Groups
shared by Multiple Business Units

Effects of Environmental Factors on the Structural Location of Marketing and Sales

Comparing across the five types of organizations we have identified, the central issue appears to be which functional groups are shared across business units. In some cases, there is enough similarity of marketing tasks that some or all of the marketing is centralized. In other cases, other functions such as sales, R&D, or manufacturing is shared while marketing is left within each business unit. In Table 5 we present a table which relates four of the environmental dimensions to the five types of organizational structures discussed above. It is difficult to develop propositional statements for a typology, since the five ideal types do not lie along a single continuous dimension. Thus there is not a continuous relationship between independent variables and the dependent variable as is the case with the other dimensions of marketing organization in Figure 1. In Table 5 we state relationships for four of the independent variables since these are the only ones that appeared to account for the variations we observed and for which we could find theoretical support.

Environmental Dimensions

	Relatedness of marketing and sales tasks across business units	Size of Company	Global Orientation	Market Orientation
Marketing and Sales in Autonomous SBU (see Figure 2)	Low	Small	Low	High
Marketing and Sales in SBU with Central Marketing (see Figure 3)	Moderate	Medium	Moderate	High
Marketing in SBU with Shared Sales Force (see Figure 4)	Moderate	Large		Moderate
Marketing and Sales in a Distribution Business Unit (see Figure 5)		Large	High	Low
Staff Marketing and Sales (see Figure 6)	High			Low

Table 5

Variations in Level of Environmental Dimensions
across the Typology of Marketing and Sales Location

Notes
(1) We do not fill in all of the cells of this table because some of the ideal types may not have a systematic variation for a given independent variable. Thus, for example we postulate no systematic relationship between size of the company and the use of the Staff Marketing and Sales ideal type.
(2) The construct "Relatedness of marketing and sales tasks across business units" is not relevant for the special case where the firm consists of a single SBU.

The most theoretically appealing independent variables concerning the location of the marketing and sales groups are the relatedness of the marketing and sales tasks across business units in the firm and size of the firm. Research in strategy on diversification and relatedness (e.g., Hill, Hitt, Hoskinsson 1992; Illinitch and Zeithaml 1995; Palepu 1985;

Rumelt 1974) has emphasized the importance of identifying the types of synergy which may be obtained through acquisitions and mergers. Thus, when there is high relatedness of the marketing and sales tasks, firms are more likely to use the staff marketing and sales organizational form. Conversely, when there is relatively low levels of relatedness of the marketing and sales tasks, firms are most likely to have decentralized, autonomous business units. In regard to firm size, small firms are more likely to have autonomous SBUs while large firms are more likely to either share a sales force across business units or establish distribution business units for various geographies or industry segments (Kimberly 1976; Pugh et al. 1968).

In regard to global orientation, firms high on this dimension are more likely to establish distribution business units for each major market and systematically consider worldwide allocation of functional responsibilities while firms low on this dimension are more likely to have autonomous SBUs in the countries in which they operate. The way market orientation has been conceptualized, it refers to such aspects as the generation and dissemination of marketing intelligence throughout the business unit (Jaworski and Kohli 1993), a sensitivity to customer needs and an understanding of the actions of competitors (Slater and Narver 1994). We postulate that when business units are high on the market orientation dimension they are more likely to have decentralized autonomous units with relatively few centralized marketing functions, while firms low in market orientation are more likely to have marketing and sales groups organizationally separate from the design and manufacturing parts of the business unit.

Cross-functional Dispersion of Marketing Activities

In our interviews we encountered significant variations across the firms in the activities which were the responsibility of the marketing department and where "traditional marketing activities" such as product management, pricing, market research, sales management, service and support, and advertising were located. For example, a manager of a U.S. electronics firm explained the absence of the marketing department on an organizational chart:

> "The marketing tasks are distributed among groups -- there is no marketing department or head of marketing. There are roughly ten people across these groups doing tasks such as advertising, documentation, applications support and technical support."

In another case, a corporate marketing manager in a German chemical firm argued that the creation of functional groups named marketing may be detrimental:

> “The creation of a functional marketing department leads to other groups thinking they do not have to do anything with customers. Our biggest mistake was we made marketing into a function. I was recently on a panel at [a University in Germany] titled ‘The End of Marketing?’ where I argued for this process view of marketing as opposed to a functional group orientation.”

In another German chemical firm, there was discussion of how developing long term relationships with major customers was leading to thinking more in process than in functional terms:

> “We are moving to being more process-oriented and establishing long run relationships with customers, living with each other, and not having too many structural break-ups between companies. We need to think in terms of processes instead of functions. Some of the typical processes we think of are orders, production planning, sale forecasts, the innovation process. No one group is responsible for these processes.”

With all of the discussion in the popular press about “business process reengineering,” we often heard comments about movement toward organizational structures that get away from “functional silos” and lead to thinking more in terms of key processes. In one case, a marketing manager of a U.S. automotive firm spoke of a recent reorganization:

> “One of the goals of the reorganizations was to be easier to do business with. We had too much of one function doing something with an issue and tossing it over the wall and it’s no longer my issue. Meanwhile, the customer is calling in here saying, ‘Hey, what happened to my request?’”

In many cases we heard stories of how key customers interacted with groups other than the sales and marketing groups. Particularly in high tech industries where the technology is rapidly changing, it is often desirable to have technical personnel from customer organizations interact directly with R&D personnel. For example, a marketing manager at a U.S. telecommunications firm noted:

> “We're not only flat, we don't create organizational boundaries. For example, the Advanced Engineering group does a lot of marketing. They spent an awful lot of time with sales people in the field. ... If sales thinks that one of the advanced engineers is a better representative at a particular meeting than a marketing person, if he can arrange it, that's fine.”

In some cases the primary purpose of this information is market research and to understand customer needs or how a proposed project may need to be adapted for a given customer application. However, in other cases, customers are making substantial long term investments in technologies and desire this interaction with technical personnel in order to know the developmental path of the technology. In sum, there are both market research and selling aspects of such interaction with technical personnel.

Finally, in some cases, control of items in the marketing department budget falls outside of the marketing area or is the joint responsibility of marketing and other groups. For example, in one U.S. packaged goods firm, the marketing manager complained:

> "We have a pool of money that falls into the marketing budget for slotting fees, coop advertising, product demonstrations. Those are the three things that the sales organization controls that amount to about 45% of the marketing budget. And, the remaining 55% is packaging development, some trade advertising, consumer promotions ... the slotting money is actually controlled by sales."

In our review of the literature, we found indirect discussion of where marketing tasks might be assigned in discussion of topics such as TQM, business process reengineering, and value chain analysis (e.g., Achrol 1991, Boynton and Victor 1991; Cespedes 1995; Day 1994, 1997; Ruekert, Walker, Roering 1985; Webster 1992, 1997). However, most of the research on networks and relationships has primarily focused on the allocation of activities and responsibilities *across* organizational boundaries and has not explored in as much depth the allocation of marketing activities *within* the boundaries of the firm. We found only two articles which have empirically explored the degree to which the marketing department is responsible for specific types of activities. Piercy (1986) surveyed small to mid-sized firms in the U.K. and asked whether seven marketing functions (sales, distribution, customer service, trade marketing, advertising, exporting, marketing research) were organized as part of the marketing department. He additionally asked about responsibility of the "chief marketing executive" over 21 activities he labeled as either "marketing mix" activities or "corporate strategy" activities. He found wide variations across the firms with marketing having greatest responsibility for marketing research and advertising and lowest amounts of responsibility for warehousing and transport. One of his primary conclusions was that "the degree to which the fully integrated marketing department is actually found in British industry may have been exaggerated in the literature and teaching of marketing (p. 288)."

Tull, et al. (1991) also used a survey of chief marketing executives and explored the assignment of 16 tasks to the marketing unit. They then grouped their sample into "Integrated" versus "Dispersed" marketing organizations and defined integrated marketing organizations as those having responsibility for all 16 of their functions. They found that 33% of their sample had integrated marketing departments and 67% had dispersed organizations. However, a key limitation is that they defined dispersion in a dichotomous rather than a continuous manner -- that is, a firm was defined as dispersed no matter whether one or all 16 of their marketing functions were done outside of marketing.

In order to further future empirical research in this area, we define the construct *cross-functional dispersion of marketing activities* as the extent to which functional groups other than marketing (e.g., R&D, Manufacturing, Sales) are involved in traditional marketing activities. Given our focus on involvement of different organizational units vs. different hierarchical levels within a given business unit, our construct differs from Varadarajan and Clark's (1994) "locus of decision making." We do not identify specific marketing activities in our definition -- those desiring to operationalize this construct should consult Piercy (1986), Tull et al. (1991), Varadarajan (1992), or Webster (1997) for list of activities traditionally considered marketing activities.

Effects of Environmental Factors on Cross-functional Dispersion of Marketing Activities

In Table 6 we present propositions of the effect of selected environmental dimensions on our dispersion construct. We propose that both dimensions of uncertainty (market and technology) will lead to more cross-functional dispersion of marketing activities. In situations of high uncertainty, the allocation of tasks to organizational units is typically less established and firms are more likely to try a variety of organizational arrangements to bring together an understanding of the market and of the technical capabilities (Achrol 1991; Miller 1987; Nonaka and Nicosia 1979; Piercy 1985). We also propose that cross-functional dispersion of marketing activities will be higher in firms selling to industrial customers than to final consumers. Many of the ideas on networks of internal and external alliances has come from European researchers studying business markets (e.g., Anderson, Håkansson, and Johanson 1994; Ford 1990; Möller and Wilson 1995) and they emphasize that industrial firms typically have more fluid and changing network organizational structures than consumer firms due to the nature of their customers. We also propose that cross-functional dispersion of marketing activities is lower in the United States than in Germany. The logic for this proposition will be discussed later in the paper in the section on the effects of societal context.

	Cross-functional Dispersion of Marketing Activities	**Power of Marketing**
Factors outside the Firm		
Market Uncertainty	+	+
Technology Uncertainty	+	-
Industry sector (Industrial vs. consumer products)	+	-
Societal context (U.S. vs. Germany)	-	+
Firm specific factors		
Size of the firm	-	n/a
Relatedness of marketing and sales tasks across business units	n/a	+
SBU specific factors		
Strategic orientation - Emphasis placed on differentiation	+	+
Strategic orientation - Emphasis placed on low costs	-	-
Market Orientation	+	-
Customer Concentration	+	-
Global Orientation	n/a	n/a

Table 6

Effects of Independent Variables on Cross-functional Dispersion of Marketing Activities and the Power of the Marketing Sub-unit

In regard to firm level and SBU level factors, we propose that cross-functional dispersion of marketing activities will decrease as size of the firm increases. This is because in small firms it is common to not yet have a marketing department, to have less specialization, and less clear cut lines of authority (Dastmalchian and Boag 1990; Piercy 1986; Tull et al. 1991). In these cases, it is relatively more common to have marketing activities dispersed to other groups than when the firm is larger. Furthermore, research in the strategy area (Burns and Stalker 1961; Miller 1987) has typically found more diffuse structures for firms pursuing innovation or differentiation based strategies (thus higher levels of marketing dispersion) compared to firms following low cost strategies. It is therefore proposed that cross-functional dispersion of marketing activities will be higher for firms emphasizing differentiation based strategies and lower for firms emphasizing cost-based strategies.

We propose that market orientation serves to increase cross-functional dispersion of marketing activities. By definition (see Table 4), market orientation emphasizes among other things the dissemination of market information across cross functional boundaries. As information on customer and market-related issues is disseminated across functional boundaries, other functions will also be involved in the resulting activities to a larger extent. Similarly, when customer concentration is higher, it is more common for non-marketing units to interact with key accounts and for some of the marketing activities to be dispersed across organizational units.

Relative Power of Marketing within the Business Unit

An additional dimension we explored in the interviews was the relative influence of functional groups within the business unit. As reported by Salancik and Pfeffer (1977), we found that power of functional groups was an organizational factor that the managers were able to understand without difficulty. We found significant variations in the power of marketing in relation to the other functional groups selected by the respondents. For example, in one U.S. software firm, the business unit manager noted: “Marketing has had a relatively limited role in the past - technology is what has driven this company -- we’re a technology-oriented firm.” In contrast, in a U.S. packaged goods firm, a marketing manager said:

> “R & D, God bless them, has absolutely no sense of the consumer. They’re a bunch of tech jocks ... they call themselves meatheads. These are guys with animal science

> degrees and the whole bit and they can do things with meat that's amazing - but they need focus."

In this same firm, the R&D manager supported the marketing manager's claim that marketing had more power than R&D by noting that "we are a service group arm of the company just like computers probably would be a service arm for a telecommunications company."

In considering the power of marketing, we focus on lateral versus vertical relationships within the firm and conceptualize power as primarily a function of the department rather than of individual managers. In a similar way, Ronchetto, Hutt, and Reingen (1989) focused on the power of managers on organizational buying decisions based on their structural position within the overall buying system rather than as a function of individual bases of power (French and Raven 1959, Kohli 1989). We heard numerous comments about one of the functional groups tending to be the most powerful. For instance, at one well-known packaged goods firm, a category marketing manager for Germany noted:

> "Marketing is the core of this company - from that everything else is derived. General managers spend 80% of their time on marketing. Everyone looks to marketing for direction. General managers that are not from marketing tend not to be very successful. A finance manager may go two levels down to work as a brand manager. He needs that experience."

In contrast, in a more technically-oriented German chemical firm, a marketing manager noted:

> "There's been an historical emphasis on innovation by technical people and that created a culture that didn't look for marketing input. There's a saying around here that engineers are kings and people in marketing are their slaves."

Informants in our interviews often used phrases like "technology-driven," "market-oriented," "sales driven," and "operations driven" when asked to characterize the relative influence of groups within the firm. For instance, one marketing manager at a U.S. food products company which was positioned as a provider of private label and low cost branded food products commented on his lack of influence:

> "I've got two direct reports who are set up on channel responsibilities. We're still a sales driven company so their job is to support the sales organizations with channel knowledge, sales trends, ways to sell, and pick up both ideas for new products and to champion new products in their channels. This is a company that has never spent a

> nickel against the consumer. We never advertise and only two years ago did the first consumer promotion."

In this specific case, the manager left the company in the year following the interview. In other cases, marketing managers in high tech firms were content with serving a supporting role to R&D and emphasized that their firm's competitive advantage was the technology leadership.

We draw on conceptual and empirical research on sub-unit power from organizational theory (e.g., Enz 1986; Hinings et al. 1974; Salancik and Pfeffer 1977; Pfeffer 1981) which addresses the issues of sub-unit power. We define power of a functional group as the *relative amount of exercised influence over strategic issues within a business unit over some specified time horizon*, where relative amount means relative to other functional groups.

Effects of Environmental Factors on the Relative Power of Marketing

The critical contingencies theory of Hickson, et al. (1971) (see Table 1) proposed that the power of a sub-unit was related to three factors: the sub-unit's *centrality* in the work flow, the *substitutability* of the activities performed by the sub-unit, and the degree to which the sub-unit successfully *coped with key environmental uncertainties*. Empirical research has found general support for the central aspects of the strategic contingency theory model (Enz 1986; Hinings, et al. 1974; Starr and Bloom 1994). Similar to the work of Hinings, et al. (1971), Pfeffer and Salancik (1978) had the goal of predicting the relative influence of one firm within a network of firms (or one sub-unit within a firm) as a function of the importance and scarcity of the resources they bring to the firm. Firms or sub-units which provide (a) valued resources, (b) with no close substitutes, (c) upon which others are dependent have more power. In a later book, Pfeffer (1981) elaborated on the implications of the resource dependence theory to the specific context of the power of sub-units within the organizations.

In Table 6 we indicate directional propositions concerning the effect of key environmental variables on the power of marketing. The two uncertainty variables have differential effects depending on whether the source of uncertainty originates on the market side (thus increasing marketing's power) or on the technology side (thus decreasing marketing's relative power). We propose that marketing is more powerful in consumer than in industrial firms due to an historically greater emphasis on marketing concepts in consumer firms than in industrial firms (Hutt and Speh 1992). Finally, we propose that marketing is more powerful in the U.S. than in Germany. The logic for this proposition will be discussed later in the paper in the section on the effects of societal context.

Within the firm, we propose that marketing is more powerful when marketing and sales tasks across business units are more closely related since marketing and sales synergies play an important strategic role within the firm. In terms of strategic orientation, we propose that marketing will have more power when there is an emphasis placed on differentiation and less power when the emphasis is placed on low costs (Conant, Mokwa, and Varadarajan 1990; McKee, Varadarajan, and Pride 1989; Walker and Ruekert 1987). We propose that a higher level of market orientation has a paradoxical effect in that as more groups become involved in interpreting the market and being involved with customers, the power of the marketing functional unit will decrease. This paradox has been noted in the literature by Day (1992, 1996). Finally, we propose that as customer concentration increases, marketing will be less powerful in that it loses its key boundary spanning role of interpreting the market when there are a limited number of customers who represent most of the business unit's sales.

The Effect of Societal Context on Marketing Organizational Dimensions

Finally, we consider the effect of the societal context on marketing organizational dimensions. Our framework identifies societal context as a determinant, but operationalization of this construct requires comparisons between specific societal contexts. For example this could be dyadic country comparisons (in our case, between the U.S. and Germany) or comparisons of aggregations of countries either within geographic regions or at differing levels of economic development. In the remainder we focus on propositions of how variations in the U.S./German societal context may affect dimensions of marketing organization. We initially discuss direct effects of this societal context on dimensions of marketing organization and then consider indirect effects, where the societal context affects other independent variables which in turn affect dimensions of marketing organization.

Direct Societal Effects: We found the German interviews more likely to be with people with Ph.D.s or with a technical background and the interaction style to be more formal. U.S. managers frequently answered questions by telling stories and providing examples sometimes only tangentially related to what was asked. In contrast, German managers were more to-the-point in their answers and on many occasions, turned to "fact books" or other documents before answering a question. Part of the reason for this difference may be the difference in educational systems (e.g., the German Diplom-Kaufmann degree is more theoretically-oriented than the U.S. MBA degree). Summarizing, we propose that German firms compared to U.S. firms will exhibit a higher level of formalization in their marketing processes and activities.

The percent of GDP going to governmental spending is roughly fifteen percentage points higher in Germany than in the U.S.[4] and in general, U.S. markets are less regulated. A few visible examples are the relatively more rapid changes and dynamics in the U.S. in such industries as telecommunications, airlines, banking, and insurance. One result from a marketing organization viewpoint is that these regulations may lead to more complex organizational forms which our informants attributed to trade unions and differing tax laws. Several German firms had their service organizations set up as separate companies, even though there was relatively close coordination between them and the host company which had the sales, marketing, R&D, and manufacturing operations. In another case, the manager we interviewed held two positions - one as Vice President of the Northern European region for a

U.S.-based company as well as the position of President of another corporate entity which handled design and manufacturing of the products for all of Europe. He explained that the separation into two separate companies (essentially a design/manufacturing company and what we call a “distribution business unit”) was done for tax reasons and by being the head of both companies, he could try to encourage integration between the separate corporate entities. German firms also seem to have more complex organization structures (e.g., dotted-line reports, managers with dual positions, matrixed organizations, holding companies) than U.S. firms. We attribute some of this complexity to the global operations and the frequent structure of having both reporting relationships to country managers as well as dotted or solid line relationships to business unit managers outside of Germany. Based on this evidence, we propose that German firms compared to U.S. firms will have higher cross-functional dispersion of marketing activities.

In our field interviews, we noted that firms in Germany were more likely than U.S. firms to equate marketing with sales and, when both groups were present, appeared to place more emphasis on sales than on marketing. An explanation may be that many of the key concepts and theories about marketing were developed in the United States and diffused gradually to other countries. For example, the first German-language marketing textbook was not published and the first marketing professorship at a Germany university was not established until the early 1970s. Moreover, cultural and legal restraints on the use of marketing tools in Germany are reflected in an emphasis on technical selling, political restrictions on comparative advertising, limitations on distribution arrangements and retail store placement, and legal restrictions on retail store hours. Additionally, Germany has lagged the United

States in deregulation of industries such as telecommunications, air travel, and energy supply. Altogether, those factors reflect an institutionalized attitude toward marketing that is less positive than the U.S. attitude and thus we propose that German firms compared to U.S. firms will have lower levels of power for the marketing function.

Indirect Societal Effects: While there are a number of educational, cultural, regulatory, and educational differences, we believe that German's geographical location within Central Europe is probably the single largest determinant of differences between the U.S. and Germany. Most German firms of any size have a significant portion of their sales coming from sales outside of Germany both to European Union (EU) market countries as well as from non-EU countries[5]. In contrast, in U.S. firms, it is more common to focus initially on the North American market with international sales either minimal or placed in a separate organization. One symbol of this difference is that it is common in U.S. firms to have a separate international executive handling sales, marketing, and operations outside of the U.S. while very few German firms have international operations separated from the core of the business. In summary, we propose that German firms in comparison to U.S. firms will have a higher level of global orientation.

One question we asked the managers in our interviews was how they would categorize their business unit's strategy in terms of Porter's (1980) focus, differentiated, or low cost typology. While a significant number of U.S. firms said low cost (producing, for example, unbranded or private label products), not a single German firm identified this strategy. We attribute this to differences in distribution systems, to the nature of the German work force, and to the fact that German firms must compete more on a value-added dimension due to the cost structure within Germany. According to a recent U.S. Labor department study, the hourly compensation of manufacturing workers in Germany is the highest in the world at $27.37 versus $17.10 for the U.S. (*Business Week*, 1995). This high cost structure leads to more of an emphasis in Germany on worker training and in using skilled labor to produce high value-added products which can be exported. Based on these factors, we propose that German as compared to U.S. firms are more likely to use a differentiation strategy.

Finally, there were numerous examples from our interviews that German firms tend to be less focused on customers than on the technology of their products. Senior managers often come from the technical parts of the company and they are more likely to have Ph.Ds. There are also numerous anecdotes and stories about the lack of good service within Germany. For example, Steinmetz (1995) notes:

> Although Germany's manufacturing efficiency is deservedly fabled, its delivery of services is notoriously bad and seems immune to competitive forces. Many German restaurants refuse credit cards, air travel is prohibitively expensive, and customers who walk into a store near closing time are often met by a rude stare.

Altogether, these reflect a culture which does not place a primary emphasis on market orientation. Thus we propose that German firms in comparison to U.S. firms are less market oriented.

Implications

Theoretical Implications

In this paper we have used our review of the literature and our conceptual framework to provide organization to what is inherently a complex topic. We believe our research represents an important contribution since prior work on the organization of marketing has primarily been either conceptual or was based on small samples of firms (four for Nonaka and Nicosia 1979, five for Bart 1986, six for Cespedes 1994). There has been relatively little research which has systematically related managerial practice to the academic research on marketing organization and has additionally drawn on concepts from strategy and organization theory. In this paper we have shown the richness and complexity of the actual practice of how marketing is organized while providing a conceptual framework for structuring inquiry into the dimensions of marketing organization.

In order to further develop the environment-structure contingency framework shown in Figure 1, empirical work is needed to develop operational measures of key constructs and to test our illustrative propositions. Similar contingency models have been tested in specific contexts such as marketing interactions with other functional groups (Ruekert and Walker 1987) or the organization of new product development teams (Olson, Walker, and Ruekert 1995). We believe that these issues of how to organize the marketing function are of critical importance to marketing and business unit managers and will prove to be a fruitful field of inquiry within the marketing field.

In comparing our organization charts to those of other researchers who have written about marketing organization, one factor struck us as systematically different for our observations. Much of the earlier writing on marketing organization emphasized or implied that sales should be a part of marketing (e.g., Bund and Carroll 1957; Lazo and Corbin 1968, Weitz and Anderson 1981). According to early researchers in this area (Carson 1968, Hise 1965), one symbolic action that indicated a firm had "implemented the marketing concept" and progressed to a "market oriented company" was the establishment of the position of the chief marketing officer who was responsible for marketing, advertising, sales, and other key marketing activities[6]. Much of the focus of Piercy's (1985) theoretical book was whether there had been such an integration of key marketing functions within the marketing department. However, *in the 47 firms we studied, we never once observed a sales manager reporting to a marketing manager*. Thirteen firms had no clearly distinct marketing group and thirty firms had marketing and sales managers either reporting to the same executive (typically the president, CEO, division manager) or had sales and marketing managers reporting through different parts of the organization. The closest any of the firms came to ideal of the "Chief Marketing Executive" were four firms who had a manager jointly responsible for both marketing and sales (typically having a title such as "Sales and Marketing VP"). However even in these cases, *sales was not subordinate to marketing* but typically a number of sales managers (responsible for different regions, types of customers, or industries) reported along with the marketing manager to the sales and marketing VP.

We believe it is highly significant that more than thirty years after the call to integrate the sales and marketing activities under a chief marketing executive, we found no firms which had adopted this recommendation. Indeed, some of the more recently published conceptual papers on marketing organization (see the recent papers in Table 1) focus on topics such as network forms of organization, reengineering around key business processes, and in general argue for more cross-functional dispersion of marketing activities rather than control of marketing activities by one manager. We believe additional research is needed to further explore the relationship between marketing and sales and to better understand why firms have not adopted the organizational form recommended by many marketing scholars when marketing was becoming established as a distinct discipline.

An additional theoretical implication concerns marketing's interaction with other functional groups. While we have not specifically focused on interactions in this paper, two points are worth making. First, much of the research in marketing concerning marketing interaction with other functional groups has implicitly assumed the type of business unit shown in Figure 2 -- the functionally-organized, autonomous SBU (cf. Griffin and Hauser 1996). However, in our field research we encountered numerous other organizational arrangements and marketing and sales groups often report to different parts of the organization than R&D and manufacturing. Second, much of the interaction literature has not considered how marketing is defined in a given firm. Our construct, cross-functional dispersion of marketing activities, highlights the point that there may be significant variations across firms of which activities are the primary responsibility of the marketing unit. Future interaction research needs to more explicitly consider measures of organizational distance between functional groups as well as measures of cross-functional dispersion of marketing activities.

Finally, from a methodological perspective, we have sought to use field research to "reconstruct theory" (Burawoy 1991) rather than to "discover grounded theory" (Glaser and Strauss 1967). Much of the debate within marketing and consumer research over positivistic vs. interpretive research approaches (cf., Anderson 1986; Sherry 1991) has led to a separation between field research and theory driven research. Our field research was guided by the existing literature and in analyzing our field data, we sought an identification of interesting factors we thought were not fully captured in existing conceptualizations. From a methodological perspective this study can serve as an example of how qualitative research can be closely integrated with the existing literature in order to extend our understandings of a complex phenomena.

Managerial Implications

As our study has been descriptive rather than normative in nature, recommendations for practitioners concerning *optimal* organizational forms cannot be made. Nevertheless, our work has some managerial relevance. First, our study helps managers identify the broad range of issues to consider in the design of the marketing organization. We found that practitioners when thinking about organization tend to think primarily in terms of structural location of different units within the organization as illustrated in the company's organization chart. Our framework draws managers' attention to the fact that there are many other parameters to be considered in designing the marketing organization. A clear implication of this is that even within a given organization structure (which managers may not want to change too frequently), there are significant possibilities for designing the marketing organization. In sum, structure should not be the only organizational concern.

A second implication is that our articulation of the various structural locations for marketing and sales as shown in the Figures 2 to 6 can provide a basis for useful discussion among marketing and senior managers concerning where synergies exist between business units within the firm and which types of functions and capabilities provide the basis for sustainable competitive advantage (Day 1994). The essential feature highlighted by these organization charts is variation in which functions are shared across SBUs. One of the central debates in strategy research on diversification revolves around core capabilities shared across business units. Recent research in strategy on relatedness among business units has indicated that relatedness may encompass similar approaches to marketing, sales or distribution even though the products themselves may be different (Ilinitch and Zeithaml 1995). Furthermore, research on the "dominant logic" (Prahalad and Bettis 1986) and the "dominant coalition" (Child 1972; Hambrick and Mason 1984; Pfeffer 1981) indicates that certain functions and tasks often provide the basis for linking the parts of the firm. In summary, the decisions concerning the structural location of marketing and sales are related to more fundamental strategic decisions concerning the core capabilities of the firm.

Third, our study draws managers' attention to the fact that organizational design decisions have to be taken in consideration of environmental factors. Beyond this general aspect, we identified specific environmental factors which need to be considered when making organizational decisions.

A final managerial implication comes from the international character of our study. Managers with a global responsibility need to understand the effects that a societal context may have on how marketing is organized and carried out (e.g., Farley 1997). Our study has compared two similarly developed Western economies and has found important differences. It is reasonable to assume that in countries with different economic development levels, the differences may even be stronger. Managers in charge of international marketing activities need to understand these societal effects. Given the large size of the domestic market, this is especially a critical issue for U.S. managers, who are often less sensitive to differing cultures and ways of organizing work than managers in Europe and Southeast Asia.

Conclusion

This paper has focused on the issue of how firms organize their marketing efforts and the identification of factors which might account for variations in how marketing is organized. Our principal goal has been to develop a framework which (a) identifies dimensions for allowing the comparison of marketing organizations across business units and (b) identifies aspects of the business unit's environment which may account for variations in marketing organization. In our framework we organize the organizational dimensions into *structural* dimensions (e.g., bureaucratic measures of structure, structural location of groups, reporting relationships) and *non-structural* dimensions (e.g., interactions, power, cross-functional dispersion of marketing activities) while we organize aspects of the business unit's environment into factors outside the firm, firm-specific factors, and SBU-specific factors. We then developed illustrative propositions linking environmental dimensions to three of our organizational dimensions as well as propositions considering how variations in the societal context between the U.S. and Germany may affect marketing organization in these two countries.

We believe that the development of such a holistic framework of marketing organization is needed in order to synthesize prior research as well as to provide theoretical guidance for future research in marketing organization. While there is increasing interest in organizational issues in marketing, much of the research in marketing focuses on narrow organizational dimensions and is not well integrated with research in organization theory and strategy. By developing a framework which draws on field observations as well as prior research from a range of academic disciplines, we have developed a theoretically-based framework which can account for a range of marketing organizational decisions.

Finally, as with the development of any conceptual framework, there are many questions left unanswered. What are the appropriate measures to use, what are the specific relationships between the independent variables and the dependent variables, are there moderating or mediating variables which we have not explored, are the relationships linear, and what are the performance implications? Given the complexity of the topic of marketing organization, we have restricted our focus to the development of a general framework and illustrative propositions on selected aspects of this framework. Empirical research on selected dimensions of marketing organization will need to more fully explore such questions. However, we hope that such empirical studies will be done in a way that knowledge is developed in an integrative rather than a fragmented way.

Footnotes

[1] We did not have a second person independently classify all of the field data since it would have been very difficult to do this because much of the information acquired was tacit (particularly in the untaped German interviews) and thus not recorded. Additionally, the purpose of this analysis was to guide and structure discussion among the authors, not to inductively derive theory based solely on the field data.

[2] Given the scope and goals of this article, these definitions are only provided to articulate the general domain of each construct. Many of these constructs have been extensively studied and we do not have space here to go into the debates on definitions and operational measures for each construct. Rather, we provide references in Table 4 to research which goes into greater depth on the constructs.

[3] While we placed each of our 47 firms into one of these five ideal types, some firms fit better into a type than others. Thus, comments about firms of a given type should be seen as illustrative rather than definitive.

[4] According to the December 1994 OECD Economic Outlook report, Annex Table 27, the 1993 percentage of nominal GDP for all governmental outlays was 34.5% for the U.S. and 49.4% for Germany.

[5] For example, Simon (1996, p. 70) notes that the annual per capita exports between 1985 and 1994 was more than three times higher in Germany than in the U.S. ($4813 vs. $1434).

[6] We should point out that the way the construct "market orientation" has been conceptualized and operationalized in the 1990s, it does not refer to allocation of tasks or activities to the *marketing functional group*. In contrast, the earlier writers on market organization did make explicit statements that certain tasks and activities should be under the control of the manager in charge of the marketing effort (often termed the "chief marketing executive").

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Table 1
Theoretical and Conceptual Research Related to the Organization of Marketing

Author	Primary Focus	Dependent Variables	Independent Variables	Summary Comments
Hickson, et al. (1971)	Development of theory of intraorganization power	Power of sub-units within an organization	Coping with uncertainty, substitutability, workflow centrality	Power of sub-units related to their ability to control "strategic contingencies" facing the organization.
Håkansson & Östberg (1975)	Implications of their power-dependence interaction model on organization of the marketing function	Aston group organizational structure dimensions of specialization, standardization, formalization, centralization, and configuration	Uncertainty generated by complexity and similarity between buyer and seller	Proposed relationships between increasing uncertainty and five dimensions of structure are complex. Linear relationships for centralization (-) and configuration(+), curvilinear for specialization (-,+,0) and formalization (-,+,0) and two step relation for standardization (+,+,0).
Pfeffer & Salancik (1978)	A general theory of external control over organizations through control of key resources	Power of coalitions (individuals, sub-units or firms)	Dependence of other coalitions on various resources, control over resources	Power of a coalition comes from providing critical resources others depend on which are difficult to obtain and which are not easily provided by alternate sources.
Pfeffer (1981)	Development of a framework for studying power of sub-units within an organization	Power of organizational sub-units	Criticality and importance of tasks, personal skills of managers	Power is a structural phenomenon and research is needed which empirically examines factors leading to power of sub-units. This book summarizes existing research and presents a framework for studying power within organizations.
Wind (1981)	Identify major dependencies between marketing and other departments	Types of interactions and exchanges between marketing and other departments	(not discussed)	Discusses interactions between marketing and ten other groups. Considers how reward systems can improve interactions. Effective marketers need to coordinate with these other groups
Weitz & Anderson (1981)	Contingency theory of marketing organization	Effectiveness of a marketing organization	Fit of the organization to the environment based on a 2 by 2 contingency matrix	Environmental dimensions are: (1) unpredictability and interconnectedness, (2) complexity. Org structures vary in terms of differentiation and integration mechanisms.
Anderson (1982)	Theory to explain marketing's role in strategic planning	Roles of marketing and other functional groups in strategy formulation process	Resources controlled by each functional unit	The organization is viewed as a coalition of competing interests. The power of marketing depends on the resources it brings to the firm such as the importance of its customer constituency.
Hutt & Speh (1984)	Concept of marketing strategy center	Industrial marketing decision making process	Tasks, functional groups, charting of responsibilities	The "marketing strategy center" is presented as a diagnostic tool for helping chart functional group responsibilities over phases for strategic decisions.
Ruekert, Walker, and Roering (1985)	Contingency theory of performance of different marketing organization structures	Performance (effectiveness, efficiency, adaptiveness) of a given marketing organization form	Internal/External allocation of tasks, structured vs. unstructured org form	Develop a 2 by 2 model of internal/external vs. structured vs. unstructured and discuss properties of 4 archetypal organizational forms they label bureaucratic, organic, transactional, and relationship.
Piercy (1985)	General theory of marketing organization	Aspects of marketing organization including departmentation, centralization, and internal structuring	Information processing requirements, power of groups, political behavior	Complex theory relating the marketing organizational form to the information processing requirements. Also addresses power and politics of departments and how this affects and is affected by information processing and structure.

Author	Primary Focus	Dependent Variables	Independent Variables	Summary Comments
Walker & Ruekert (1987)	Contingency theory to account for variations in marketing’s role in strategy implementation	Performance (effectiveness, efficiency, adaptiveness) in implementing strategy	Type of business strategy, marketing structures, policies, procedures, programs	Develop a typology of 3 general strategies (Prospectors, Differentiated Defenders, Low Cost Defenders) and develop propositions concerning marketing’s role in implementing each strategy.
Achrol (1991)	Introduction of alternate ways of organizing the marketing function	New organization forms	Environmental turbulence, diversity, knowledge intensity	Discusses ”marketing exchange company” and “marketing coalition company” which are more suitable for dynamic environments.
Webster (1992)	Changing role of marketing to managing strategic partnerships	Flexible org forms such as partnerships, alliances, networks	(not discussed)	New conceptualization of marketing being more flexible and non-bureaucratic in managing value-chain from suppliers to customers
Varadarajan & Clark (1994)	Locus of decision making for strategic marketing issues	Divergence between presumed and actual level at which various marketing decisions are made	Various variables such as resources, risk, centralization, formalization, complexity	Develop 9 propositions to explain at which level (marketing, business, corporate) various decisions are made and when there is likely to be divergence between presumed and actual level of decision.
Day (1994)	Presents a strategic capabilities conceptualization of market-driven firms	Identification of capabilities (e.g., market sensing, customer linking) of market driven organizations	(not discussed)	Emphasizes an organizational capabilities approach to strategy. Market-driven firms excel at market sensing and customer linking. Discusses how to improve these capabilities.

Table 2
Field Research Concerning Aspects of Marketing Organization

Author	**Primary Focus**	**Number and type of firms**	**People interviewed**	**Organization Dimension considered**	**Empirical Results**	**Summary Comments / Excerpts**
Buell (1975)	Describes changes in the role of consumer product managers	16 large packaged goods firms, 4 consumer durable firms, 10 ad agencies	31 corporate mgrs, 32 divisional mgrs, 23 ad agency mgrs	Changes in role of product manager in consumer firms	Product mgr system is widely used, more ad responsibility, but not a true "little president" due to lack of authority	"for companies with many products, {the pdt mgr system} affords a better means of product-by-product management concentration than does a functional organization."
Nonaka & Nicosia (1979)	Optimal organization structure for marketing	Interviews in 4 firms - one firm in each cell of high-low uncertainty and high-low heterogeneity	not indicated	Horizontal decentralization (# of divisions, groups, pdt mgrs) and vertical decentralization (level at which decisions are made)	Higher environmental heterogeneity leads to more decentralization, higher uncertainty leads to less decentralization	"A direct relationship is postulated between degree and kind of variety in the environment and degree and kind of variety in the organizational design of a marketing department." (p. 283)
Webster (1981)	Perceptions of key marketing issues in the 1980s by Top Managers	30 large firms	Interviews lasting 1-3 hrs with CEO or COO in each of 30 firms	Marketing productivity, perceptions of product mgmt system, barriers to implementing mktg viewpoint in the org.	CEOs concerned about lack of creativity of marketing people, unawareness of financial implications	Key concerns of CEOs are "messy issues relating to organization, management direction and control, performance evaluation, goal-setting, etc." (p. 16)
Buell (1982)	Organization of marketing and advertising activities	20 manufacturers (11 consumer pack. goods, 3 consumer durable, 3 industrial, 3 service) and 5 ad agencies	90 executives in 20 mfg firms, and 17 executives in 5 ad agencies	Wide range of dimensions - focus was on how the advertising effort was organized and where in the firm	Exec Summary groups findings under headings of Economic, Planning, Organization, Pdt Mgr, Adv Decisions, other	The successful use of matrix teams-directed by category and marketing managers-may provide the solution to an inherent problem of the product management system (p.5).
Bart (1986)	Relation between strategy and structure at product level	5 consumer packaged goods firms	68 interviews	"Structural" dimensions such as job descriptions and systems for planning, job assignments, performance evaluation and rewards	Expected differences in structural dimensions at the brand level based on the brand strategy. Failed to find these results	Classified strategic posture at the brand level as Growth/Defend or Harvest/Divest. Few differences found across these strategies in structural dimensions.
Cespedes (1994)	Interactions among product management, sales, & service personnel	6 industrial firms	125 interviews with managers in sales, service, product management	(1) Factors affecting interaction among pdt mgmt, sales, and service people, (2) devices to improve coordination	3 coordinating mechanisms (liaison units, multifunctional account teams, career paths) should match environment	"after analyzing how market factors affect mktg interdependencies ..., managers should focus on .. actions that.. .. provide the best returns on .. coordination efforts (p. 59)"

Table 3
Survey Research on the Organization of Marketing and Marketing Activities

Author	Primary Focus	Dependent Variables	Independent Variables	Empirical Data Collected	Empirical Results	Summary Comments / Excerpts
Ruekert and Walker (1987)	Framework for understanding marketing relationships with other groups	Structural and Process dimensions of interactions such as transactions, communication flows and coordination	Situational Dimensions such as resource dependence, domain similarity, complexity, turbulence	Surveys answered by 151 managers in 3 divisions of one firm	General support for the 14 propositions deriving from their framework	Important paper which both develops theory behind marketing interactions with other groups and tests propositions with data
Piercy (1986)	Departmentation of marketing and corporate status of the CME (chief mktg executive)	Presence of mktg dept, integration of activities within mktg dept., degree of control over key 19 marketing and sales activities by the CME	not addressed	Surveys returned by 330 marketing managers in mid-sized UK firms (100 to 1000 employees)	>50% of the companies had no mktg dept., half mktg depts only responsible for adv. & sales, high sharing of responsibility for mktg tasks	Took care to get a random sample of mid-sized firms and by and large found the way they organized marketing did not conform to the ideal images presented in marketing texts
Dastmalchian and Boag (1990)	Relation between market and customer dependence and structure of the marketing dept.	Structural dimensions of the mktg dept. such as functional specialization, formalization, centralization and integration w/ other groups	Degree of interdependence with key customers, degree of dependence on specific markets,	Surveys returned by 44 small high tech mfg firms in Canada (half had less than 90 employees)	Product market dependency related to functional specialization & integration, customer dependence leads to more centralization	While sample is small, do a rigorous operationalization of Aston Group dimensions of structure in a marketing context and find significant relationships to dependence measures
Conant, Mokwa, Varadarajan (1990)	Relationship between strategic type, marketing competencies, & performance	Rating on 20 marketing competencies on a 1-7 scale	Aggressiveness of strategy using an ordering of Miles and Snow strategic types (Prospector, Analyzer, Defender)	150 surveys returned by marketing managers in HMOs	For 14 of the 20 marketing competencies found an ordinal ranking with Prospectors> Analyzer > Defender > Reactor	One of the few studies to address distinctive marketing competencies. Identify 20 such competencies and find empirical support that their importance varies based on strategy.
Tull, et al. (1991)	Organization of marketing activities across a sample of firms	Assignment of activities, Integrated vs dispersed marketing, type of organization, frequency of reorganization	Consumer/Industrial, environmental complexity and unpredictability, boundary spanning activity	668 surveys from marketing executives	Environmental complexity and unpredictability and strategic adaptations to product markets affect type of mktg org used	Complex findings - no single theory to integrate their results. Functional groups used more for homogenous, predictable markets.

Author	Primary Focus	Dependent Variables	Independent Variables	Empirical Data Collected	Empirical Results	Summary Comments / Excerpts
Starr & Bloom (1994)	Power of brand manager over other groups	Power of brand manager vis a vis 3 other groups within the firm	Strategic contingencies (e.g., centrality, substitutability, coping with uncertainty)	153 surveys from brand managers (67 consumer, 86 industrial firms)	Centrality of a dept., amount of financial control, communication related to power, substitutability, coping w/ uncertainty unrelated to power	Only 1 of 3 of the strategic contingencies identified by Hickson, et al. (1971) was supported, but did find support for financial control and communication

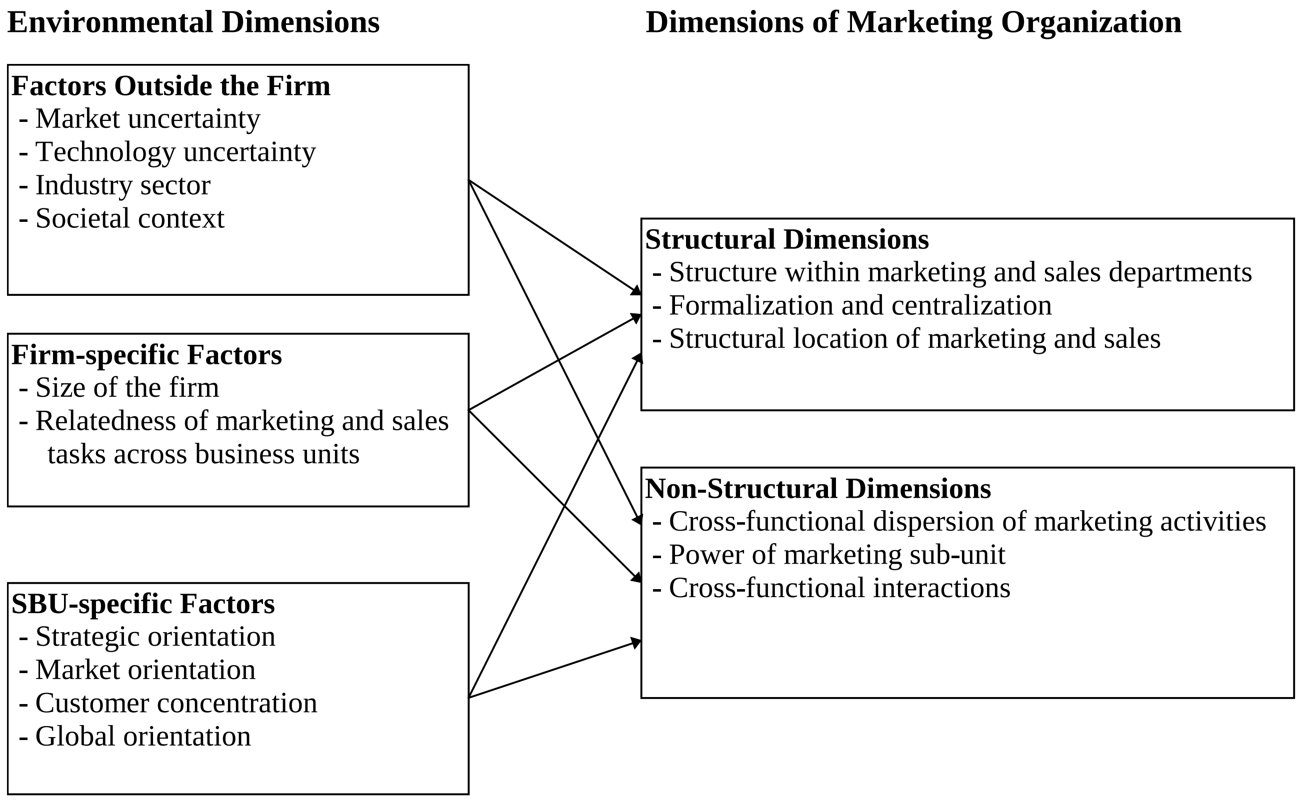
Table 4
Environmental Constructs, Definitions, and Relevant Citations

Construct	Definition of the Construct	References
Market uncertainty	Magnitude, frequency, and unpredictability of major changes in important market aspects (e.g., changes in customer preferences, competitors' actions, distribution alternatives)	Achrol (1992); Dess and Beard (1984); Duncan (1972)
Technology uncertainty	Magnitude, frequency, and unpredictability of major changes in either the technology embedded in products or technology employed in production processes.	Moriarty and Kosnik (1989); Jaworski and Kohli (1993); Moorman and Miner (1997); Glazer (1991)
Industry sector	Variable to adjust for systematic variations across industry sectors.	Powell and DiMaggio (1991); Scott and Meyer (1994)
Societal context	Variable to adjust for systematic variations across countries. Primarily makes sense in terms of cross-cultural comparisons of countries or groups of countries.	Clark (1990); Nakata and Sivakumar (1996); Tse, et al. (1988)
Size of the firm	Number of employees in the firm in which a specific SBU is located.	Inkson, Pugh, Hickson (1970); Kimberly (1976); Pugh, et al. (1968)
Relatedness of marketing and sales tasks	Similarity of products, distribution, and marketing and sales tasks across the business units within the firm.	Hill, Hitt, Hoskinsson (1992); Illinitch and Zeithaml (1995); Palepu (1985)
Strategic orientation	We propose a two dimensional measure drawing on Porter's (1980) strategic typology consisting of (a) emphasis placed on differentiation and (b) emphasis placed on low costs.	Dess and Davis (1984); Kim and Lim (1988), Miller and Friesen (1986)
Market orientation	"organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it" (Kohli and Jaworski 1990, p. 6)	Deshpandé and Farley (1996); Jaworski and Kohli (1993, 1996); Slater and Narver (1994)
Customer concentration	Percentage of revenues coming from largest direct customer accounts.	Aldrich (1979), Achrol (1992), Pfeffer

	By direct customer, we refer to the next firm in the channel of distribution.	and Salancik (1978)
Global orientation	An orientation to concerns of markets outside of the country of the SBU's headquarters.	Farley (1997); Ghoshal and Nohria (1993); Levitt (1983)

Figure 1

Conceptual Framework linking the Environment with
Dimensions of Marketing Organization



Notes on the typology

1) Support groups such as finance, human relations, and legal are not shown in these charts. This is to allow a focus on the groups responsible for design, manufacturing, sales, and marketing.

2) Solid lines represent central aspects of the typology while dotted lines represent possible locations of groups.

3) Thick solid lines are used to highlight the location of the sales and marketing groups.