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Abstract

There is growing interest in the process by which marketing strategy is developed. This article reports on a study in which we investigate the performance implications of using multiple organizational approaches to the development of marketing strategy. Specifically, we test a model in which implementation capability mediates the relationship between number of marketing strategy development (MSD) styles used and firm performance. Based on data collected from manufacturers, the results indicate that: (1) the relationship between the number of MSD styles used and implementation capability is curvilinear (an inverse U-shaped relationship), (2) implementation capability positively impacts firm performance, and (3) implementation capability mediates the relationship between number of MSD styles used and firm performance.

Keywords: marketing strategy development styles, implementation capability, firm performance

Despite growing interest evidenced among scholars and the business community, there is a dearth of research on and a need to improve our understanding of the process of developing and implementing marketing strategy (Menon et al., 1996, 1999; Marketing Science Institute Research Priorities, 2002-2004; Minzberg, 1994; Noble and Mokwa, 1999). The study reported in this article addresses this under-researched topic and contributes to our understanding by providing insights into the implications of the various ways in which organizations approach the marketing strategy development process.

1. Literature Insights

A review of the literature reveals several shortcomings that have limited our understanding of the process of developing marketing strategy. First, most existing models of strategy-making fail to fully capture the complexity and variety of the phenomena (Hart and Ban-
bury, 1994; Menon et al., 1999). Researchers have tended to conceptualize and measure the strategy process using dichotomous or incremental-type comprehensiveness measures. These simplistic measures fail to capture the richness associated with the process of creating strategy and thus researchers have begun to take a broader, more multi-dimensional approach to operationalizing and measuring strategy-making. Hart and Banbury (1994) suggest that firms may employ multiple processes when developing strategy and those firms which are able to develop and use multiple processes may be expected to outperform less process-capable organizations. Their work suggests the need to investigate the implications of using multiple marketing strategy development processes.

Second, past research has largely overlooked the varying roles top managers and organizational members play in developing strategy (Hart and Banbury, 1994). This lack of an organization-wide perspective is a noteworthy limitation given the importance of functional interactions within the context of strategic decision-making (Frankwick et al., 1994; Olson et al., 1995). Strategy-making is a process that involves the whole organization (Westley and Mintzberg, 1989).

Third, studies of the implications of strategy-making have focused almost exclusively on direct financial payoffs, with inconsistent results (see Miller and Cardinal, 1994, for a review). In their study, for example, Hart and Banbury (1994) found that the use of multiple modes of strategy-making did not significantly influence firm performance. In discussing the limitation of focusing on performance as an outcome variable, Ramanujam and Venkatraman (1987, p. 457) state, “any causal link between planning characteristics and organizational performance may be tenuous at best.” Menon et al. (1999) note that scholars have tended to investigate formulation and implementation issues separately rather than as integrated components. This is an important oversight because the primary objective of the strategy development process is to improve implementation capability and it is this capability that results in superior performance (Farjoun, 2002; Ramanujam et al., 1986; Sinha, 1990; Venkatraman and Ramanujam, 1987). As stated by Noble and Mokwa (1999, p. 57), “Marketing strategies only result in superior returns for an organization when they are implemented successfully.” Therefore, we argue that the persistence of inconsistent findings regarding the relationship between strategy-making and performance may be attributable to the failure to include implementation capability as a mediating variable. In other words, a theoretical under-specification would explain past inconsistencies if the primary influence of strategy-making on performance were indirect (i.e., mediated by implementation capability) rather than direct.

Against this backdrop, an important contribution of this study is that we investigate implications of developing marketing strategy from an organization-wide perspective. To accomplish this goal and address the first two limitations noted, we adapt and seek to further improve Hart and Banbury’s (1994) measures of strategy-making, resulting in a multi-dimensional measure of marketing strategy development (MSD) styles. Extending the work of Hart and Banbury, we examine the impact of using multiple MSD styles on implementation capability. Another important contribution of this article is to conceptualize implementation capability as a mediator of the relationship between MSD and firm performance. The addition of implementation capability as a mediator allows us to address researchers’ calls for the investigation of marketing strategy development in a more com-
prehensive nomological framework (Menon et al., 1999). In this study, within the context of manufacturing firms, we specifically address three research questions:

(1) Does the use of multiple marketing strategy development styles positively impact implementation capability?
(2) Does implementation capability positively impact firm performance?
(3) Does implementation capability mediate the relationship between the use of multiple marketing strategy development styles and firm performance?

2. Conceptual Model and Hypotheses

2.1. Conceptual Model

Figure 1 presents the proposed conceptual model. The model depicts number of MSD styles used as positively related and the number of MSD styles used squared as negatively related to implementation capability. The variable “number of MSD styles used squared” is included in the model because, as explained in the ensuing discussion, we posit a curvilinear relationship between the number of MSD styles used and implementation capability. Implementation capability is posited as positively related to firm performance. And finally, implementation capability is modeled as mediating the relationship between the number of MSD styles used and firm performance.

![Figure 1. Number of Marketing Strategy Development Styles, Implementation Capability, and Firm Performance.](image-url)
2.2. **Marketing Strategy Development (MSD) Styles**

Hart (1992) developed an integrative framework that delineates the complementary roles top managers and organizational members play in the strategy-making process. As Hart and Banbury (1994, pp. 252–253) state, “Specifying both who is involved in strategy-making and in what manner provided a useful organizing principle for framework development since, as Westley and Mintzberg (1989) have observed, strategy is a two-way street requiring both visionary leaders and empowered followers.” Hart’s (1992) framework encompasses five styles of strategy development—command, symbolic, rational, transactive, and generative. In essence, these five styles reflect different values and beliefs of top managers and organization members regarding the creation of strategy. The command style signifies a situation in which a few top managers control strategy development. Strategy-making driven by the organization’s mission and vision of the future is referred to as a symbolic style. The rational style denotes strategy development that is guided by formal, written procedures. Strategy-making that emphasizes interaction and learning among employees (i.e., reflective of efforts to foster employee involvement) refers to the transactive style. Finally, the generative style denotes strategy development characterized by experimentation, risk taking, and the entrepreneurial actions of employees.

As noted in the literature insights, firms will potentially utilize multiple strategy development styles (Hart, 1992). Resource-based theory, the paradox perspective on organizational effectiveness, and the theory of competitive rationality all support the notion that as firms use more MSD styles, their capability to implement strategy should improve. Resource-based theory says a strategy-making process that employs diverse styles will be more ambiguous and thus more difficult for other firms to comprehend and successfully imitate (Barney, 1991; Capron and Hulland, 1999; Dutta et al., 1999; Hunt and Morgan, 1995; Reed and DeFillippi, 1990; Srivastava et al., 1998). If the strategy-making process is more difficult to imitate, the firm’s ability to implement its marketing strategy should be more likely to result in superior performance (Barney, 1991; Moorman and Slotegraaf, 1999; Slotegraaf et al., 2003). Similarly, the paradox perspective suggests that the simultaneous use of multiple organizational processes that may be seemingly contradictory or competing can result in a more effective strategy-making process (Bourgeois and Eisenhardt, 1988; Quinn, 1988; Quinn and Rohrbaugh, 1983). An example of seemingly contradictory strategy-making processes would be the use of both a top-down oriented command style and a bottom-up oriented transactive style. In his article on competitive rationality, Dickson (1992) describes the process of creating marketing strategy as a “higher order routine.” For example, he describes how implementation excellence requires the ability to combine multiple organizational routines such as market analysis and experimentation. Thus, one can infer that a necessary path to superior implementation capability is the combined use of diverse routines such as rational planning (e.g., the rational style) and experimentation/risk taking (e.g., the generative style).

Although extant theoretical perspectives support the proposition that the use of multiple styles can lead to better ability to implement the firm’s marketing strategy, we argue, in contrast to the linear relationship impact of multiple styles hypothesized by Hart and Banbury (1994), that there is a limit to the extent to which the number of styles used will
be beneficial. Although the use of multiple MSD styles results in benefits (e.g., causal ambiguity, barriers to imitation, etc.), it may also result in additional costs, such as those associated with control and coordination. As Reed and DeFillippi (1990) describe, ambiguity and complexity will increase geometrically as the numbers of processes employed increase arithmetically. For example, using three styles of MSD can result in the need to manage up to four possible interactions (i.e., between styles A–B, B–C, A–C, and A–B–C), using four styles creates 10 interactions, and using five styles creates 19 interactions. At some point, the cost in time and effort to coordinate and manage the conflicts and challenges associated with these interactions will outweigh the expected benefits. Hence:

**H1:** The relationship between the number of marketing strategy development styles used and implementation capability is curvilinear (an inverse U-shaped relationship).

### 2.3. Implementation Capability

As Noble and Mokwa (1999) point out, there is no consensus on the definition of implementation. Wind and Robertson (1983) treat implementation as synonymous with control and monitoring of the marketing program. Kotler (2003) describes implementation as the process that turns plans into actions. Farjoun (2002) refers to implementation as simply "the execution of strategy" (p. 580). Building on these various perspectives, we define implementation capability as the organization’s competence in executing, controlling, and evaluating its marketing strategy. Next, we discuss the relationship between implementation capability and firm performance.

The heterogeneity of both supply and demand are constantly changing and market opportunities arise as a result of changes in the behaviors of both targeted segments and the market as a whole (Dickson, 1992). Firms can capitalize on these opportunities by delivering either superior customer value because of their ability to segment and provide differentiated offerings to targeted market segments, by producing goods or services at lower relative costs because of their ability to control and evaluate their marketing program, or both (Day and Wensley, 1988). In other words, firms that excel at implementing their marketing strategy should enjoy greater performance because they are more likely to benefit from market opportunities. Hence:

**H2:** The greater a firm’s implementation capability, the greater its performance.

According to Menon et al. (1999), a study of the strategic planning process should include components from both strategy formulation and implementation. We incorporate both in our study and posit that implementation capability will mediate the link between the number of MSD styles used and firm performance. Noble and Mokwa (1999, p. 57) refer to implementation as “a critical link between the formulation of marketing strategies and the achievement of superior organizational performance.” Hart and Banbury (1994) failed to find support for their hypothesis that the use of more styles would result in greater firm performance. The failure to incorporate implementation capability as a mediator could explain their lack of results. In his description of the organic strategy process, Farjoun (2002) pro-
poses a model in which strategy formulation precedes strategy implementation, which in turn precedes firm performance. He argues that strategy formulation may have a less significant role in affecting performance than traditionally conceived because whether or not the firm plans well, the organization cannot succeed without effective implementation. Hence:

H3: The relationship between number of marketing strategy development styles used and firm performance will be mediated by implementation capability.

3. Research Design and Methodology

3.1. Research Context

The study reported here is cross-sectional and was conducted among firms in the game, toy, and children’s vehicle manufacturing industry (SIC Code 3944). Given our interest in determining how marketing strategy is actually developed by organizations, it is important to focus on small firms. Businesses such as these provide a clear picture of strategy-making procedures, because there are likely to be fewer confounds attributable to corporate-level considerations (Robinson and Pearce, 1988). Single industry studies, although limited in their generalizability, are common in both the strategic management and strategic marketing fields because they have the advantage of providing greater control over market and environmental peculiarities.

A random sample of 710 marketing managers in this industry was contacted and invited to participate in the study. All firms were located in the United States and the mailing list was well balanced geographically. To ensure that the individual responsible for the development of marketing strategies actually completed the questionnaire, two precautionary steps were taken. First, all envelopes were addressed by name to the person believed to be the marketing manager. Second, the cover letter indicated that if the recipient did not have the responsibility for making strategic marketing decisions s/he should give both the cover letter and survey to that individual who does assume those duties.

3.2. Survey Procedures

A four-wave mailing was employed. The first mailing included a cover letter, questionnaire, and postage-paid return envelope. A reminder postcard was sent one week later and an initial follow-up mailing was sent to those who had not responded three weeks later. A final mailing was sent to nonrespondents eight weeks later. To encourage participation, each of the cover letters included an appeal to help add to the body of knowledge concerning small business manufacturing practices and offered respondents a summary of the findings.

3.3. Measures

Hart and Banbury (1994) operationalized, measured, and provided psychometric validation for five styles of strategy-making. In this study, we extend their work by adapting their
measures to reflect the styles with which organizations develop marketing strategy. Specifically, respondents were asked to indicate the extent to which items characterize the way in which marketing strategy is developed in their organization. The items for measuring implementation capability were borrowed from Conant and White (1999). Respondents were asked to evaluate their organization's ability to segment markets, differentiate offerings, put plans into action, and control and evaluate their marketing programs relative to manufacturers of similar sales volume.

We measured firm performance using a subjective, self-report instrument comprised of items that have received pervasive attention in the strategy literature (e.g., current profitability, cash flow, market share, and overall performance). Respondents were asked to evaluate their company relative to firms of similar sales volume within their industry. Subjective (i.e., perceptual) assessments of performance are generally quite consistent with secondary published performance information external to the organization (Venkatraman and Ramanujam, 1986), as well as objective performance data internal to the organization (Dess and Robinson, 1984).

Researchers have suggested that firm size and environmental turbulence may impact strategy-making and performance (Farjoun, 2002; Hart and Banbury, 1994; Menon et al., 1999; Miller and Cardinal, 1994). Therefore, our model includes measures of environmental turbulence and firm size as control variables.

4. Results

4.1. Response Rate Summary and Nonresponse Assessment

The four-wave mailing resulted in the return of 90 useable surveys. Of the 710 surveys mailed, 19 could not be delivered, resulting in an adjusted sample size of 691. We received 107 replies, 17 of which were deleted for various reasons, yielding a useable response rate of approximately 13% (90/691). We formally tested for nonresponse bias by comparing early and late respondents in terms of the perceptually based assessments of marketing strategy development styles as well as the more objectively based characteristics of number of years the organization has been in operation and number of employees. We also grouped respondents and nonrespondents into four geographic regions and compared response rates by region. We found no significant differences in either test, suggesting nonresponse bias is negligible.

4.2. Measurement Model

We used principal axis factor analysis to evaluate our measurement model. Factor loadings were determined via oblique rotation, since significant interrelationships were anticipated among the constructs. Seven clear factors emerged – five factors reflecting the marketing strategy development styles, one factor reflecting implementation capability, and one performance construct – thereby establishing the dimensionality of the constructs. We then assessed individual item reliabilities, in a partial least squares framework, by examining
loadings of the measures on their respective constructs. Ideally, loadings should be 0.70 or greater (Chin, 1998). Of the 23 retained items, all but two items have loadings greater than 0.7. Items with less than 0.7 loadings were examined for content validity and found to be adequately representing the constructs that they were intended to measure. Also, since these two items were drawn from established, validated scales they were retained in the measurement model. The high factor loadings (with negligible cross-loadings) are not surprising given that our measures have been psychometrically validated by prior published studies. Overall, these statistics exceed the cut-off suggested by Hulland (1999) and indicate that all items demonstrate good individual-item reliabilities. Table 1 provides the final list of individual items used in the analysis and their loadings. Next, we assessed the construct validity of our constructs by computing composite reliabilities, a measure of internal consistency developed by Fornell and Larcker (1981). As reported in Table 1, all constructs exhibit reliabilities of 0.7 or more, thus indicating that the reliabilities of all the constructs are adequate (Hulland, 1999).

To create the variable “number of MSD styles used,” we categorized a firm as using a particular MSD style if its construct score fell in the upper one-third of the sample distribution of the specific style. We adopted the 66th percentile as our cutoff to remain consistent with Hart and Banbury (1994). Analysis using alternative cutoffs of the 50th percentile, the mean, and the 75th percentile yielded similar substantive results. We then computed an overall count measure of the number of MSD styles used by the firm in question. The distribution of the number of MSD styles used (which ranged from zero to five) by firms in our sample is reported in Table 2. It is interesting to note that the distribution of strategy styles used by firms in our study is very similar to that reported by Hart and Banbury (1994). To capture the non-linear effects of number of MSD styles, we used a squared term of the number of MSD styles.

We then assessed discriminant validity by examining the correlation matrix provided in Table 3. Not surprisingly, the linear and squared terms of the number of MSD styles are highly correlated. We examined the discriminant validity between implementation capability and firm performance using Fornell and Larcker’s (1981) average variance extracted measure. The square roots of the average variance extracted were 0.80 and 0.81 for implementation capability and firm performance, respectively. These values are significantly greater than the correlation between these two constructs revealing reasonable evidence of discriminant validity (Hulland, 1999). Overall, these statistics indicate that the psychometric properties of the model are sufficiently strong to enable interpretation of regression estimates.

4.3. Regression Estimates

Multiple regression was used to test the hypotheses. Each regression included firm size and measures of environmental turbulence (customer turbulence, competitive turbulence, and financial turbulence) as control variables. Results of the regression models are reported in Table 4.
Table 1. Measurement Model

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Command style $\rho_c = 0.80^a$</td>
<td>The chief marketing executive of our company determines and executes the marketing strategy based upon analysis of the business situation. In our firm, the top marketing executive has primary responsibility for developing and implementing marketing planning. Marketing strategy for this company is primarily set by the senior marketing executive and a few of his or her direct reports.</td>
<td>0.95</td>
</tr>
<tr>
<td>Symbolic style $\rho_c = 0.76$</td>
<td>I have a “dream” about where this firm’s marketing programs will be in 20 years and do my best to communicate this sense throughout the org. As a top manager, I regularly challenge our people with new marketing goals and aspirations. As a senior marketing executive, I serve as a personal example of the way our people should behave.</td>
<td>0.70</td>
</tr>
<tr>
<td>Rational style $\rho_c = 0.91$</td>
<td>Our company adopts a written marketing plan each year to guide our marketing activities. Marketing planning in our firm is a formal procedure occurring in a regular cycle. We have written marketing goals that are communicated to employees. Formal analysis of the business environment and our competitors forms the basis for our company’s marketing plan.</td>
<td>0.89</td>
</tr>
<tr>
<td>Transactive style $\rho_c = 0.85$</td>
<td>Most people in this company have input into the marketing decisions that affect them. Marketing strategy is made on an iterative basis, involving managers, staff, and executives in an on-going dialogue. Marketing planning in our company is ongoing involving everyone in this process to some degree.</td>
<td>0.70</td>
</tr>
<tr>
<td>Generative style $\rho_c = 0.79$</td>
<td>People are encouraged to experiment in this company so as to identify new, more innovative marketing approaches and programs. When developing marketing strategies, most of the people in this organization are willing to take risk. Our firm’s marketing strategy is driven by the entrepreneurial actions of our employees.</td>
<td>0.65</td>
</tr>
<tr>
<td>Implementation capability</td>
<td>Ability to segment and target markets. Ability to differentiate firm offerings. Ability to put plans into action. Ability to control and evaluate marketing programs.</td>
<td>0.73</td>
</tr>
<tr>
<td>Firm performance $\rho_c = 0.88$</td>
<td>Market share. Current profitability. Cash flow. Overall firm performance.</td>
<td>0.77</td>
</tr>
</tbody>
</table>

$^a$ Composite reliability: $\rho_c = (\sum \lambda_{yi}^2 / (\sum \lambda_{yi}^2 + \sum \text{var}(e_i)))$, where $\text{var}(e_i) = 1 - \lambda_{yi}^2$.

We hypothesized a curvilinear relationship between the number of MSD styles used and implementation capability. Results from Model 1 indicate that there is a statistically significant positive relationship between number of MSD styles used and implementation...
Table 2. Distribution of the Number of MSD Styles Used

<table>
<thead>
<tr>
<th>Number of MSD styles</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>18</td>
<td>20.00</td>
</tr>
<tr>
<td>1</td>
<td>22</td>
<td>24.44</td>
</tr>
<tr>
<td>2</td>
<td>18</td>
<td>20.00</td>
</tr>
<tr>
<td>3</td>
<td>14</td>
<td>15.56</td>
</tr>
<tr>
<td>4</td>
<td>14</td>
<td>15.56</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
<td>4.44</td>
</tr>
</tbody>
</table>

Table 3. Means, Standard Deviations, and Correlation Matrix

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Number of MSD styles</td>
<td>1.96</td>
<td>1.50</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Number of MSD styles squared</td>
<td>6.04</td>
<td>6.90</td>
<td>0.95</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Implementation capability</td>
<td>4.76</td>
<td>1.09</td>
<td>0.51</td>
<td>0.45</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>4 Firm performance</td>
<td>4.50</td>
<td>1.32</td>
<td>0.16</td>
<td>0.10</td>
<td>0.62</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 4. Regression Results

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Model 1 Implementation capability</th>
<th>Model 2 Firm performance</th>
<th>Model 3 Firm performance</th>
<th>Model 4 Firm performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>4.69b</td>
<td>0.84</td>
<td>4.81b</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>(0.49)</td>
<td>(0.74)</td>
<td>(0.64)</td>
<td>(0.73)</td>
</tr>
<tr>
<td>Number of MSD styles</td>
<td>0.67b</td>
<td>-</td>
<td>-0.64c</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td>(0.22)</td>
<td>(0.29)</td>
<td>(0.24)</td>
<td></td>
</tr>
<tr>
<td>Number of MSD styles squared</td>
<td>-0.08c</td>
<td>-</td>
<td>-0.12c</td>
<td>-0.05</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.06)</td>
<td>(0.05)</td>
<td></td>
</tr>
<tr>
<td>Implementation capability</td>
<td>-</td>
<td>0.76b</td>
<td>-</td>
<td>0.84b</td>
</tr>
<tr>
<td></td>
<td>(0.10)</td>
<td>(0.11)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer turbulence</td>
<td>-0.08</td>
<td>-0.14c</td>
<td>-0.24b</td>
<td>-0.17b</td>
</tr>
<tr>
<td></td>
<td>(0.07)</td>
<td>(0.07)</td>
<td>(0.08)</td>
<td>(0.07)</td>
</tr>
<tr>
<td>Competitive turbulence</td>
<td>0.06</td>
<td>0.02</td>
<td>0.08</td>
<td>0.03</td>
</tr>
<tr>
<td></td>
<td>(0.07)</td>
<td>(0.07)</td>
<td>(0.09)</td>
<td>(0.07)</td>
</tr>
<tr>
<td>Financial turbulence</td>
<td>-0.18c</td>
<td>-0.03</td>
<td>-0.17</td>
<td>-0.02</td>
</tr>
<tr>
<td></td>
<td>(0.08)</td>
<td>(0.08)</td>
<td>(0.11)</td>
<td>(0.09)</td>
</tr>
<tr>
<td>Firm size</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(0.01)</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.27</td>
<td>0.46</td>
<td>0.13</td>
<td>0.48</td>
</tr>
</tbody>
</table>

a Standard errors in parentheses.
b $p < 0.01$.
c $p < 0.05$.

capability. Furthermore, there is a significant negative relationship between the squared term of number of MSD styles and implementation capability. Taken together, these coefficients represent an inverse U-shaped curve that first increases and then decreases with
number of styles, supporting H1. Thus, the results support our contention that the relationship between number of MSD styles and implementation capability is curvilinear.

In an effort to determine the optimal number of styles used, we computed the peak values of implementation capability by setting the first derivative equal to zero. Results reveal that the score for implementation capability peaks when the number of styles used is between three and four. Since the slope of the curve is positive for three styles and negative for four styles, we were able to determine that implementation capability is maximized when three MSD styles are used.

We hypothesized a positive relationship between implementation capability and firm performance. Results from Model 2 show that the coefficient for implementation capability is positive and significant, thereby supporting H2.

Finally, we hypothesized that implementation capability will mediate the relationship between the number of styles used and firm performance. Generally speaking, mediation can be said to occur when four conditions are met (Baron and Kenny, 1986). First, the independent variable significantly affects the mediator. Second, the mediator has a significant effect on the dependent variable. Support for hypotheses H1 and H2 demonstrates that these two conditions for mediation are satisfied. Third, the independent variable significantly affects the dependent variable in the absence of the mediator. Results from Model 3 indicate, in the absence of implementation capability, the number of MSD styles used is significantly related to firm performance, thereby satisfying this condition. And fourth, the effect of the independent variable on the dependent variable is significantly reduced upon the addition of the mediator. In Model 4, we tested the impact of number of MSD styles used on firm performance in the presence of the mediating construct and found that this effect is not statistically significant, thereby satisfying this final condition. Since the effect of number of MSD styles used becomes a null effect in the presence of the mediating variable, it can be inferred that implementation capability fully mediates the relationship between the number of MSD styles used and firm performance, supporting H3.

5. Discussion

This study makes several important contributions to the marketing strategy literature. First, our findings provide evidence that multi-dimensional measures are necessary to capture and better understand the complexity and variety of the strategy development process. Second, this study extends the work of Hart and Banbury (1994) into marketing. In doing so, we have improved the reliability of their strategy-making scales and incorporated an organization-wide approach to the study of marketing strategy development. We have also extended their research by providing evidence that the relationship between the number of MSD styles used and implementation capability is curvilinear, following an inverse U-shaped pattern. Third, we demonstrate that firms with superior implementation capability realize significantly greater firm performance. And fourth, we test a framework that incorporates implementation capability as a mediator of the relationship between the number of MSD styles used and firm performance. We find that the number of MSD styles used impacts firm performance because the use of multiple diverse approaches to strategy
development improves the organization's implementation capability. These results suggest that one explanation for past inconsistent findings regarding the relationship between strategy-making and performance is failure to integrate strategy formulation and strategy implementation more fully.

On a practical level, this study provides manufacturers and researchers alike with a better understanding of the relationships among strategy-making, implementation capability, and firm performance. While additional research is certainly needed, our results provide interesting and important implications. Our finding that implementation capability is strongest when organizations use multiple MSD styles suggests that, not only are there multiple means to improving implementation of marketing-based activities, it is important to utilize different, perhaps even apparently contradictory approaches. This is potentially significant because much of what has been previously written directly or indirectly prescribes a "right/correct" way to develop strategy. Hrebiniak and Joyce's (1985) concept of equifinality, which suggests that the same outcomes can be achieved in multiple ways with different resources, diverse transformation processes, and various methods or means clearly applies to strategy development and deserves further investigation.

6. Limitations and Directions for Future Research

We wish to caution readers that the relationships uncovered may be context specific. We controlled for various dimensions of environmental turbulence and firm size, however our sample of manufacturers is relatively homogenous, and it is possible that manufacturers in other industries may experience greater variance in these variables and thus the linkages shown here may differ. Although comparable to other, recently conducted mail surveys of marketing managers, our response rate is low and our total sample size is small. Finally, we wish to point out the possibility that bias may exist since all of the measures in this study are perceptual and collected from a single informant within each organization. Surveying multiple informants and comparing subjective and objective measures (especially for performance) would strengthen future research.

There are several logical extensions for future research. First, given the evidence of the value of using multiple MSD styles we have provided in this study, it would be useful to have a better understanding of the organizational factors (e.g., culture, structure, top management team characteristics, etc.) that influence the extent to which the firm adopts multiple styles. Similarly, it is important to understand how firms can successfully manage the interactions that result when multiple styles are used. As suggested by Frankwick et al. (1994), more research is needed to clarify the process by which the beliefs of diverse organizational actors are melded into a strategic decision. Second, it would be interesting to conduct a more fine-grained investigation to determine the incremental contributions of styles in a given configuration, what configuration of styles is optimal, and to what extent the optimal configuration depends on both endogenous and exogenous factors. And third, future research should address the relationship between the configuration of styles and marketing strategy orientations. For example, researchers could investigate whether a specific configuration of styles is more appropriate for a low cost strategy while another
configuration is best for a differentiation strategy. In sum, understanding the various approaches an organization can take when developing marketing strategy has the potential to help organizations more successfully adapt to their changing environments and it is hoped the results of this study help stimulate additional research on this important topic.

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