

CREATING INNOVATION POSITIONAL ADVANTAGES: THE COMBINED ROLE OF MARKET INTELLIGENCE, INNOVATIVENESS, AND LEARNING

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ABSTRACT

In this study, we investigate a novel conceptualization of innovation positional advantages along the dimensions of market intelligence, innovativeness, and learning. Drawing on the resource-based view and contingency theory, we propose that innovation positional advantage positively impacts business performance. Moderating effects by market turbulence are suggested to influence this relationship. The impact of innovation positional advantage on business performance in terms of market performance, profitability, and market growth performance is tested in a European business environment. Preliminary results reveal that innovation positional advantage dimensions have significant positive effects on business performance. Market intelligence and learning exhibit a more important role in explaining market performance and market growth. The impact of innovation positional advantage on business performance is especially pronounced when market turbulence is high.

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DEBATING QUESTIONS

1. What constitutes an innovation positional advantage?
2. How can SMEs take advantage of their specific contextual merits such as quick decision-making and flexible processes?
3. What contradictory impact does market turbulence have for SMEs translating their innovation positional advantage to performance outcomes such as market performance, growth, as well as profitability?

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INTRODUCTION

The majority of organizations are confronted with shortening product and business model lifecycles as well as intensified global competition (Hamel 2000). The ability of small and medium-sized entities (SMEs) to achieve and sustain positional advantages increasingly relies on their ability to position and hence, to differentiate themselves with innovative products and services (Rothwell and Dodgson 1994).

Innovation positional advantages, from a resource based view, can be created out of organizational resources and capabilities that are valuable, rare, and difficult to imitate, i.e. strategic assets (Barney 1991; Wernerfelt 1984). Market intelligence, innovativeness, and learning orientation are frequently considered to represent such strategic assets (Chatman and Jehn 1994; Deshpandé, Farley, and Webster 1993; Marcoulides and Heck 1993; Schein 1990). These positional advantages are expected to be closely associated with superior performance (Hult and Ketchen 2001).

To create innovation positional advantages, SMEs need to exhibit high degrees of a variety of organizational resources and capabilities (Salavou 2005). As such, market intelligence, innovativeness, and learning orientation are essential dimensions managers need to focus on for achieving innovation positional advantage. SMEs need not only to be innovative per se but should orientate their novel products and services intelligently to market needs (Rothwell and Dodgson 1994). At the same time, a continuing learning and development is necessary for creating innovative offers that satisfy the market (Garrett, Covin, and Slevin 2009; March 1991). We propose that innovation positional advantage positively affect market performance, profitability, and market growth.

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The positive impact of innovation positional advantage on business performance is, however, not universally guaranteed but is especially dependent on the environmental business context (Bradley et al. 2011; Katila and Shane 2005). Contingency theory suggests that organizations need to align their use of resources to the environment it operates in (Benson et al. 1991). The strength and form of the innovation positional advantage and business performance relationship may be impacted by environmental factors. Accordingly, we include market turbulence as a moderator in our theoretical model, as similar research findings document significant impacts (e.g., Jaworski and Kohli 1993).

We aim to contribute to innovation and management research in the following ways. First, market orientation, innovativeness, and learning orientation have received major scholarly attention individually, but there is limited research of these phenomena in an integrated conceptual framework. We incorporate these into a more comprehensive research model as suggested by several scholars (e.g., Hult, Snow, and Kandemir 2003; Noble, Sinha, and Kumar 2002; Salavou, Baltas, and Lioukas 2004; Zhou et al. 2005). Thereby, we advance research on the value of innovation based activities. Second, we enhance scholarly understanding of innovation based positional advantages. As such, being solely innovative is, especially for SMEs, not enough for achieving positional advantages. Accounting for this perspective, we suggest a conceptualization of innovation positional advantage along market intelligence, innovation, as well as learning and development. Third, the majority of studies in the research field use single firm performance indicators. Effects of independent variables, however, may be beneficial in some performance indicators but not in others. Hence, our multidimensional perspective on SME performance in terms of market performance, profitability, and market growth yields more fine-grained insights. Last, we investigate if the relationships among these innovation positional

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advantage dimensions and multiple business performance conceptualizations are contingent on the specific organizational context in which SMEs operate. In this moderating model, we test the impact of the environmental factor of market turbulence.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

The central constructs in our conceptualization are market intelligence, innovativeness and learning and development which are suggested to be sources of innovation positional advantage (e.g., Hult and Ketchen 2001). The conceptual framework is presented in Figure 1.

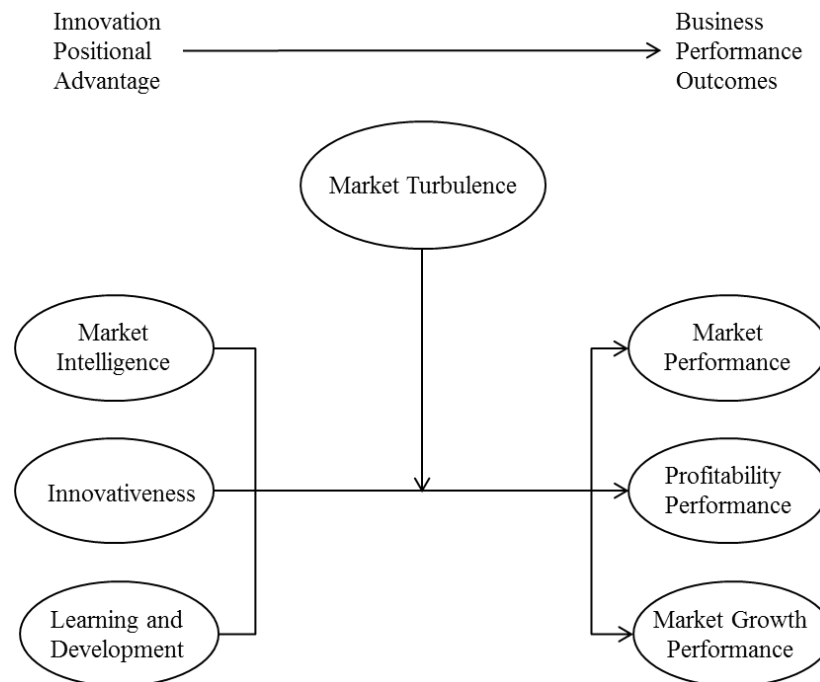


Figure 1: Conceptual Framework (without covariates)

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Innovation Positional Advantages

Firms that adopt a comprehensive perspective on several aspects of strategy perform better and have the potential to achieve competitive or positional advantages (e.g., Atuahene-Gima, and Ko 2001; Bhuian, Menguc, and Bell 2005; Hult et al. 2004). We view market intelligence, innovativeness as well as learning and development as central facets of innovation positional advantage. As such, innovation positional advantage can only be achieved by firms which are simultaneously innovative, target market needs, and are willing to permanently develop their capacities further to be able to satisfy rising market needs.

Market Intelligence. Our market intelligence construct consists of the Kohli and Jaworski (1990) market intelligence and intelligence dissemination dimensions. A comprehensive understanding of the market of interest is obtained through market intelligence which refers to formal and informal activities of intelligence generation (e.g., talking and meeting with customers, conducting market research, considering changes in the environment). Intelligence dissemination includes distributing information across departments to enable the organization to react in a coordinated way to the needs of the market. According to Deshpandé, Farley, and Webster (1993) market intelligence is embedded into the broader context of organizational culture and therefore, is a central attribute of the firm, with implications for organizational information processing (Jaworski and Kohli 1993; Kohli and Jaworski 1990).

Innovativeness. Being innovatively oriented, organizations constantly search for and recognize improvement potentials (Van de Ven 1986). A business can be innovative in (1) its approach to learning about and tracking customer needs, (2) the development of new products or services that address those needs, and (3) the development and implementation of internal processes that enhance customer learning and product development. Innovativeness can be

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viewed in terms of an open-mindedness to new ideas, products, and processes embedded in an organizational mindset (Hult and Ketchen 2001; Hurley and Hult 1998; Zaltman, Duncan, and Holbeck 1973).

Learning & Development. A learning orientation refers to the ability to create, disseminate, and utilize knowledge (Sinkula 1994; Sinkula, Baker, and Noordewier 1997). Argyris and Schön (1978) view learning and development as processes to stimulate organizational members to continually obtain new knowledge. They are encouraged to strive for new approaches for their activities and acquire as well as share knowledge consequential to interactions with environments. Besides striving for new knowledge, internal knowledge is also transformed, extended, and exploited. An effective acquisition, handling, and sharing of new and existing knowledge, respectively is achieved through training of employees, professional seminars, symposia, and career management (Hurley and Hult 1998).

Innovation Positional Advantage and Business Performance

Market Intelligence and Business Performance. Some research findings exist which document some knowledge on the relationship between market intelligence and firm performance. The majority of these studies have found a positive relationship between these constructs (for reviews see Jaworski and Kohli 1996; Kirca, Jayachandran, and Bearden 2005; Langerak 2003). Firms exhibiting high degrees of market intelligence are geared toward creating “superior value for buyers and, thus, continuous superior performance for the business” (Narver and Slater 1990, p. 21). Market intelligence is a source for innovation positional advantage especially for SMEs. SMEs tend to be less bureaucratic than larger organizations because of

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simplified organizational structures and a lower number of employees (Rothwell and Dodgson 1994). This results in higher flexibility for market intelligence generation (e.g., regular interactions with customers) and dissemination (e.g., communication of customer information within the firm).

Hypothesis 1: Market Intelligence is expected to be positively associated with market performance, profitability, and market growth performance in a SME context.

Innovativeness and Business Performance. Conceptual and empirical research (e.g., Han, Kim, and Srivastava 1998; Hurley and Hult 1998) supports the important role of innovativeness in encouraging innovations for organizations' goal achievements (e.g., survival, growth). As such, innovativeness has been found to be a positive predictor of business performance (Han, Kim, and Srivastava 1998). Firms that exhibit high degrees of innovativeness are predisposed to search for new ideas, technologies, and processes. This facilitates the response of an organization to its environment (Hurley and Hult, 1998), in that it is open-minded to look beyond of what is currently offered. Indeed, this tendency may bring especially SMEs ahead of competition and lead to higher performance levels. As such, innovativeness is especially for SMEs a source of positional advantage and superior performance. Structures to develop innovative products and services are usually simpler than in larger organizations (Rothwell and Dodgson 1994).

Hypothesis 2: Innovativeness is expected to be positively associated with market performance, profitability, and market growth performance in a SME context.

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Learning & Development and Business Performance. Similarly, learning and development are characteristics of innovative behavior. Slater and Narver (1995) offer strong conceptual support for organizational learning as a positive predictor of sales growth and profitability performance. Environmental change, in terms of rapid technology improvements and rougher competitive landscape, makes it necessary for companies to learn from their successes and failures and to react with behavioural change (Sitkin 1992; Slater and Narver 1995). The mindset of a firm exhibiting a learning orientation entails that subsequent to knowledge acquisition and dissemination, the quality of the interpretation is constantly reconsidered (Hult et al., 2007). This leads to a more sophisticated decision-making as well as strategy-making and, in turn, to superior performance. Learning and development efforts are especially effective in SMEs. Organizational structures of SMEs are usually less formal and with less number of employees, SMEs have the potential to more effectively and quicker develop their capabilities (Rothwell and Dodgson 1994).

Hypothesis 3: Learning and Development is expected to be positively associated with market performance, profitability, and market growth performance in a SME context.

The Moderating Role of the Environment

The external environment of SMEs has, in various domains of entrepreneurship and management research, been suggested to influence the positive effects of strategy and positional advantages (e.g., Atuahene-Gima and Wei 2011; Barney 1991). This notion pertains to contingency theory which holds that “organizations whose internal features best match the demands of their environments will achieve the best adaptation” and “the best way to organize depends on the nature of the environment to which the organization relates” (Scott 2005, p. 89).

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Slater and Narver (1994) conceptualize and empirically test the moderator effects of market turbulence on the market orientation and performance relationship. Market turbulence addresses how fast the market is changing in terms of the composition of customers and their preferences (Jaworski and Kohli 1993).

Hypothesis 4: The greater the extent of market turbulence, the stronger the relationship between innovation positional advantage and market performance, profitability, and market growth performance in a SME context.

RESEARCH METHODOLOGY

We use data collected from SMEs in a German-speaking environment. After conducting pre-tests, we distributed standardized questionnaires by email to obtain the data for our latent, independent as well as moderating variables on Likert-type scales. We used established scale to operationalize our constructs (see Appendix E). To test for a potential non-response bias, we median-split the sample into early and late respondents and compared the firms of the sampling frame with those available in the sample on several demographic characteristics. We could not find statistical differences.

We operationalize the constructs of our conceptual model through multi-item scales. In our questionnaire, we occasionally reverse stated items in order to reduce potential biases through response styles (Steenkamp and Baumgartner 2001). As part of the innovation positional advantage construct, we operationalized *market intelligence* using the intelligence generation (6 items) and the intelligence dissemination (5 items) scales from Jaworski and Kohli (1993) (coefficient alpha = .75). *Innovativeness* as well as *Learning and Development* was measured based on scales provided by Hurley and Hult (1998) (coefficient alpha = .75 and .84,

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respectively). For measuring *business performance*, we obtained managers' perceptions of relative performance since managers of small business are frequently unwilling to share actual performance data. The use of relative performance measures enables inter-industry comparisons. We selected three dimensions of business performance, each relative to the major competitor and the organization's objectives in the principal served market segment over the past year: (a) market performance (6 items), (b) profitability (4 items), and (c) sales growth (2 items). We utilized market turbulence (i.e., the extent to which the composition and preferences of an organization's customers tended to change over time), to assess the effects of the external environment (Han, Kim, and Srivastava 1998; Jaworski and Kohli 1993; Slater and Narver 1994) (6 items; coefficient alpha = .69). We included control variables to account for factors other than innovation positional advantage that could impact business performance. More specifically, we controlled for business size, customer type, and type of industry.

Reliability and validity of the scales were examined using standard approaches (Bagozzi, Yi, and Phillips 1991; Churchill 1979; Cronbach 1951; Gerbing and Anderson 1988; Nunnally 1978). We were able to extract unidimensional factors which explained considerable variance (>50 %) and showed acceptable reliability and validity (convergent and discriminante) estimates.

PRELIMINARY RESULTS

Testing our hypotheses of the relationship between dimensions of innovation positional advantages and business performance (Figure 1), we performed (ordinary least squares) regression analyses. To further verify our findings, we also performed structural equation modeling including sub-group analysis for our moderating relationship.

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The ordinary least square regression findings provide substantial support for the main relationships proposed in our conceptual framework (see Appendices A to D). The multiple dimensions of positional advantages are found to be important predictors of business performance. As such, we found support for Hypothesis 1 to 3. Thereby, innovativeness exhibits to have not as strong effects on business performance compared to market intelligence and learning and development. Hypothesis 4 can partially be supported: The relationships between market intelligence as well as innovativeness and growth performance are significantly improved when market turbulence is high. In addition, the innovativeness-market performance relationship is stronger when market turbulence is high. Testing the robustness of our findings, our structural equation modeling results could confirm our results.

We are currently conducting further analysis to obtain a better understanding of the synergetic interplay of market intelligence, innovativeness, and learning and developing in explaining superior business performance.

IMPLICATIONS

Our results show that innovativeness is only one aspect with which SMEs can achieve superior business performance. Of at least equivalent importance are high levels of market intelligence and organizational learning and development efforts in explaining business performance. As such, the first implication of our study findings is that scholars should integrate diverse aspects of theoretically related variables rather than examining single constructs for conceptualizing positional advantages. This yields more fine-grained insights into the interdependent role of diverse organizational resources and capabilities potentially creating positional advantages.

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In addition, our results suggest that it is valuable to integrate several perspectives on possible business performance outcomes of positional advantages. The impact of our innovation positional advantage dimensions on business performance, indeed, exhibits varying degrees on each of our performance measures. This implicates that a multidimensional performance measure yields more comprehensive understanding of the actual influence of positional advantages.

Implications for practice pertain to the notion that innovativeness per se is not sufficient in gaining competitive advantages. SMEs should align their innovative products and services to market needs, and constantly engage in organizational learning and development. We suggest that those efforts together have the potential to create positional advantages especially when referring to a small and medium-sized firm context.

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APPENDIX A

Intercorrelations, Means, Standard Deviations, Ranges, and Reliability Estimates (n=205)

Constructs	No. of Items	1	2	3	4	5	6	7
1. Market Intelligence ^a	11							
2. Innovativeness	5	0.39						
3. Learning and Development	4	0.41	0.3					
4. Market Turbulence	4	*	*	*				
5. Market Performance#	6	0.32	0.15	0.29	*			
6. Profitability Performance#	4	0.42	0.35	0.35	*	*		
7. Sales Growth Performance#	2	0.32	0.14	0.23	*	*	0.63	
Mean		4.89	5.91	5.07	4.04	4.75	4.62	4.64
Standard Deviation		1.08	0.87	1.49	1.16	1.05	1.13	1.2
Coefficient Alpha		0.72	0.75	0.84	0.69	0.91	0.91	r=.64
Range		1.60- 6.92	3.00- 7.00	1.00- 7.00	1.00- 6.75	1.83- 7.00	1.50- 7.00	1.00- 7.00

*Indicates non-significant correlations; other correlations are significant at the 0.05 level or better.

^a higher order factors:

The relative to major competitor and organizational objective measures were combined, resulting in double the number of items indicated.

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APPENDIX B

Results of Regression Analyses (standardized β -coefficients) of Innovation Positional Advantages on Market Performance

Constructs	<u>Market Performance</u>			
	Step 1	Step 2	Step 3	Step 4
Control Variables				
Customer Type ^a	n.s.	n.s.	n.s.	n.s.
Company Size	0.19 (2.74)***	0.12 (1.81)*	0.12 (1.74)*	n.s.
Industry Type	n.s.	n.s.	n.s.	n.s.
Main Effects				
Market Intelligence		0.20 (2.58)**	0.20 (2.60)**	0.19 (2.47)**
Innovativeness		n.s.	n.s.	n.s.
Learning and Development		0.19 (2.66)***	0.19 (2.65)***	0.20 (2.72)***
Market Turbulence			n.s.	n.s.
Interaction Effects				
Market Intelligence X Market Turbulence				n.s.
Innovativeness X Market Turbulence				0.14 (1.83)*
Learning and Dev. X Market Turbulence				n.s.
<i>Model F-value (df^b)</i>	<i>7.50***</i>	<i>8.25***</i>	<i>6.62***</i>	<i>5.13***</i>
<i>Overall R²</i>	<i>0.04***</i>	<i>0.14***</i>	<i>0.14***</i>	<i>0.17***</i>
<i>ΔR^2</i>		<i>0.11***</i>	<i>0.00</i>	<i>0.03*</i>

^a Primarily End-users: 0, Resellers: 1; ^b Regression, residual
 *** = p < 0.01; ** = p < 0.05; * = p < 0.10; n.s. = not significant

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APPENDIX C

Results of Regression Analyses (standardized β -coefficients) of Innovation Positional Advantages on Profitability Performance

Constructs	Profitability Performance			
	Step 1	Step 2	Step 3	Step 4
Control Variables				
Customer Type ^a	n.s.	n.s.	n.s.	n.s.
Company Size	0.14 (2.43)**	n.s.	n.s.	n.s.
Industry Type	n.s.	n.s.	n.s.	n.s.
Main Effects				
Market Intelligence		0.23 (3.23)***	0.23 (3.22)***	0.22 (3.06)***
Innovativeness		0.20 (2.90)***	0.20 (2.90)***	0.20 (2.92)***
Learning and Development		0.18 (2.63)***	0.18 (2.63)***	0.18 (2.60)**
Market Turbulence			n.s.	n.s.
Interaction Effects				
Market Intelligence X Market Turbulence				n.s.
Innovativeness X Market Turbulence				n.s.
Learning and Dev. X Market Turbulence				n.s.
<i>Model F-value (df^b)</i>	<i>5.91**</i>	<i>15.78***</i>	<i>12.56***</i>	<i>8.77***</i>
<i>Overall R²</i>	<i>0.03**</i>	<i>0.24***</i>	<i>0.24***</i>	<i>0.26***</i>
<i>ΔR^2</i>		<i>0.21***</i>	<i>0.00</i>	<i>0.02</i>

^a Primarily End-users: 0, Resellers: 1; ^b Regression, residual
 *** = p < 0.01; ** = p < 0.05; * = p < 0.10; n.s. = not significant

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APPENDIX D

Results of Regression Analyses (standardized β -coefficients) of Innovation Positional Advantages on Market Growth Performance

Constructs	<u>Market Growth Performance</u>			
	Step 1	Step 2	Step 3	Step 4
Control Variables				
Customer Type ^a	n.s.	n.s.	n.s.	n.s.
Company Size	0.15 (2.13)**	n.s.	n.s.	n.s.
Industry Type	n.s.	n.s.	n.s.	n.s.
Main Effects				
Market Intelligence		0.24 (3.10)***	0.24 (3.08)***	0.20 (2.58)**
Innovativeness		n.s.	n.s.	n.s.
Learning and Development		0.14 (1.90)*	0.14 (1.90)*	0.14 (1.97)*
Market Turbulence			n.s.	n.s.
Interaction Effects				
Market Intelligence X Market Turbulence				-0.17 (-2.20)**
Innovativeness X Market Turbulence				0.23 (3.16)***
Learning and Dev. X Market Turbulence				n.s.
<i>Model F-value (df^b)</i>	4.52**	6.94***	5.52***	5.21***
<i>Overall R²</i>	0.02**	0.12***	0.12***	0.18***
<i>ΔR^2</i>		0.1***	0.00	0.05***

^a Primarily End-users: 0, Resellers: 1; ^b Regression, residual
 *** = p < 0.01; ** = p < 0.05; * = p < 0.10; n.s. = not significant

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APPENDIX E

Constructs, Items, Sources, and Reliability Estimates

	Construct/Items/Source	Alpha
	Market Focus (Narver and Slater 1990) (7 point Likert-type scale: 1 (strongly disagree) and 7 (strongly agree))	
	Customer Orientation	0.76
1.	Our business objectives are driven primarily by customer satisfaction.	
2.	We constantly monitor our level of commitment and orientation to serving customer needs.	
3.	Our strategy for competitive advantage is based on our understanding of customer needs.	
4.	Our business strategies are driven by our beliefs about how we can create greater value for our customers.	
5.	We measure customer satisfaction systematically and frequently.	
6.	We give close attention to after-sales service.	
	Competitor Orientation	0.77
1.	We regularly share information across functions/departments concerning competitors' strategies.	
2.	We respond to competitive actions that threaten us.	
3.	Top management regularly discussed competitor's strengths and strategies.	
4.	We target customers where we have opportunities for competitive advantage.	
	Organizational Climate (Hurley and Hult 1998) (7 point Likert-type scale: (strongly disagree) and 7 (strongly agree))	
	Participative Decision-Making	0.74
1.	Decision making is delegated to the lowest possible level of authority.	
2.	Individuals involved in implementing decisions have a say in making the decisions.	
3.	Decisions are made on the basis of research, data, and technical criteria, as opposed to political concerns.	
4.	Decisions are based on open discussion and debate of facts.	
5.	Once a decision is made, management communicates the results and rationale to employees.	
	Support and Collaboration	0.74
1.	People throughout XYZ are supportive and helpful.	
2.	There is a willingness to accept responsibility for failure.	
3.	There is a willingness to collaborate across organizational units within.	
	Power Sharing	0.77
1.	People are willing to share their power—there is an atmosphere of working together.	
2.	We talk about teamwork and sharing, but people quietly hold on to their power and authority (R).	
3.	Authority is highly centralized; only a handful at the top have it (R).	
	Market Intelligence (Jaworski and Kohli 1993) (7 point Likert-type scale: 1 (strongly disagree) and 7 (strongly agree))	
	Intelligence Generation	0.75
1.	We meet with customers at least once a year to find out what products or services they will need in the future.	
2.	Individuals from our manufacturing department interact directly with customers to learn how to serve them better.	
3.	We do a lot of in-house market research.	
4.	We are slow to detect changes in our customers' product preferences (R).	
5.	We poll end users at least once a year to assess the quality of our products and services.	
6.	We often talk with or survey those who can influence our end users' purchases (e.g., retailers, distributors).	
7.	We collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners).	
8.	Intelligence on our competitors is generated independently by several departments.	
9.	We are slow to detect fundamental shifts in our industry (e.g., competition, technology, regulation) (R).	
10.	We periodically review the likely effect of changes in our business environment (e.g., regulation) on customers.	
	Intelligence Dissemination	0.76
1.	A lot of informal "hall talk" in our firm concerns our competitors' tactics or strategies.	
2.	We have interdepartmental meetings at least once a quarter to discuss market trends and developments.	

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3.	Marketing personnel spend time discussing customers' future needs with <i>other</i> functional departments.	
4.	Our firm periodically circulates documents (e.g., reports, newsletters) that provide information on our customers.	
5.	When something important happens to a major customer market, the whole business unit knows about it in a short period.	
6	Data on customer satisfaction are disseminated at all levels on a regular basis.	
7.	There is minimal communication between marketing and manufacturing departments concerning market developments (R).	
8.	When one department finds out something important about competitors, it is slow to alert other departments (R).	
	Innovativeness (Hurley and Hult 1998)	0.75
	(7 point Likert-type scale: 1 (strongly disagree) and 7 (strongly agree)	
1.	Technical innovation, based on research results, is readily accepted.	
2.	Management actively seeks innovative ideas.	
3.	Innovation is readily accepted in program/project management.	
4.	People are penalized for new ideas that don't work (R).	
5.	Innovation in XYZ is perceived as too risky and is resisted(R).	
	Learning and Development (Hurley and Hult 1998)	0.84
	(7 point Likert-type scale: 1 (strongly disagree) and 7 (strongly agree)	
1.	XYZ provides opportunities for individual development other than formal training (e.g. work assignments and job rotation.	
2.	XYZ encourages managers to attend formal developmental activities such as training, professional seminars, symposia, etc.	
3.	There are people at XYZ who provide guidance and counsel regarding one's career.	
4.	Career management is a shared responsibility of both employee and the manager.	
	Performance (Babakus et al. 1996)	
	(7 point Likert-type scale: 1 (much worse) and 5 (much better) relative to <u>major competitor</u> and <u>internal objectives</u>)	
	Market Performance*	0.91
1.	Sales volume in terms of units sold compared to your major competitor (past 24 months).	
2.	Sales volume in terms of units sold compared to firm objectives (past 24 months).	
3.	Sales volume in terms of value generated compared to your major competitor (past 24 months).	
4.	Sales volume in terms of value generated compared to firm objectives (past 24 months)..	
5.	Market share compared to your major competitor (past 24 months).	
6.	Market share compared to firm objectives (past 24 months).	
	Sales Growth*	r = 0.64
1.	Sales growth compared to your major competitor (past 24 months).	
2.	Sales growth compared to firm objectives (past 24 months).	
	Profitability*	0.91
1.	Profitability compared to your major competitor (past 24 months).	
2.	Profitability compared to firm objectives (past 24 months).	
3.	Profitability compared to your major competitor (past 24 months).	
4.	Profitability compared to firm objectives (past 24 months).	
	*Performance in comparison to major competitor and internal objectives measures were combined in the analyses.	
	Market Turbulence (Jaworski and Kohli 1993)	0.69
	(7 point scale anchored by 1 (strongly disagree) and 7 (strongly agree)	
1.	In our kind of business, customers' product preferences change quite a bit over time.	
2.	Our customers tend to look for new product all the time.	
3.	Sometimes our customers are very price-sensitive, but on other occasions, price is relatively unimportant.	
4.	We are witnessing demand for our products and services from customers who never bought them before.	
5.	New customers tend to have product-related needs that are different from those of our existing customers.	
6.	We cater to many of the same customers that we used to in the past.	