Achieving Market Orientation Through Cross-Functional Integration

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ABSTRACT
The purpose of this study is to understand how cross-functional integration contributes to the market orientation of a company that strives to increase market responsiveness. A case study in the Brazilian beverages industry was conducted and empirical data was collected through fourteen in-depth interviews from various functions within the company. The findings indicate that cross-functional integration enables the company to achieve market orientation through two main processes: product launch and customer complaints. Cross-functional integration enables a company to disseminate knowledge about organizational dynamics at both departmental and individual levels, to generate interdependency, to improve the awareness about the internal needs, and to improve the internal knowledge about the customer. This study shows that practitioners need to establish cross-functional integration, as it contributes to the market orientation of a company. Internal knowledge enables practitioners to create value through products and services, while still preserving the corporate image. It also shows that cross-functional teams and meetings are necessary to achieve market orientation in a company.

Keywords: co-ordination, knowledge management, market orientation, interactions

1. INTRODUCTION
Market orientation could be seen as a strategic organizational behavior that focuses on responsiveness to customer’s needs and market conditions through the generation and dissemination of market knowledge inside a company (Kohli & Jaworski, 1990; Narver & Slater, 1990). A company is market oriented when it has the ability to understand, acquire, and maintain its customers, and by that strengthening the relations with its stakeholders. Consequently, market responsiveness is the principal characteristic of market orientation (Kohli & Jaworski, 1990; Slater & Narver, 1995).

Cross-functional integration can be regarded as a fundamental component of market orientation (Narver & Slater, 1990) or as its antecedent (Kohli & Jaworski, 1990). Market orientation influences a company’s culture, as it involves values, beliefs, identities and attitudes. Together with customer and competitor information and the possible intelligence gained from these, cross functional integration may lead companies to a higher performance (Slater & Narver, 2000). Cross-functional integration is the result of collaboration between different organizational functions and it helps to improve a company’s operational and organizational performance (Kahn, 1996).

The process of cross-functional integration consists of five elements (Pimenta et al., 2016). These elements are boundary spanning activities, Integration factors, level of integration, formality/informality, and impacts of integration. Several authors have identified marketing as a boundary spanning function that should collaborate with others (Lambert & Cook, 1990; Stank et al., 1999; Chen et al., 2007; Fain & Wagner, 2014). Other examples include marketing and innovation (García et al., 2005), marketing and human resources (Chimhanzi, 2004), and marketing and
sales (Rouziès et al., 2005). Among these studies, some argue that cross-functional integration between marketing and other functions may have positive effect on market orientation, ultimately resulting in increased market responsiveness (Pimenta et al., 2016).

The literature also points out that cross-functional integration increases market orientation and generates positive impacts on operational and organizational performance (Kohli & Jaworski, 1990; Narver & Slater, 1990; Han et al., 1998; Dutta et al., 1999; Langerak, 2003; Aziz & Yassin, 2010; De Luca et al., 2010; Ahmad, 2011). Nevertheless, most of the literature on market orientation has not analyzed the process of cross-functional integration to a greater extent. Even studies that analyze both market orientation and cross-functional integration, (Conduit & Mavondo, 2001; De Luca & Atuahene-Gima, 2007) do not explain how cross-functional integration can be operationalized in order to enable a company to achieve market orientation.

The purpose of this study is to understand how cross-functional integration contributes to the creation of a market-oriented company that strives to increase market responsiveness. The specific research questions are: (1) “Which are the specific market oriented processes involving multiple functions?”, (2) “Which functions are involved in these market oriented processes?”, (3) “Which Integration factors are used in these market oriented processes?”, (4) “How do these Integration factors contribute to the creation of a market oriented company?”. These questions have been examined through a literature review and a single case study that includes a Brazilian company from the beverages industry (hereafter called BeveragesCo for anonymity). Empirical data was collected from June to August in 2016, using fourteen in-depth interviews, which were conducted with coordinators and managers from various functions within the company.

The remainder of this paper is structured as follows: To begin with, a literature review on the two basic components of this study, market orientation and cross-functional integration, is presented in Section 2. This section also addresses Integration factors. After that, the research methodology is further elaborated on in Section 3. Thereafter, the empirical findings are presented and discussed in Section 4 and 5. Finally, the research is concluded in Section 6.

2. LITERATURE REVIEW

The literature review presents a contextualization of the two basic components of this study; market orientation and cross-functional integration. This review also involves a discussion on Integration factors for the creation of a market-oriented company, which address how a company can increase its market responsiveness.

2.1 Market Orientation

According to Day (1994), market orientation is about developing superior organizational capabilities to understand and satisfy actual and potential needs of its target market and establishing customer as a priority for the company. Day (1994) builds on the work of Kohli & Jaworski (1990) and Narver & Slater (1990) by arguing that generation, dissemination of market knowledge (both customer and competitor), and the coordination of cross-functional resources create superior value for customers.

Market orientation is an outside-in perspective, where market information is collected to generate organization-wide market intelligence and where activities are developed to create customer value and differentiation from competitors (Shapiro, 1988; Kohli & Jaworski, 1990; Day, 1994). The behavioral component of market orientation is shaped by the generation and dissemination of market intelligence and aims at creating responsive strategies (Kohli & Jaworski, 1990). These authors found out that top management support, interdepartmental dynamics, and organizational systems are antecedents for achieving a company where everyone is committed towards market orientation. On the other hand, Narver & Slater (1990) proposed market orientation as an organizational culture that creates effective and efficient behaviors to generate superior customer value, which leads to a company having superior market and financial performance.

This culture requires customer orientation, competitor orientation, and cross-functional coordination. Customer orientation involves the market knowledge about economic conditions and customer needs. Competitor orientation is about understanding strengths and weaknesses of competitor’s strategies, including a constant analysis of their technology efforts and new investments. Cross-functional coordination is about internal mutual responsiveness between functions and working together to develop strategies that defer from competitors and that are recognized by customers (Narver & Slater, 1990). Conduit & Mavondo (2001) also identified the necessity of cross-functional integration to achieve market orientation. These authors highlight the importance of the top management support to generate integration in order to facilitate the dissemination of market knowledge. De Luca & Atuahene-Gima (2007) have examined the link between market knowledge and cross-functional integration. According to them, cross-functional integration positively affects product innovation performance through the existence of integration factors, such as: formal meetings, formal communication, formal processes of product development and cross-functional teams. Therefore, De Luca & Atuahene-Gima (2007) presented results that are very close to what is proposed by this study. However, they did not detail operational and technical aspects that explain how cross-functional integration can be applied in order to enable a company to achieve market orientation.

An integrated view of market orientation is proposed by Lafferty & Hult (2001), who identified the following dimensions of market orientation: emphasis on customer, importance of information, cross-functional coordination, and taking action. Market responsiveness establishes structures inside a company that promote creation and exchange of knowledge about customers across several business functions. These structures may help companies to create superior value in their customer offerings (Martin & Grbac, 2003; Jütterm et al., 2006; Didonet et al., 2014), to improve the innovation level in the product development (Lin, 2004; Kok & Biemans, 2009; Al-Mohammad, 2010; Wong & Tong, 2011; Calantone & Di Benedetto, 2012; Smits & Kok, 2012; Jugend et al., 2018), to improve quality on products and services (Ho Voon, 2006), and to improve performance in internationalization strategies (Pehrsson,
2.2 Cross-Functional Integration

Cross-functional integration can be described as joint efforts of related functions inside and outside the company around a specific activity (Lawrence & Lorsch, 1967) at the same time with the goal to create competitive advantages (Pagell, 2004). It creates a general and common view about the company and its objectives. Moreover, it helps to disseminate market knowledge among the functions that are involved in creating value for customers. One of the most popular approaches about cross-functional integration defines it as processes of interaction and collaboration. Each of these processes have a different impact on the forms of interaction. Kahn & Mentzer (1998) describe interaction as a formal factor of integration, and collaboration as an informal factor. Even though both of them are important, they observed that collaboration can be a stronger promoter of cross-functional integration. This informal factor can influence the performance of formal factors on the daily activities, generating positive effects on the minimization of ambiguity and reworking, and reducing time needed to fulfill departmental activities.

The duality of the processes of interaction and collaboration is included in the framework proposed by Pimenta et al. (2016), who regard interaction as a dynamic process that involves boundary spanning activities. They describe Integration factors in their formal and informal ways, discuss the level of integration and the impacts of integration. Other studies focus on how integration helps a company to increase its profitability and customer service (Lambert & Cook, 1990), to increase value to customers (Kohli & Jaworski, 1990; Narver & Slater, 1990; Jaworski & Kohli, 1993; Conduit & Mavondo, 2001; Narver et al., 2004).

2.2.1 Integration factors

Integration factors are mechanisms to generate cooperation between functions. These factors also need individual consciousness and an organizational culture that understands the importance of integration (Pimenta et al., 2016). There is another fundamental element that has to be considered: Integration factors must be analyzed from the perspective of top managers, as they the main ones with the responsibility of promoting integration throughout the whole company (Wren et al., 2000; Guenzi & Troilo, 2007; Menguc & Auh, 2008; Biemans et al., 2010; Basnet & Wisner, 2012; Jaiyeoba, 2013; Chang et al., 2015). Nine Integration factors were found as promoters of a market-oriented company (Table 1). However, current literature still presents a gap on how these Integration factors are conducted in terms of formality and informality, when a company tries to achieve market orientation with the ultimate goal of improving market responsiveness.

**METHODOLOGY**

This research includes a case study of a Brazilian beverages company that is headquartered in the city of Uberlândia, Minas Gerais, Brazil. The purpose of the case study is to analyze how cross-functional integration contributes to the market orientation of a company that strives to increase market responsiveness.

<table>
<thead>
<tr>
<th>Table 1. Integration factors for achieving market orientation</th>
<th>Description</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders and top managers support</td>
<td>Managers and leaders are aware of their company being market oriented and the relevance of cross-functional integration when creating superior value for customers. Charismatic leadership promotes innovation.</td>
<td>Wren et al., 2000; Guenzi &amp; Troilo, 2007; Menguc &amp; Auh, 2008; Biemans et al., 2010; Jaiyeoba, 2013; Wong &amp; Tong, 2013; Chan et al., 2015; Oliveira et al., 2016.</td>
</tr>
<tr>
<td>Market orientation (MO) and cross-functional integration (CI) disseminated knowledge.</td>
<td>Every employee must know organizational characteristics that define MO and CI, and how they can collaborate to achieve organizational goals.</td>
<td>Anticozzo et al., 2008; Inglis &amp; Clift, 2008; Webster et al., 2010; Lengler et al., 2013; Hillal &amp; Mubarak, 2014.</td>
</tr>
</tbody>
</table>
Table 1. Integration factors for achieving market orientation (Con’t)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of centralized information</td>
<td>The company improves the information access about products, sales, cost, market, and competitors to establish collaboration and cooperation between departments.</td>
<td>Lascu et al., 2006; Kanovska &amp; Tomášková, 2012.</td>
</tr>
<tr>
<td>Market oriented reward systems</td>
<td>To promote MO and CI, reward systems are based on long term goals. Reward is given to all functions working together to achieve a goal.</td>
<td>Siu &amp; Wilson, 1998; Im &amp; Nakata, 2008; Wei &amp; Atuahene-Gima, 2009; Nakata &amp; Im, 2010; Mahnoud et al., 2012; Qu, 2012.</td>
</tr>
<tr>
<td>Gathering information through IT systems</td>
<td>Systems are designed and used to facilitate communication and cross-functional coordination. The information on customer, competitors, and other stakeholders is used for decision making processes.</td>
<td>Chatzipanagiotou et al., 2008; Inglis, 2008; DeLuca et al., 2010; Agan, 2012; Kang, 2015.</td>
</tr>
<tr>
<td>Market intelligence and responsiveness culture.</td>
<td>A horizontal structure with a culture of open and transparent communication between departments leads to the valorization of individual and collective experiences during decision making processes.</td>
<td>Biemans &amp; Brenčič, 2007; Biemans et al., 2010; Qu, 2012.</td>
</tr>
<tr>
<td>Dissemination of marketing strategies, and internal marketing.</td>
<td>Marketing strategies inside the company enhances market responsiveness, thanks to positive effects on internal communication and people management.</td>
<td>Conduit &amp; Mavondo, 2001; Ogunninge et al., 2014.</td>
</tr>
<tr>
<td>Establishment of common goals</td>
<td>Strategic planning of boundary spanning activities should be made jointly through establishment of common goals.</td>
<td>Chang et al., 2015.</td>
</tr>
<tr>
<td>Cross-functional trainings</td>
<td>Trainings motivate employees to work in teams and create a group identity that helps to achieve market-oriented goals.</td>
<td>Siu &amp; Wilson, 1998; Tsiotsou, 2010.</td>
</tr>
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</table>

3. RESEARCH STRATEGY

The importance of case studies, according to Yin (2013), is the intention of finding answers to research questions about characteristics and relevance of the phenomenon under study. Furthermore, a single case study brings its own benefits, such as the ability to provide a rich and nuanced description of the studied phenomenon (Eisenhardt, 1991), and is an important tool when trying to improve knowledge on a certain topic. The studied case was selected while considering the five components of market orientation: attention on customers as the core of firm’s actions, market intelligence generation through market research, the use of at least two Integration factors, market responsiveness, and analysis of other stakeholders needs.

3.1 Data Collection

A preliminary interview was conducted with the planning manager in order to identify the most important market-oriented processes in the studied firm, which are: product launch and customer complaints. The planning manager also helped to identify the key members who can contribute to this study. This procedure allowed identifying interviewees who have knowledge about processes related to the answering of market needs. Afterwards, fourteen in-depth interviews were conducted with coordinators and managers from various functions within the company, from June to August in 2016 (Table 2). Each interview was recorded and lasted approximately one hour.

The research protocol was divided into two sections. The first section was directed to identify market-oriented processes and the functions involved on them. The second section of the protocol was based on the 18 Integration factors deduced from the literature (Table 1). Additional factors mentioned by Pimenta et al., (2016), which relate to various contexts, were added to the protocol (e.g., cross-functional meetings and teams, longevity of relationships, job rotation, trust relationships, and informal and formal communication).

Table 2: Interviews conducted at BeveragesCo

<table>
<thead>
<tr>
<th>Function</th>
<th>Respondent</th>
<th>Code</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources</td>
<td>Training Analyst</td>
<td>TA</td>
<td>31 min</td>
</tr>
<tr>
<td></td>
<td>Development Analyst</td>
<td>DA</td>
<td>75 min</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Production Planner</td>
<td>PP</td>
<td>52 min</td>
</tr>
<tr>
<td></td>
<td>Production Analyst</td>
<td>PA</td>
<td>85 min</td>
</tr>
<tr>
<td></td>
<td>Production Manager</td>
<td>PM</td>
<td>76 min</td>
</tr>
<tr>
<td>Logistics</td>
<td>Logistics Leader</td>
<td>LL</td>
<td>45 min</td>
</tr>
<tr>
<td>Purchasing</td>
<td>Senior Purchaser</td>
<td>SP</td>
<td>60 min</td>
</tr>
<tr>
<td>Quality</td>
<td>Quality Coordinator</td>
<td>QC</td>
<td>62 min</td>
</tr>
<tr>
<td></td>
<td>Customer Answering Analyst</td>
<td>CA</td>
<td>35 min</td>
</tr>
<tr>
<td>Marketing and sales</td>
<td>Soft drinks Analyst</td>
<td>SA</td>
<td>63 min</td>
</tr>
<tr>
<td></td>
<td>Market Planning Supervisor</td>
<td>MS</td>
<td>60 min</td>
</tr>
<tr>
<td></td>
<td>Trade Marketing Supervisor</td>
<td>TS</td>
<td>55 min</td>
</tr>
<tr>
<td></td>
<td>Sales Manager</td>
<td>SM</td>
<td>60 min</td>
</tr>
<tr>
<td>Finance</td>
<td>Finance Coordinator</td>
<td>FC</td>
<td>45 min</td>
</tr>
</tbody>
</table>
Initially, the interviewees have answered questions about the presence or absence of each integrating factor. After this, the interviewee was encouraged to explain how each existing factor is operationalized within the company and what the respective impacts of these initiatives are on market orientation.

3.2 Data Analysis and Research Quality

The data analysis was based on Bardin’s (1977) and Bauer’s (2011) recommendations: interviews were audio recorded and then transcribed, categories were identified through the general analysis of the transcriptions, and codes were built and then validated by two authors after an in-depth analysis. These codes were grouped in categories related to each proposed research question: processes, functions involved, integration factors, and impacts on market orientation. This procedure resulted in the identification of two main processes that explain how integration helps the BeveragesCo to increase market responsiveness.

In order to avoid bias limitations, several practices were adopted. First, the content analysis was validated by two authors. Second, the results were submitted to the interviewees to check accordance of meaning and subsequent adjustment after the coding process. Third, interviews were recorded to assure integrity of content in the analysis process. Fourth, interviews were conducted as long as new constructs emerged from field data.

4. EMPIRICAL FINDINGS

BeveragesCo operates in the beverages sector, has about 1300 employees, and has an estimated revenue of US$153,000,000. The strategic and functional areas of the BeveragesCo are organized as follows: three staff units (strategic planning and controllership, IT and patrimonial assurance) and seven functions (quality, administrative and finance, marketing and business, human resources, manufacturing, logistics and purchasing).

As a franchise, BeveragesCo depends on the franchiser portfolio. Decisions about which products to sell are determined by market behaviour and not always by market research conducted by BeveragesCo. Nevertheless, the company has a strong focus on processes that involve dealing with customers. Within this study, two main stakeholders are analyzed by BeveragesCo: customers and retailers. There is also an increasing relevance of suppliers as an important stakeholder when improving quality and productivity of products. Moreover, the company puts attention on the actions of other franchises. Information about these stakeholders is gathered through customer satisfaction research and data bought from market research firms.

Two main processes were identified as market-oriented boundary spanning activities: product launch and customer complaints. Since the studied company is a franchise of a multinational holding company, it has a limited impact on product launch. Therefore, all sources of innovation and differentiation in the studied company are focused on production, distribution, and service in order to improve their market attention.

4.1 Product Launch

Market orientation, leadership style, and cross-functional integration lead to improvement of new product launch capabilities (Calantone et al., 2012). In BeveragesCo, based on an order from the holding company, cross-functional integration is established among marketing, strategic planning, sales, production, logistics, purchasing, human resources and quality (Figure 1). Every function is aware of their impact on the success of the new product. Strategic planning and controllership evaluate market pricing of similar products, purchasing costs, and production costs to establish the price for the product.

<table>
<thead>
<tr>
<th>✓ Product launch</th>
<th>✓ Customer complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departments involved:</td>
<td>Market oriented integration factors:</td>
</tr>
<tr>
<td>• Marketing</td>
<td>• Cross-functional meetings</td>
</tr>
<tr>
<td>• Commercial (Sales)</td>
<td>• Top managers support</td>
</tr>
<tr>
<td>• Production</td>
<td>• Market oriented reward system</td>
</tr>
<tr>
<td>• Logistics</td>
<td>• Establishment of common goals</td>
</tr>
<tr>
<td>• Purchases</td>
<td>• Dissemination of marketing strategies and internal marketing</td>
</tr>
<tr>
<td>• Human Talent (training)</td>
<td>• Reduction of centralized information</td>
</tr>
<tr>
<td>• Quality</td>
<td>• Informal communication</td>
</tr>
<tr>
<td>• Strategic planning and controllership</td>
<td>• Job rotation</td>
</tr>
<tr>
<td>• Finance</td>
<td></td>
</tr>
<tr>
<td>• Customer Answering</td>
<td></td>
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</table>

**Impacts:**
- Level of service
- Responsiveness
- Quality
- Agility
- Sales performance
- Market share
- Customer and consumer satisfaction
- Brand image
- Group spirit
- Learning organization

**Figure 1.** Market oriented cross-functional processes in BeveragesCo.
During the product launch processes, the human resources function focuses on quality and sales through training of sellers, drivers and drivers’ assistants. The goal is to teach them how to deal with the product, from the storage to the delivery, and also to be prepared to coach customers. Sellers should also be aware of these conditions to evaluate if the retailers are respecting the regulations, to avoid product irregularities for final customers. When selling the product, the sales and finance functions deal with the evaluation of customer credit limits. There is a high activity level when BeveragesCo introduces a new product. The sales function registers customer orders through SAP® ERP. But when it is necessary to extend credit limits, an informal phone call is made to solve the situation immediately, or at least to start the analysis of the customer.

Since BeveragesCo perceive their employees as internal customers when launching new products, they are involved in promotional activities by marketing. However, due to the short period of time between external and internal launching, employees sometimes go to the market without a complete comprehension of the attributes and characteristics of the new products.

For the employee it is important to know about new products to avoid mistakes. There are several names, packaging, and covers. So when he/she knows about a promotional activity, about a new product, he/she avoids losses to the firm. (PA, 2016)

The integration factor “dissemination of marketing strategies, and internal marketing” is enabling the company to enhance promotional activities when launching new products. This factor is a mechanism to prepare adequate amounts of products, according to the impact of the communication on the target market. Weekly cross-functional meetings help BeveragesCo to improve this aspect, to forecast the promotional activities, and to avoid disruption on the production process, a lack of product on storage, and unavailability for final customers.

4.2 Customer Complaints

The customer answering function is located in the quality assurance function. When a customer calls to complain about a product, his or her demand is immediately analyzed to solve the problem and to avoid it from happening again to another customer. This department has to integrate other functions in order to learn from the mistakes. Handling of customer complaints is recognized as an outside-in activity that allows BeveragesCo to improve its processes (Figure 1).

(...) customer may call to complain about a seller service, about delivery, about a problem on a bottle, so with the integration we have here, we can solve what it is happening. Is it a quality problem? Is it a distribution problem? It is at the cross-functional analysis that we find out where is the problem for customer, to avoid it to happen again. (CA, 2016)

The interviewees stated that organizational awareness about integration improves customer service and dissemination of market knowledge. It also generates attention to the complaints from the market. In practice, it happens through fast and fluent communication, formal meetings and planning of common goals (formal factors), and phone calls and trust (informal factors).

The quality and production functions have established common goals about product conditions that can be subjected to customer complaints. There is also an indicator when solving complaints and rewards will not be affected as long as the respective complaint is solved. Complaints may come from customers about promotional prices that are not applied by sellers. When this happens, marketing and sales propose a solution to the customer.

Once, a product was sold with a wrong price, then we looked where was the mistake in order to solve it in time. So, we have to give some bonus to the customer, on the next purchase. We have to learn from that, so the next time we have something new (product, price, etc.) we must check that everything is ok, because even when that was a failure on the controllership area, at sales we had to check, to protect our customer of those mistakes. Customer has to be happy with us (SA, 2016).

Job rotation is not a common practice in BeveragesCo as a way to get familiar with the activities of other functions. However, when there is a job opportunity, employees that meet the job’s requirements are most likely to rotate. This practice leads to more knowledge about organizational dynamics, which results in quicker resolution of communication problems.

4.3 Essential Integration Factors in the Company

The following integrations factors mentioned above must be highlighted due to their importance in supporting processes that create customer value: cross-functional teams and market-oriented rewards system. BeveragesCo has cross-functional teams and meetings that enable them to achieve market orientation. There is an S&OP team that has weekly meetings to discuss demand and production planning. There are also meetings that are guided by a team called Integrated Management System Team (IMST). The goal of these meetings is to disseminate market knowledge and to plan production. The IMST is a cross-functional team in which each function is represented by one person. This team brings proposals of several functions with new ideas on how to improve the management system. These meetings occur on a monthly basis and when there is an emergent situation.

(...) any necessary training, involvement or anything that need improvement is discussed in the IMST. We communicate every demand from the top managers’ meeting, and we have to drop down that information, so information does not stay just in the top of the organization, and we are involving everyone on the decisions and innovations (QC, 2016).

There is a market-oriented reward system created that consists of three levels: individual indicators, departmental indicators, and organizational indicators.

As a market orientation parameter, customers are recognized as the fundamental piece of the game, without him there is no firm, the customer, gives us a job. Every function has to work to give its best to have a final product with high standards and a reasonable price (SP, 2016).

Each indicator has an impact on an employee’s “fourteenth salary”. 50% of the organizational indicators are linked to this extra salary, and every employee is aware of his or her role in achieving these goals.
There is an advantage of this 50%, everybody goes for it, because if somebody does not get it, anybody will get it, will be paid just for the individual goal achieved. There are some charts, as a radar that shows where we are, so we can improve if we are above the expected. (FC, 2016)

4.4 Discussion

The purpose of this study is to analyze how cross-functional integration contributes to the market orientation of a company that strives to increase market responsiveness. Two cross-functional processes were analyzed: products launch and customer complaints. These processes force several functions inside the company to collaborate and, when integrated, improve strategies aimed at fulfilling market needs. An extant amount of literature present details about the integration of two or three functions (e.g., Lambert & Cook, 1990; Chimhanzi, 2004; García et al., 2005; Rouziès et al., 2005). In addition, this study shows that a company can increase its market responsiveness when more than two or three functions work together. Calantone et al., (2012) previously identified how launching activities can be improved by having a market orientation, cross-functional integration, and a suitable leadership style. In the studied case, it was observed that the launch of a product is a market oriented cross-functional process that enables BeveragesCo to increase its market responsiveness.

Within the literature, customer complaints were neither identified as an outside-in process, nor as a cross-functional activity. This research showed that customer complaints require the participation of several functions in order to improve customer service, quality, and consumer satisfaction. These functions are planning, production, quality, distribution, and marketing and sales. Therefore, this study investigated cross-functional processes such as launching a product and handling customer complaints illustrate how cross-functional integration acts as an antecedent for the creation of a market-oriented company. Moreover, the involvement of several functions provides a better operationalization of the processes that aim at increasing a company’s market responsiveness. This proposition adds a contribution to the extant literature about market orientation (Jaworski & Kohli, 1990; Wren et al., 2000; Roach, 2011; Lengler et al., 2013).

The two studied processes require Integration factors to secure involvement. Some of those factors (Table 1) are used in the customer complaints processes, others in the product launch process. Formal and informal communication (Kahn, 1996; Daugherty et al., 2009; Pimenta et al., 2016) are present in both processes to improve agility. The product launch does not present the dissemination of marketing strategies as an integrating factor (Kobylanski & Szulc, 2011). In spite of this, interviewees highlighted the importance of this information to socialize and share ideas. According to them, it increases commitment and improves results when a new product, or any other innovation, is about to be launched. Internal marketing delegates to the employees an active role on these processes and on the performance. Due to this characteristic, it is confirmed as an integrating factor important for the creation of a market-oriented company (Conduit & Mavondo, 2001; Ogunnaika et al., 2014).

Customer complaints processes have a differentiated integrating factor, which is also not a usual practice in the analyzed company: job rotation (Pagell, 2004; Pimenta et al., 2016). Job rotation is rarely practiced within BeveragesCo, but interviewees highlight the importance of having work experience, permanently or temporary, in other functions of the company. This integrating factor contributes to market orientation, since it helps to create a wider awareness about the activities and their dynamics of other functions. By focusing on this factor, customer complaints can be resolved quicker, which diminishes negative impacts on customer satisfaction. Cross-functional meetings and teams (Lambert & Cook, 1990; Flint et al., 2008; Pimenta et al., 2016) are not mentioned in the literature as an integrating factor in the context of market orientation. Nevertheless, this factor appears to be fundamental in the analyzed company, because the operationalization of other Integration factors starts with cross-functional teams and meetings.

Finally, it was observed that the group spirit in the company was improved thanks to the active participation and collaboration of the involved functions within the two identified processes. According to the interviewees, this informal integrating factor improves product and service quality, customer service, brand image, and customer and consumer satisfaction.

5. CONCLUDING REMARKS

Although BeveragesCo has little to no influence on new product innovation, innovation is present in the technical and management area, due to active cross-functional tasks (Han et al., 1998). This characteristic provides a renewal experience for customers by focusing on attention to details in the production, selling, distribution and promotion processes, and the customer answering service function. Moreover, formal and informal integration processes should coexist, as they contribute to a better use of company resources and to reduce mistakes that may affect brand image (Jain & Bhatia, 2007).

Two market oriented cross-functional processes were characterized in this study: product launch and customer complaints. They involve the participation of the following functions: marketing, sales, production, strategic planning and controllership, and finance and customer answering. Each function included in Figure 1 has specific Integration factors that are important for achieving the goals of these processes.

With regard to the cross-functional market oriented processes, these functions focus on several Integration factors to achieve market orientation in the company: cross-functional teams and meetings, job rotation, cross-functional trainings, establishment of common goals, dissemination of marketing strategies, and internal marketing, gathering information through IT systems, market oriented reward systems, reduction of centralized information, and leaders and top managers support. Finally, it was found that the company improved their responsiveness, quality, agility, sales performance, consumer satisfaction, improvement of the brand image, and group spirit. All these improvements enabled the case company to achieve market orientation, through the better understanding of how the participation of each function helps to enhance internal awareness and market responsiveness.
5.1 Theoretical and Managerial Implications

This study supports the statement of Kohli & Jaworski (1990), who argue that cross-functional integration is an antecedent of market orientation, because it is the mediator mechanism to collect, to generate and disseminate market intelligence, and to increase market responsiveness. Moreover, this research sheds light on processes of integration, in terms of operationalization and ways to the create and disseminate market knowledge. This study focused on how cross-functional integration contributes to the market orientation of a company. In the two identified cross-functional processes, formal and informal Integration factors reduce ambiguity on responsibilities and increase commitment (Powpaka, 2006). This gives transparency to everyone about how to support each other in order to deliver satisfactory products and services (Antiocco et al., 2008; Inglis & Clift, 2008; Webster et al., 2010; Lengler et al., 2013; Hillal & Mubarak, 2014).

This study’s findings also show that the informal Integration factors have a strong influence on reaching these positive impacts. Informality in emergent situations facilitates a faster resolution of problems and a more agile company. Moreover, formal factors such as cross-functional teams are also necessary to create a collaborative working environment, to facilitate interaction, and to plan for multidisciplinary decision making. Therefore, team members should learn how the company deals with the informal factors, so they can improve processes through the existence of both formality and informalness. The cross-functional teams and meetings constitute an environment in which managers and leaders promote information dissemination throughout the company and build long term common goals. It also helps to make employees understand the importance of market needs (Aziz & Yassin, 2010). This internal alignment helps to enhance the quality of service and products.

Also, as Menguc & Auh (2008) explain, intellectual stimulation, as a part of the internal marketing, has positive effects on customer orientation and cross-functional integration. This type of effort was recently adopted by studied company and it was observed that a lack of initiative and motivation from some leaders to their teams may lead to misunderstanding of the market needs and how the company has to attend them. This directly affected the team’s commitment to develop a quality service inside-out and outside-in. Therefore, leaders and top managers support is needed. Leaders must promote their employees and must try to harness all the knowledge they have acquired. Considering these findings, we may suggest that cross-functional integration requires a wide perspective in order to include all functions involved in every stage of a given process, and, therefore, is beyond of the two or three functions that guide the market-oriented processes success.

Therefore, some general concepts can be delineated from these implications. Firstly, cross-functional integration leads to the dissemination of the knowledge about organizational dynamics on both a departmental and individual level and knowledge about market intelligence. Secondly, this study shows that internal integration helps to generate interdependency among functions, to improve the awareness about the internal needs, and to improve the internal knowledge about the customer. Finally, product and customer complaints directly impact certain elements of market orientation, such as: responsiveness, customer satisfaction, and service and product quality. This improvement may enable companies to develop stronger relationships with members of their supply chain.

5.2 Limitations and Further Research

The theoretical implications mentioned above are preliminary and exploratory due to the limitations of the case study method in terms of generalization. Future studies could analyze other companies from the foods and beverages industry to validate this study’s findings. A deeper analysis may also be conducted, in order to explore the occurrence of the Integration factors in the supply chain. There is also an opportunity to conduct a multi-case study, involving the analysis of other industries, in different countries.

In addition, quantitative research could be conducted to validate the characteristics of the identified processes and their respective relationships among Integration factors and impacts on market responsiveness. Therefore, the particularities of each process could be converted in variables in order to use a survey to test a cause and effect model.

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