<u>Author:</u>

Queiroga, Ana Paula
University of Lisbon (Portugal)
Travessa Maria do Carmo Freire, 71 – Lavra - 4455-165 – Matosinhos – Portugal
Tel. +351934207689
asantos@ipam.pt

<u>Co-authors:</u>

Santos, Conceição
University of Lisbon (Portugal)
Avenida das Forças Armadas, 1649-026 – Lisboa - Portugal
maria.santos@iscte.pt

Lages, Luís
University of Lisbon (Portugal)
Universidade Nova de Lisboa, Campus de Campolide, 1099-032 Lisboa -Portugal
lflages@fe.unl.pt

Jesuíno, Jorge Correia

University of Lisbon (Portugal)
Avenida das Forças Armadas, 1649-026 – Lisboa - Portugal
correia.jesuino@iscte.pt

THE IMPACT OF MARKET-ORIENTED ORGANISATIONAL CULTURE, LEARNING ORIENTATION AND ENTREPRENEURIAL PROCLIVITY ON BUSINESS PERFORMANCE

KEY WORDS: *Strategic Orientations, Business Performance.*

ABSTRACT

Recent developments literature suggests that research efforts that integrate diverse types of strategic orientations and of performance measures would be extremely valuable. In this study we develop a model integrating *Market-Oriented Organisational Culture*, *Learning Orientation*, and *Entrepreneurial Proclivity* as determinants of *Business Performance*. Based upon contributions from both organisational theory, and marketing and consumer behaviour, we develop a longitudinal model, tested through a qualitative fieldwork involving scholars, managers and other representatives of the tourism industry.

1. INTRODUCTION

This research faces two main challenges: *(1)* to define a conceptual structure (based on the available literature), integrating several strategic orientations, aiming at studying the synergic relations between them and their relationship with business performance (Slater & Narver, 1995; Baker & Sinkula, 1999; Matsuno, Mentzer, & Ozsomer, 2002); *(2)* to develop a qualitative study, whose results are aimed at improving the conceptual structure and assessing its relevance.

To build the theoretical framework three strategic orientations were selected: *(1) Market-Oriented Organisational Culture* (cf. Homburg & Pflesser, 2000) which includes four components (values, norms, artefacts and market-oriented behaviours), forming a positive causal chain, leading from values to behaviours; *(2) Learning Orientation* (cf. Baker & Sinkula, 1999), associated with three organisational values (commitment to learn, open-mindedness and shared vision) which helps the organisation to create several types of knowledge, either by adaptive learning or generative learning; and *(3) Entrepreneurial Proclivity* (cf. Matsuno et al., 2002), consisting in the organisational predisposition to accept processes, practices and decision making, distinguished by its preference for innovativeness, proactiveness and risk taking.

Some internal factors (learning and development, formalisation, centralisation, departmentalisation, reward systems and leadership) are also considered. These factors are connected with the organisational environment and mediate the impact of different strategic orientations on performance (Slater & Narver, 1995; Kohli, Jaworski, & Kumar, 1993; Matsuno et al., 2002).

Finally, we also consider that higher levels of environmental turbulence and market dynamism demand a stronger adaptation, innovation and entrepreneurship when approaching clients and competitors (Morris, Schindehutte, & LaForge, 2002; Kohli et al., 1993).

Due to a lack of research in this area, there is not a clear understanding about the kind of synergies that may occur when several types of strategic orientations coexist in an organisation. This study aims at filling this gap, suggesting a longitudinal integrative and proactive approach to the relations among selected strategic orientations and business performance. From the managerial point of view, we aim to provide managers an analytic framework to better take advantage of their resources and capabilities, in a more adaptative or generative way, according to the environmental and internal forces to the firm.

As far as the qualitative study is concerned, several semi-structured and extensive interviews were made to large hotel chains' headquarters, top managers of hotel units, scholars, and members of tourism professional associations.

The results allowed us to improve the conceptual framework and confirm its relevance for the tourism industry.

The article is structured as follows: first, it is presented a brief reference to the theoretical background. Then, we present a conceptual framework, where the synergetic, moderating and mediating effects as well as the internal and external factors to the organisation are explored. Then methodology and discussion of the results are presented. Finally, we discuss both theoretical and managerial implications, limitations and directions for further research.

2. THEORETICAL BACKGROUND

This investigation can be connected to three paradigms of the organisational culture (Desphandé & Webster, 1989; Smircich 1983a p.342): *(1)* The Contingency Paradigm, which emerged from the structural functionalism (Racliffe-Brown, 1952) and the contingency theory (Thompson, 1967), which considers culture as a variable endogenous to the organisation and that supports the comprehensive structure of the model; **(2)** Organisational Symbolism, which emerged from symbolic anthropology (Geertz, 1973) and from the symbolic theory of the organisation (Dandridge, Mitroff & Joyce, 1980), which considers culture as a metaphor of

the shared symbols and meanings and that supports the inclusion of the construct "market oriented organisational culture" in the model; *(3)* The Organisational Cognition, which emerged from ethnocentrism (Goodenough, 1971) and from the cognitive theory of the organisation (Weick, 1979), that considers culture as a metaphor of the organisational knowledge systems, and that, in the present study, supports the approach to the constructs of "learning orientation" and "entrepreneurial proclivity".

This research, integrating different disciplines, is consequently supported by several theories, which are briefly presented below.

2.1. Contingency theory – In the contingency models, organisational behaviour and managerial performance are influenced by shared values, identities and commitment of organisation members (Thompson, 1967). Organisational culture is considered to be a tool that can be used by managers to conduct and implement organisational strategies, and includes the beliefs and values developed by and in the organisation (Deshpande & Webster, 1989; Deal & Kennedy, 1982).

2.2. Organisational behaviour theory – Emphasizes the fact that the behaviours of organisational members are conducted by the "norms prescribing and sanctioning these behaviours, and the values in which the norms are embedded" (Katz & Kahn, 1978, p.43).

2.3. Consumer behaviour theory – According to Ajzen, Icek, and Fishbein (1980) framework, basic values and beliefs have an impact on norms, which then influence observable behaviours.

2.4. Organisational learning theory – In compliance with this theory, the learning process results from the development of knowledge with potential to influence the organisational behaviour (Fiol & Lyles, 1985; Huber, 1991; Simon, 1969; Sinkula, 1994). Presumably, learning facilitates behaviour change that leads to improved performance (Fiol & Lyles, 1985; Garvin, 1993; Senge, 1990; Sinkula, 1994). This learning process is not only confined to the incremental adaptation to the environment, but also questions long-held values and grants a competitive advantage of the organisations through its continuous improvement (Slater & Narver, 1995).

2.5. Resource-based view theory – This theory sees the organization as the unit of analysis. Competitive advantages result from resources and capacities created and controlled

inside the organisation (Jap, 1999), being understood as a set of tangible and intangible resources used to create a privileged market position (Wernerfelt, 1984; Barney, 1991; Grant, 1991).

2.6. Resource-advantage theory of competition – Is an evolutionary, non-consummatory theory (Hunt & Morgan, 1996; Hunt & Morgan, 1997; Hunt, 1997; Hunt, 2000). Fundamental sources of competitive advantage are innovation, people's entrepreneurial skills and organisations' entrepreneurial capabilities.

3. CONCEPTUAL STRUCTURE

Based on former empirical studies, namely those undertaken by the authors of the adopted strategic orientations (Homburg & Pflesser, 2000; Baker & Sinkula, 1999; Matsuno et al., 2002) a conceptual longitudinal framework is suggested.

Figure 1 – Conceptual Framework

Strategic Orientations and Business Performance
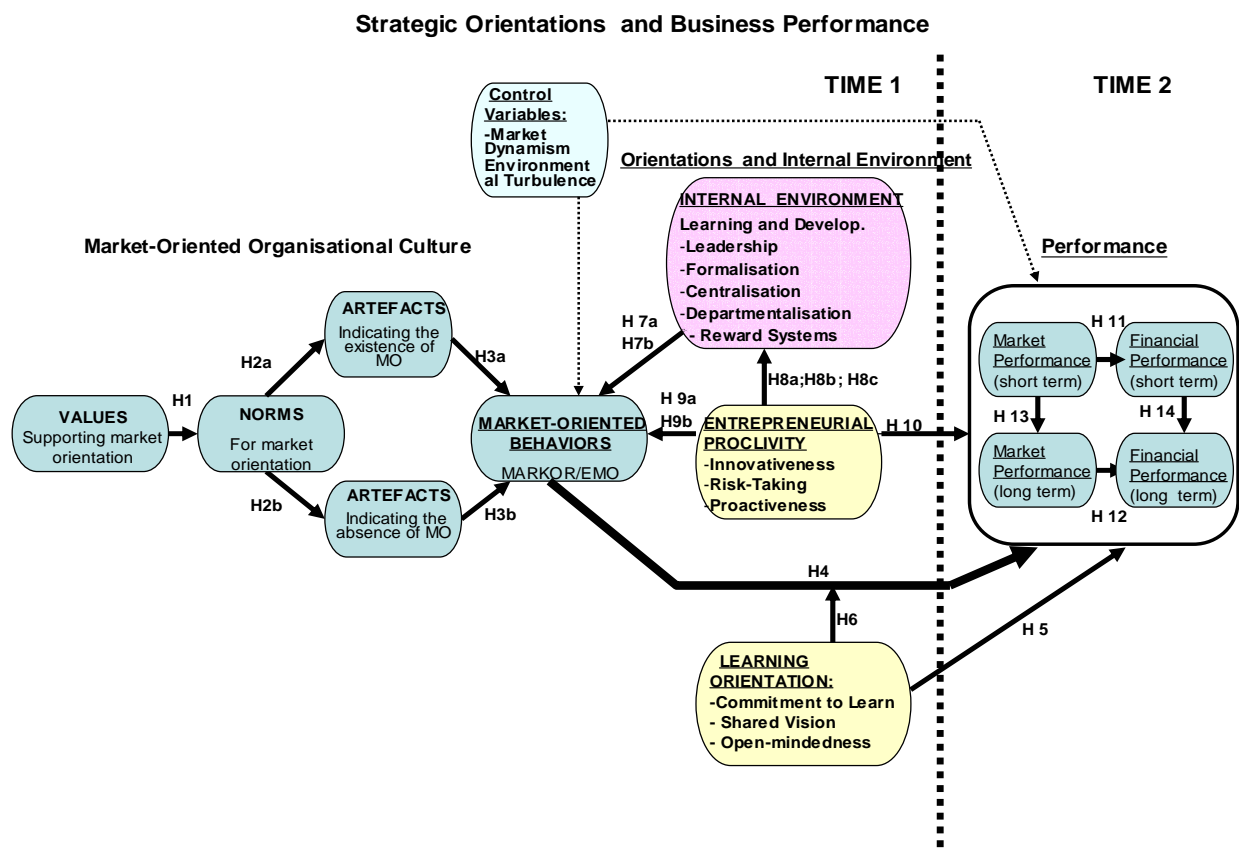
In this framework, performance is *directly* affected by: *(1)* market oriented behaviours, which are influenced by three former levels of cultural elements (values, rules and artefacts); *(2)* three dimensions of learning orientation (learning commitment, shared vision and open-

5

mindedness); *(3)* three dimensions of entrepreneurial proclivity (innovativeness, risk taking and proactiveness); and *(4)* two control variables (market dynamism and environmental turbulence).

It is also proposed that business performance can be *indirectly* affected by: *(1)* six constructs of the internal environment (learning and development, leadership, formalisation, centralisation, departmentalisation and reward systems); *(2)* the three dimensions of entrepreneurial proclivity; and *(3)* by the two control variables, through their influence on market oriented behaviour. Finally, it is considered that learning orientation might also *moderate* the direct relationship between the market oriented behaviour and performance.

We suggest a longitudinal approach with the objective of exploring the existence of causal relationships among strategic orientations and business performance along the time. From this assumption, fourteen global research hypotheses were formulated as we presented below.

4. RESEARCH HYPOTHESIS

4.1. Market-Oriented Organisational Culture - Market-oriented organisational culture (Homburg & Pflesser 2000), includes four components: *(1)* values; *(2)* norms; *(3)* artefacts and, *(4)* market-oriented behaviours, forming a causal chain, leading from values do behaviours. This structure is consistent with: *(1)* organisational behaviour theory (Katz & Kahn 1978, p.43); and *(2)* with the extended model developed by Fishbein (1980), which is known from the consumer behaviour theory. O´Reilly (1989) argues that the formation of norms within an organisation is easier if they are in agreement with the fundamental values. According with Homburg & Pflesser (2000) empirical study, the basic values supporting market orientation have a significant positive effect on norms for market orientation. Therefore, we suggest the following hypothesis:

H_1: *The basic values supporting market orientation have a positive impact on the norms for market orientation.*

Norms for market orientation that describe desirable behaviours and that presumably affect those behaviours are partly transmitted in companies through artefacts such as stories, language, rituals or objects (Kilman, Saxton and Serpa 1985, p.5). Homburg & Pflesser (2000) also verified empirically these relations, finding a positive effect, from the market-oriented norms to the artefacts indicating the existence of market orientation, and a negative effect to the artefacts indicating the absence of such orientation. In the same way we suggest that:

H₂: *The norms for market orientation have:*

      H₂ₐ: *a positive impact on the artefacts indicating the existence of market orientation, and*

      H₂ᵦ: *a negative impact on the artefacts indicating the absence of market orientation.*

Within the context of the multi level approach to the organisational culture, adopted by Homburg & Pflesser (2000), the market oriented artefacts have a symbolic power that can strengthen the level of the market oriented behaviours in the organisation, considering that the opposite is also admissible, therefore:

      H₃: *The artefacts:*

      H₃ₐ: *indicating the existence of market orientation, have a positive impact on the market-oriented behaviours; and,*

      H₃ᵦ: *those indicating the absence of market orientation have a negative impact on the market-oriented behaviours*

Several empirical studies reveal the existence of a positive and meaningful correlation, between market orientation and several performance measures (e.g.: Jaworski & Kohli, 1993; Narver & Slater, 1990; Slater & Narver, 1994), with a direct effect in the market performance and indirect in the financial performance, through its influence in the market performance (Homburg & Pflesser, 2000). A market oriented organisation focus its efforts in giving more value to the clients and maintaining a competitive advantage towards their competitors (Kohli & Jaworski, 1990). The objective is to satisfy the clients so that they can become loyal, and, at the same time, attract new clients that will reach the desirable market share, thus, resulting in the increasing of the return on sales (Homburg & Pflesser, 2000). This type of performance demands a constant and durable intervention, whose results may not be reflected on a short-term basis, but on a medium and long-term basis.

According to this, and following the multi level model adopted for the market oriented culture (Homburg & Pflesser, 2000), it is suggested that among its four components, only behaviours have a direct impact on performance. Values, norms and artefacts only affect performance indirectly, through market-oriented behaviours. This leads to the following hypothesis:

      H₄: *The presence of market-oriented behaviours in an organisation has a positive impact on the long-term market performance.*

4.2. Learning Orientation – According to Sinkula, Baker & Noordewier (1997), the learning orientation influences the company's capacity to create and use all kinds of knowledge and not just a market-based one. This can be done by adapting former knowledge or by generating new knowledge. Baker & Sinkula (1999), suggest that knowledge doesn't come only from the reaction to the market as it is, but also from innovation, a sort of split with the established. They argue that the firms, rather than being market led, may at times believe that it is more appropriate to lead the market. These authors also identified the existence of a positive influence of the learning orientation on the performance, both on the short and long-term. Besides that, they referred the existence of a synergetic effect of the learning orientation in the relation between market orientation and performance. Similarly it is suggested that:

H$_5$: *The organisation learning orientation has a positive impact on the long-term market performance.*

H$_6$: *The greater the organisation learning orientation the strongest the positive relationships between market orientation and long-term market performance.*

4.3. Internal Environment - Hurley & Hult (1998) studied the effect of the learning and development of an organization's members, in the market oriented behaviours, confirming the existence of a positive impact of the first in the last ones.

Jaworski & Kohli (1993) and Matsuno, Mentzer & Ozsomer (2002) tested the negative impact of formalisation, centralisation and departmentalisation on the market-oriented behaviours, concluding that the most relevant results were related with the departmentalisation. Jaworski & Kohli (1993), also proved the existence of a positive impact of the company's rewarding systems, in the market-oriented behaviours.

Slater & Narver (1995) mention leadership as an element of the organisational environment, with an influence on the organisational learning and on the performance. From the studies above, we can conclude that the several elements that integrate the organisational structure, systems and environment, have an influence on the organisational behaviours and on performance, thus leading to the following global research hypothesis.

H$_7$: *The internal organisational environment affects:*

    H$_{7a}$: *directly the market-oriented behaviours, and*

    H$_{7b}$: *indirectly the performance, through its influence on the market-oriented behaviours.*

4.4. Entrepreneurial Proclivity - Matsuno et al., (2002), noticed the existence of a negative impact of the entrepreneurial orientation in some structural aspects of the organisation (formalisation, centralisation and departmentalisation). Therefore, the bigger the innovative, pro-active and taking risks spirit is, the less will be: (1) the rigidity of the norms connected with a task; (2) the power and responsibility centralisation and (3) the inter-departmental isolation. On the other side, it is possible that an entrepreneurial orientation could have positive effects on the rewarding systems, participant leadership and commitment in the learning and development of the organization's members. Therefore, we put forward the following:

H8: *The entrepreneurial proclivity affects:*

H8a: *directly the internal organisational environment;*

H8b: *indirectly the market-oriented behaviours, through its influence on the internal organisational environment, and*

H8c: *indirectly the business performance, through its influence on the internal organisational environment, and on the market-oriented behaviours.*

Matsuno et al., (2002), mention the existence of a direct and positive impact of the entrepreneurial proclivity in the market-oriented behaviours. The same authors say that the three dimensions of that orientation (innovation, taking risks and pro-activity), allow the members of an organization to collectively introduce market learning activities, recognition of the necessity of reducing uncertainty, to assume more calculated risks, and, in consequence, to promote a market orientation like the one suggested by Kohli & Jaworski (1990). This position is consistent with the works of Desphandé, Farley & Webster (1993) and also with Moorman (1995) who suggest the strengthening effect of an innovative culture in the client orientation. The findings of these previous studies lead us to the formulation of the following hypothesis:

H9: *The entrepreneurial proclivity affects:*

H9a: *directly the market-oriented behaviours, and*

H9b: *indirectly the business performance through its influence on the market-oriented behaviours.*

From the conceptual point of view, investigators agree that the entrepreneurial proclivity should contribute to the superior performance of the company (e.g.: Barringer & Bluedorn, 1999; Drucker, 1954; Drucker, 1998; Lumpkin & Dess, 1996; Miller, 1983). However, the

results are not conclusive (Zahra, 1993b). Covin & Slevin (1986), found a positive relation between the market orientation and some specific measures of financial performance. However, in another study by the same authors dated 1989, they mention a non-meaningful result between the same measures. Zahra (1991) identifies a positive relation between entrepreneurial orientation and profit, sales growth and market share. Matsuno et al., (2002) obtain similar results with the percentage of the development of new products and with ROI. Christensen (1997) sustains that some successful companies in the market fail in the innovation area, because they focus excessively on their current clients and on the constant improvement of their technologies, to display an improved product to their clients. On the opposite side, Gatignon & Xuereb (1997), state that the client orientation has a positive influence on the success of commercial innovation. These different results may indicate the existence of other variables, still unidentified, that may be mediators in the relation between entrepreneurial proclivity and performance, and also the need of testing the relation with different performance measures in order to obtain some conclusions.

The present research introduces mediation effects (hypothesis H_{8c} e H_{9b}), and intends to study the relation between entrepreneurial proclivity and several market and financial performance measures, on a short and long-term basis. This leads to the following hypothesis:

H₁₀: *The learning organisational orientation affects directly the business performance measured through its market performance, financial performance, success and the performance of the new products and services, satisfaction with short-term performance and expected improvements on the short-term performance.*

4.5. Performance

   4.5.1. Effects of the market performance on the financial performance - It is widely accepted by several investigators that the market performance is an antecedent of the financial performance (eg.: Homburg & Pflesser, 2000; Homburg et al., 2002; Slater & Narver, 1995). The existing literature on performance enhances this idea, showing that market indicators like client satisfaction or loyalty, are positively connected with market orientation (Anderson & Sullivan, 1993; Fornell, 1992; Rust & Zahorik, 1993). Reichheld (1996) considers that client loyalty may increase profits, due to the absence of acquisition costs, less operational costs and bigger price toleration. Buzzell & Gale (1987), state that the quality of a product / service and the market share, are the most influential factors in the percentage of return on sales, leading to the following research hypothesis:

H$_{11}$: *The short term market performance has an impact on the short-term financial performance.*

H$_{12}$: *The long term market performance has an impact on the long-term financial performance.*

4.5.2 Effects of short-term performance on the long-term performance - With the increasing relevance of relational marketing not only in the academic area but also in the enterprise world, there has been a constant emphasis on the importance of solid and lasting relations with the clients, loyalty and fidelity, as ways of obtaining better long-term profits (Morgan & Hult, 1994; Moorman & Rust, 1999). However, there is also an increasing interest in the study of the short-term performance effects (Lages & Jap, 2003). Some investigators (eg.: Moorman & Miner, 1998; Lages & Jap, 2003) consider that the turbulence of the markets and of working mobility, are negative to the long-term planning, being easier for managers to define short-term results. These allow them to obtain bonuses or even maintain or improve their position in the company. In addition, it is clear that the companies that operate in saturated markets and with low profit margins depend on the short-term performance to survive (Lages & Jap, 2003). Previous researches also reveal that the definition of current strategies depends on the short-term expected performance, and that the performance levels tend to strengthen year by year (Lages & Jap, 2003; Lages & Montgomery, 2003). Similarly, the following global research hypothesis, are suggested:

H$_{13}$: *The short term market performance has an impact on the long-term market performance.*

H$_{14}$: *The short term financial performance has an impact on the long-term financial performance.*

4.6. Effects Control of the External Environment- Rajagoplan, Rasheed & Datta (1993), concluded that the research at the strategy level must control the environmental effects. Homburg & Pflesser (2000), refer that the bigger the market dynamism, the greater will be the positive impact of market-oriented behaviours on performance, considering that the company is committed to the improvement of its adaptation and innovation when facing these conditions. Moorman & Miner (1998), showed that the level of environmental turbulence increases organisational improvisation, and that the subsequent relation with effectiveness in the development of new products also improves within that context. This is due to the fact that it is more difficult to fulfil the normal working cycle of a good planning,

with its elevated time and resources consuming, in an environment with a great level of turbulence. I

In this investigation it was decided to consider the market dynamism and the environmental turbulence as control variables, because of the relevance shown in previous researches.

5. WORKING FIELD METHODOLOGY

To improve and infer the pertinence of the conceived theoretical framework (Lee, 1999), an exploratory qualitative research was conducted. The study is carried in two phases: *(1)* in-depth interviews; and *(2)* semi structured interviews.

The first phase, relatively non-structured and with open questions, was intended to gather information from hotel chains headquarters and representatives of tourism professional associations, on the impact of contextual factors, internal and external, on industry performance.

The second phase, relatively structured, is directed to the conceptual framework, with the objective of finding the relevance of the relations and constructs defined in it, according to top managers from the hotel units. This methodology is based on Kvale (1996).

The interviews' structure follows the suggestions of several authors (Flick, 1999; Bryman, 1992; Merton & Kendall, 1946).

The technique that was considered to the data was the content analysis (Bardin, 1979; Bardin, 2003; Vala, 1986), situated on a descriptive, category and thematic level. The preference for this technique is due to the small dimension of the samples and its convenience selection.

This technique was applied to enquiry interviews through five stages: (1) definition of the global objective; (2) formulation of the main hypotheses; (3) selection of the *corpus*; (4) analysis; and (5) results treatment.

  5.1. First phase: in depth interviews – The sample was selected by convenience and is composed by nine experts in the tourism industry.

The main purpose is to obtain a pragmatic vision, retrospective and prospective, that allows the identification of dominating forces in the strategies and performance industry.

We define two central dimensions, tourism characteristics and hotel establishments' characteristics, each one with ten *a priori* categories. We follow the process referred by Herzlich (1969), with the *a priori* system, founded on the literature review (e.g., Hofstede, Neuijen, Ohayv, & Sanders, 1990; Slater & Narver, 1995; Webster, 1993), enriched and

deepened through the interviews, from which emerge new relevant categories which contribute to confirm, reformulate or expand, the hypothesis and the problematic in study.

To better conduct the interviews, we conceived an orientation guideline, which wasn't revealed to the interviewed, to assure, in all the sessions, the approach to the categories defined *a priori*. The categories are the following: *(1)* retrospective features; *(2)* trends; *(3)* contextual influences; *(4)* influential groups; *(5)* performance index and evolution; *(6)* performance antecedents; *(7)* company investments; *(8)* needy areas; *(9)* governmental support; *(10)* strengths and weaknesses.

A thematic and of occurrence analysis was applied aiming at identifying the interviewees' interests in defined contents, being implied that to a major interest corresponds a major frequency of occurrence in the speech (Bardin, 1979; Bardin, 2003; Vala, 1986).

The interviews, which took about 60 minutes each, were conducted by the main author, were taped and then transcribed, with the prior consent of the interviewees.

The results were assembled on a table that emphasized the information that were supplied.

5.2. Second phase: semi structured interviews – Eight interviews were conducted by the first author to hotel general managers, selected by convenience, and all working for at least seven years in the sector. The interviews, which took about 30 minutes each, had a multiple purpose: *(1)* confirm the general structure of the developed framework; *(2)* identify the most outstanding relationships between the groups of variables from the point of view of the interviewees; *(3)* to infer which are the constructs that the latter consider more important inside each group; and *(4)* add occasional absent features. As with the in-depth interviews, we conceived an orientation guideline, this time revealed to the interviewed.

The analysis was essentially thematic and transversal (Bardin, 1979; Bardin, 2003; Vala, 1986) and a categorical system were *a priori* developed based on literature (e.g., Hofstede et al., 1990; Slater & Narver, 1995; Webster, 1993).

We used five dimensions, being three central to the study (1 to 3), one of personal information (4), and the other about the hotel's unit characteristics (5).

The three core dimensions (1 to 3) intend to: *(1)* identify the relations / connections among the variables of the conceptual model; *(2)* evaluate the relevance of the constructs included in the model; and,*(3)* search for important absent features, from the point of view of the interviewed. The fourth dimension, connected with personal traits of the interviewed, intends to characterize the interviewed profile. The fifth dimension, enable us to identify some relevant aspects of the hotel units in order to a more accurate segmentation.

To identify the most relevant relationships among variables, three schemes were presented to the interviewed, asking them: *(1)* in the first case, to connect the variables with arrows, according to the direction of the influence; *(2)* in the second case, to indicate the most relevant constructs in a 1 to 5 scale (from totally irrelevant to very relevant); and *(3)* in the third case, if they wanted to add some relevant absent features.

Similar to the in-depth interviews, it was adopted the Herzlich (1969) process, with the theoretical references guiding the material exploration which will confirm, reformulate or enlarge the formulated hypothesis.

The analysis of occurrences was essentially employed to verify if there was any correspondence between the theoretical and the empirical levels that could allow confirming the predefined hypothesis.

6. RESULTS

6.1. First phase: in depth interviews **-** Considering the two pre-defined dimensions with ten *a priori* categories each, the results obtained through the in depth interviews, are the followed:

Dimension 1 – Tourism characteristics

Category 1 - Retrospective features – The aspects emphasised were: *(1)* acknowledgement of the economical value of tourism; *(2)* excessive focus in the hotel business, and in the "sun and beach" product; and *(3)* mass growth that began in the sixties.

Category 2 - Trends – As far as the evolution tendencies are concerned, the interviewed showed a great concern with the territorial and environmental issues, optimisation of market niches like golf, remodelling of the destinations and definition of the tourism reserves.

Category 3 - Contextual influences – The most referred issues had to do with the economical dominion of the large multinational groups in the hotel business, with the turbulence and uncertainty of the market due to the economical crisis, terrorism and diseases.

Category 4 – Influential groups – Concerning the most influent hotel groups, their relevance can also be divided into national and international groups.

Categories 5 and 6 – Performance index, evolution and antecedents – The performance indicators that were mentioned were tourism global revenues, tourist entries, the occupation rate in the hotels and the revenue per room. On performance evolution, they mentioned the growth in the profits as its main characteristic, enhancing the moderator role of the internal market, compensating occasional losses in the external market.

Categories 7 to 9 – Company and governmental investments – In this area, considering the investments made by managers and governments, the interviewed stated that they aim mainly at the hotel groups.

Category 8 – Needy areas – the main investment needs are: *(1)* destinations' promotions; *(2)* the development of small companies in the animation area and hotel support; and (3) the support to cooperation practices between managers, aiming at gaining more international competitiveness.

Category 10 – Strengths and weaknesses – The strongest features pointed out were: *(1)* good climate; *(2)* diversified short distance offer; *(3)* acceptable quality; and, *(4)* security. The weaknesses are related with: *(1)* absence of an external policy strategy; *(2)* lack of dynamism and project accomplishment; *(3)* low environmental and social performance; *(4)* insufficient promotion of exterior destinations; *(5)* excessive focus in the short-term; and, *(5)* lack of cooperation between managers, government and environment.

Dimension 2 – Hotel establishment characteristics

Category 1 - Retrospective features – The mentioned issues were related to the hotel business evolution, very well positioned from the 19th century to the middle of the 20th century. After that there was a mass period during the 60s and 70s, and nowadays there is a re-qualification stage. They also enhanced the traditional loyalty of the British, of Portugal's characteristics as a basically destination country and the exaggerated focus in the Lisbon, Algarve and Madeira areas.

Category 2 – Trends – As far as the evolution tendencies are concerned, they referred: *(1)* the need for mergers between units and national groups; *(2)* internationalisation to Brazil, Africa, Cuba and Spain; *(3)* the development of their own brands; and, *(4)* the investment in high quality facilities.

Category 3 – Contextual influences – The interviewed pointed out the following important aspects: *(1)* economical recession; *(2)* the strength of the great international brands; *(3)* greater exigency and demand sophistication; and, *(4)* the shortage of natural resources.

Categories 4 to 6 – Influential groups, performance index, evolution and antecedents – The most relevant hotel groups coincide with the above mentioned for tourism, and the same happens with the performance indicators and evolution and their main antecedents and influencers (natural resources, sun and beach and economical vision of the government).

Category 7 and 9 – Company and governmental investments – According to the interviewed, the managers' investments in the hotels in the last few years were aimed at high

quality units in Portugal, Madeira and Brazil. The governmental investments were concentrated in the promotion of the destinations' image, the improvement of basic infrastructures and real estate financing.

Category 8 – Needy areas – The greatest needs, according to the interviewed, are: *(1)* betting on environmental and socially responsible facilities; *(2)* promotion in the internal demand; and, *(3)* achieving quality, innovation and professional training.

Category 10 - Strengths and weaknesses – The strongest features pointed out here were the differentiated and diversified short distance offer and the quality of the facilities and of the service, comparing to the Spanish competitors in the same category. The weaknesses are related with the lack of strategic vision, medium and long-term, and the lack of training and betting on the services' innovation.

Conclusions: One of the most curious results obtained from this phase of the study, was that the interviewees spoke almost indifferently about the tourism and the hotel establishments characteristics, skipping constantly from one to the other, confirming the relevance of the hotel lodging services in the tourism context. From their speeches stands out: *(1)* an anxiety about the quality and services promotion, customers' satisfaction and differentiation toward its competitors; *(2)* a necessity for product innovation and expansion to new markets, taking for granted the need to be an enterprising and risk taking firm; and, *(3)* continuous learning and need for a consistent strategic vision. These data are in line with the three dominant strategic orientations of the conceptual structure: *(1)* market orientation*,* focussing the customers and competitors; *(2)* entrepreneurial proclivity, emphasizing the innovativeness, pro-activeness and risk taking; and *(3*) learning orientation, favouring the compromise, shared vision and open-mindedness.

At the internal environment level, concerning is with the lack of planning in medium-term and long-term. At the external level, attentions turn to the economic recession and to the strength of the big global brands, inadequate tax system, governmental inefficiency and political instability, lack of control over the environment, insecurity due to wars, diseases and terrorism, and scarcity of natural resources. The majority of these aspects are contemplated in the framework, as it's the case of the variables, formalisation, centralisation and departmentalisation, inductors of ineffectiveness and inefficiency in the structure and in the organisational systems, as well as the constructs, market dynamism and environmental turbulence, affecting the performance and the organisational behaviours. Concerning with the external and internal environment is confirmed as conclusive force for the performance of the

sector and, therefore, as integrant variables of the framework. Also important was the reference to some performance indicators, specifics to the hotel units, as the occupation rate and the revenue per room that will be included on the model.

6.2. Second phase: semi structured interviews – As far as the second phase and the semi-structured interviews are concerned, and according with the five pre-defined dimensions, the results are presented below:

Dimension (1) – Relationships/connections among the variables: The relationships among variables, considered relevant by the majority of the interviewed, matched those defined by the literature. Furthermore, in addition to predefined relationships in the conceptual framework, the interviewed also suggested thirteen new relationships, although less consensual and established new bi-directional connections between the several strategic orientations, referring the existence of synergic effects between them.

The results obtained were assembled in the followed table:

Table 1 – Relationships and connections among variables

Pre-defined Relationships based on the literature (not shown to the interviewed)	% of interviewed that identified the relationship	New Relationships purposed by the interviewed	% of interviewed that identified the relationship
1. MOOC ⇨ IE	100%	18. CV⇨EP	37,5%
2. IE ⇨ STPERF	75%	19. EP⇨CV	37,5%
3. LTPERF ⇨ STPERF	75%	20. CV ⇨ IE	37,5%
4. MOOC ⇨ LO	75%	21. IE ⇨ LO	37,5%
5. MOOC⇨EP	75%	22. LO ⇨ EP	37,5%
6. CV ⇨ LTPERF	75%	23. EP ⇨ IE	37,5%
7. CV ⇨ MOOC	75%	24. LO⇨STPERF	25%
8. LO ⇨ LTPERF	62,5%	25. LO ⇨ MOOC	25%
9. EP ⇨ STPERF	62,5%	26. IE ⇨ MOOC	25%
10. CV ⇨ LTPERF	62,5%	27. CV⇨LO	25%
11. LO ⇨ IE	62,5%	28. LO ⇨ CV	12,5%
12. MOOC⇨STPERF	50%	29. EP ⇨ LO	12,5%
13. MOOC ⇨ LTPERF	50%	30. IE ⇨ EP	12,5%
14. EP ⇨ MOOC	50%		
15. EP⇨LTPERF	37,5%		
16. IE ⇨ LTPERF	37,5%		
17. MOOC⇨ CV	37,5%		

Legend:
CV – Control variables;   MOOC – Market-oriented organisational culture;
EP – Entrepreneurial proclivity;   LTPERF – Long-term performance;
IE – Internal environment;   STPERF – Short-term performance.
LO – Learning orientation;

These results reinforce the pertinence of this research whose main purpose is precisely the study of the synergic effects among several strategic orientations and on its impact in the business performance.

Dimension (2): - Relevance of the constructs: The construct discussed more frequently by the interviewed was market-oriented organisational culture. Interviewees linked this construct with all the others. The long-term and short-term performance followed. The remaining groups of variables were considered equally important.

The interviewed also considered that the learning orientation effects are mostly produced in a long-term way, rather than in the short-term way. On the contrary, they consider that the impact of entrepreneurial proclivity is larger in short-term performance, than in long-term performance.

In the internal environment, they point out the learning and development, and the leadership, as the most important aspects. The reward systems and formalisation followed. The remaining constructs were considered less relevant.

At the external environment level, the interviewed consider important both market dynamism and environmental turbulence.

In terms of performance, market and long-term performance stands out as well as customer satisfaction. In the short-term, their major concern is with sales increase, following the performance and the new products and services success, respectively. They also identify as important, the impact of the short-term performance on the long-term performance and refer the need for managers to pay attention on both. According with the interviewed the less important indicator is the return on investment (ROI).

Dimension (3) – Absent features: The interviewed didn't mention the need to introduce more aspects in the model, except in what concerns the control variables, suggesting the inclusion of the longevity of the companies, their dimension and their geographic scope.

Dimension (4) – Personal traits of the interviewed: All of them were general directors of the hotel units, with a large experience in the hotel lodging services (from 7 to 54 years working in this area). Even so, only three of the eight interviewed were graduate. Their main tasks are financial and human resources management, coordination of work teams and to supervise services quality and costumer satisfaction. They emphasise the importance of market performance, specially the occupation rate and the room income.

Dimension (5) – Hotel units' characteristics: All the units are of medium and high quality (4 and 5 stars). Three belong to important national groups, one to a well known international group, and the other four are individual and familiar units. Besides this, is

generally accepted that their most important segment is the enterprise and business one, with more than forty percent of the sales. According with the interviewed, about ninety five percent of the employees work on full-time, are young (from 18 to 35 years old), and have insufficient professional training. One of the general directors classified his unit as Hotel-Resort and not only Hotel, as it's established by the Directorate General for Tourism in Portugal.

Conclusions: Considering these results, specially those related with the three core dimensions (1 to 3), it is generally acceptable that: *(1)* the relationships and connections defined in the theoretical framework are associated with the managerial performance of each hotel unit; and *(2)* the constructs are included in each group in a relevant way.

In sum, we may conclude that this fieldwork research, allows us to confirm the existence of a connection between the conceptual framework and the managerial reality of the Portugal hotel establishments.

7. DISCUSSION

7.1. Research contributions – One of the research contributions is to clarify the role of marketing in the organisations. Morris et al., (2002) sustain that marketing is placed on a privileged position to lead the effective and motivating management of the company's innovative portfolio. This is made by identifying opportunities and generating the necessary resources to its creative and sustained development, through a permanent flow of internal and external ideas, which are transferred to the processes, services and relations.

In this research it is suggested a comprehensive, integrating and pro-active approach to the role of marketing in the organizations, facing it as a philosophy, a way of thinking and acting, with an impact in the short and long-term managerial, market and financial performance. This approach could contribute to the strengthening of the subject as a crucial element in the present and future organisational context, necessary to academics and professionals.

From the managerial point of view, the aim is essentially to display an analysis model to managers, allowing them to better use their tangible and intangible resources, with an attitude of extreme flexibility between a more conservative action model, or a more innovative and pro-active one, according to the characteristics of the external and internal environment to the company. This can lead to the enhancement of the marketing role, the marketer or any other change agent, considered as active participants in the market forces, leading the environment

itself and defining new opportunities, so that companies can take advantage of them (Moorman e Rust, 1999). Marketing, through its main force inside the companies, will allow them to obtain a competitive advantage, supported by a solid basis.

7.2. Conclusion and future research directions - The suggested conceptual framework and respective research hypotheses are intended to fill a literature gap connected to the absence of knowledge on synergic effects among several strategic orientations and the market and financial managerial performance.

From a managerial perspective, we pretend to improve manager's understanding of these synergic effects, in order to better take advantage of their firm's resources and capabilities.

The chosen constructs are confirmed by literature. These constructs have also been tested with scales specifically conceived to that measurement.

With the objective of developing the suggested structure, a qualitative research was conducted *in-loco*, based on in depth and semi-structured interviews, among tourism and hotel experts. Through this fieldwork, it was possible to gather relevant elements at the environmental and variable relationship levels, which confirmed the pertinence of the study and its questionnaire.

In terms of limitations, due to the complexity of the framework, we expect some difficulties when operating with the model.

Despite this, all the conditions are now gathered for future research test the framework presented in here, through a quantitative longitudinal study.

REFERENCES

Ajzen, Icek, & Fishbein, M. (1980). *Understanding attitudes and predicting social behaviour.* Englewood Cliffs, NJ: Prentice Hall.

Anderson, Eugene W. and Mary W. Sullivan (1993), "The Antecedents and Consequences of Customer Satisfaction for Firms," *Marketing Science,* 12 (2), 125-43.

Baker, W. E., & Sinkula, J. M. (1999). "The synergistic effect of market orientation and learning orientation on organisational performance," *Journal of the Academy of Marketing Science,* 27(4), 411-427.

Bardin, L. (1979). *Análise de conteúdo.* 1st edition. Lisboa, Ed. 70 Lda.

Bardin, L. (2003). *Análise de conteúdo.* 2nd edition. Lisboa, Ed. 70 Lda.

Barney, J. (1991), "Firm resources and sustained competitive advantage," *Journal of Management,* 17(1), 99-120.

Barringer, Bruce R. and allen C. Bluedorn (1999), "The Relationship Between Corporate Entrepreneurship and Strategic Management," *Strategic Management Journal,* 20 (5), 421-44.

Bryman, A. (1992), *Research methods and organisation studies.* Routledge.

Buzzell, Robert D. and Bradley T. Gale (1987), *The PIMS Principles: Linking Strategy to Performance.* New York: The Free Press.

Dandridge, Thomas, Ian I. Mitroff, and William F.Joyce (1980), "Organizational Symbolism: A Topic to Expand Organizational Analysis," *Academy of Management Review* 5: 77-82.

Covin, Jeffrey G. and Dennis P. Slevin (1986), "The Development and Testing of an Organizational-Level Entrepreneurship Scale," in *Frontiers of Entrepreneurship Research,* R. Ronstadt, ed. Wellesley, MA:Babson College, 628-39.

Christensen, Clayton M. (1997), *The Innovator's Dilemma.* Boston: Harvard Business School Press.

Deal, T. E. & Kennedy, A.A. (1982), *Corporate culture*. Reading, MA: Addison-Wesley Publishing Company.

Desphande, & Webster, F.E., Jr. (1989), "Organizational culture and marketing: defining the research agenda," *Journal of Marketing,*(January) 53, 3-15.

--------------- and J.Farley and F.Webster (1993), "Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firm: A Quadrad Analysis," *Journal of Marketing,* 57, 23-37.

Drucker, Peter F. (1954), *The Practice of management.* New York: Harper and Row Publishers.

--------------- (1998), "The Discipline of Innovation," *Harvard Business review,* 76(6), 149-57.

Fiol,C.M.& M.A.Lyles (1985), "Organizational learning," *Academy of Management Review,* (October) 10 , 803-813.

Flick, U. (1999), *An introduction to qualitative research.* Sage Publications, Ltd.

Fornell, Claes (1992), "A National Customer Satisfaction Barometer: The Swedish Experience," *Journal of Marketing,* 56 (January), 6-21.

Garvin, D. A. (1993), "Building a learning organisation," *Harvard Business Review,* 71 (July-August) 78-91.

Gatignon, Hubert and Jean-Marc Xuereb (1997), "Strategic Orientation of the Firm and New Product Performance," *Journal of Marketing Research,* 34 (February), 77-90.

Geertz, Clifford (1973), *The Interpretation of Cultures*. New York: Basic Books, Inc.

Goodenough, William H. (1971), *Culture, Language and Society*. Reading MA: Addison-Wesley Publishing Company.

Grant, R.M.(1991), *Contemporary strategy analysis – Concepts, techniques, applications.* Edited by Blackwell.

Herzlich C. (1969), *Santé et Maladie, Analyse d'une Représentation Social.* Haia, Mouton.

Hofsted, G., Neuijen, B., Ohayv, D.D., & Sanders, G. (1990), "Measuring organizational cultures: a qualitative and quantitative study across twenty cases," *Administrative Science Quarterly,* 35, 286-316.

Homburg, C., & Pflesser, C. (2000), "A multiple-layer model of market-oriented organizational culture: measurement issues and performance outcomes," *Journal of Marketing Research, 37* (November) 449-62.

--------------- and. Wayne D.Hoyer, & Martin Fassnacht (2002), "Service Orientation of a Retailer's Business Strategy: Dimensions, Antecedents, and Performance Outcomes," *Journal of Marketing,*.66 (October), 86-101.

Huber, G. P. (1991), "Organizational learning: the contributing processes and the literatures," *Organizational Science,* 2 (February), 88-115.

Hunt, S. D. (1997), "Resource-advantage theory: an evolutionary theory of competitive firm behaviour? " *Journal of Economic Issues,* 31(1), 59-77.

Hunt, S. D. (2000), *A general theory of competition,* Thousand Oaks, CA: Sage.

Hunt, S. D., & Morgan, R. M. (1997), "Resource-advantage theory: a snake swallowing its tail or a general theory of competition," *Journal of Marketing,* 61(4), 74-82.

Hunt, S. D., & Morgan, R. M. (1996) "The Resource-advantage theory of competition: dynamics, path dependencies, and evolutionary dimensions," *Journal of Marketing,* 60 (October), 107-114.

Hurley, R.F. and T.M. Hult (1998), "Innovation, Market Orientation, and Organizational Learning: an Integration and Empirical Examination," *Journal of Marketing,* 62 (July), 42-54.

Jap, S. (1999), "Pie-expansion efforts: collaboration processes in buyer-supplier relationships," *Journal of Marketing Research,* 36 (November), 461-75.

Jaworski, B. and A.Kohli (1993), "Market Orientation: Antecedents and Consequences," *Journal of Marketing,* 57, 53-70.

Katz, D., & Kahn, R. (1978), *The social psychology of organizations.* 2nd ed. New York: John Wiley & Sons.

Kilman, Ralph, Mary J. Saxton, and Roy Serpa (1985), "Introduction: Five Key Issues in Understanding and Changing Culture," in *Gaining Control of the Corporate Culture,* Ralph Kilman, Mary J. Saxton, Roy Serpa, and Associates, eds. San Francisco: Jossey-Bass Publishers, 1-16.

Kohli, A.K. and Jaworski, B.J.. (1990), "Market Orientation: Review, Refinement, and Roadmap,". *Journal of Market-Focused Management.* 1 (2): 119-35.

Kohli, A., Jaworski, B., & Kumar, A. (1993), "MARKOR: a measure of market orientation," *Journal of Marketing Research. 30* (November), 467-77.

Kvale, S. (1996), *Interviews: an introduction to qualitative research interviewing.* Sage Publications.

Lages, Luís Filipe and Sandy D. Jap (2003), "The Relationship Among Past Pertformance, Marketing Mix adaptation, and Current Export Performance Improvement in Global Marketing Relationships," Paper presented at the MSI/International Journal of Research in Marketing Research Competition on Global Marketing, Noord-wijk, the Netherlands (June 9-10).

Lages, Luís Filipe and David Montgomery (2003), "Analysing thr Short-Term Link Between Public Policy Support and Export Performance Improvement: The Importance of the Mediating Effects of Price Strategy," in

Marketing Theory and Applications, Vol. 14, G.Henderson and M.Chapman Moore, eds. Chicago: American Marketing Association, 301-302.

Lee, T.W. (1999), *Using qualitative methods in organizational research.* Sage Publications.

Lumpkin, G.T. and Gregory G. Dess. (1996), "Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance," *Academy of Management Review.* 21 (1), 135-72.

Matsuno, K., Mentzer, J.T., & Ozsomer, A. (2002), "The effects of entrepreneurial proclivity and market orientation on business performance," *Journal of Marketing,* 66 (July), 18-32.

Merton, R.K., & Kendall, P.L. (1946), "The focused interview," *American Journal of Sociology,* 51, 541-57.

Miller, Danny (1983), "The correlates Of entrepreneurship in Three Types of Firms," *Management Science,* 29 (7). 770-91.

Moorman, Christine (1995), "Organizational Market Information Processes: Cultural Antecedents and New Product Outcomes," *Journal of Marketing Research* XXXII (August), 318-35.

---------- (1998), "The Convergence of Planning and Execution: Improvisation in New Product Development.," *Journal of Marketing,* 62 (July), 1-20.

---------- & Roland Rust (1999), "The Role of Marketing," *Journal of Marketing.* 63 (Special Issue), 180-197.

---------- and Miner, Anne S. (1998), "The Convergence of Planning and Execution: Improvisation in New Product Development," *Journal of Marketing,* 62 (July), 1-20.

Morgan, Robert M. and Shelby D. Hunt (1994), "The Commitment-Trust Theory of Relationship Marketing," *Journal of Marketing.* 58 (July), 20-38.

Morris, M. H., Schindehutte, M., & LaForge, R. W. (2002), "Entrepreneurial marketing: a construct for integrating emerging entrepreneurship and marketing perspectives," *Journal of Marketing Theory and Practice* (Fall), 1-19.

Narver, John C. & Stanley F. Slater (1990), "The Effect of a Market Orientation on Business Profitability," *Journal of Marketing,* .54 (October), 20-35.

O'Reilly, Charles (1989), "Corporations, Culture, and Commitment. Motivation and Social Control in Organisations," *California Management Review,* 31(4), 9-25.

Radcliffe-Brown, Arthur (1952), *Structure and Function in Primitive Society.* London: Oxford University Press.

Rajagopalan, Nandini, Abdul M.A. Rasheed, and Deepak K. Datta (1993), "Strategic Decision Processes: Critical Review and Future Directions," *Journal of Management,* 19 (Summer), 349-84.

Reichheld, Frederick F. (1996), *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value.* Boston: Harvard Business School Press.

Rust, Roland T. and Anthony J. Zahorik (1993), "Customer Satisfaction, Customer Retention, and Market Share," *Journal of Retailing,* 69 (2), 193-215.

Senge, P.M. (1990), *The fifth discipline: the art and practice of the learning organization.* New York: Doubleday.

Slater, Stanley F. and John C. Narver (1994), "Does Competitive Environment Moderate the Market Orientation-Performan-ce Relationship?" *Journal of Marketing,* 58 (January), 46-55.

Slater, S.F., & Narver, J.C. (1995), "Market orientation and the learning organization," *Journal of Marketing,* 59 (July), 63-74.

Simon, H. (1969), *Sciences of the artificial.* Cambridge, MA:M.I.T. Press.

Sinkula, J.M. (1994), "Market information processing and organizational learning," *Journal of Marketing,* 58 (January), 35-45.

Smircich, Linda (1983a), "Concepts of Culture and Organizational Analysis," *Administrative Science Quarterly,* 28 (September), 339-58.

Thompson, J.D. (1967), *Organizations in action.* New York: Mc-Graw-hill Book Company.

Vala, J. (1986), *A metodologia das ciências sociais - a análise de conteúdo.* 9th. Edition, Porto, Ed. Afrontamento.

Webster, C. (1993), "Refinement of the marketing culture scale and the relationship between marketing culture and profitability of a service firm," *Journal of Business Research,* 26 (February), 111-31.

Weick, Karl E. (1979), *The Social Psychology of Organizing.* 2nd ed. Reading, MA: Sddison-Wesley Publishing Company.

Wernerfelt, B. (1984), "A Resource-based view of the firm," *Strategic Management Journal,* 5, 171-180.

Zahra, Shaker A. (1991), "Predictors and Financial outcomes of Corporate Entrepreneurship: An Exploratory Study," *Journal of Business Venturing,* 6 (4), 259-85.

Zahra, Shaker A. (1993b), "onceptual Model of Entrepreneurship as Form Behavior: A Critique and Extension," *Entrepreneurship Theory and Practice,* 17 (4), 5-21.