

# Creating Market Orientation in a Professional High-Tech Organization

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Received: February 28, 2015

Accepted: March 18, 2015

Online Published: April 20, 2015

doi:10.5539/ijbm.v10n5p44

URL: <http://dx.doi.org/10.5539/ijbm.v10n5p44>

## Abstract

Despite the continuous academic interest toward the concept of market orientation, there is still a need for research that explores how it is implemented in organizations. This study is based on an inquiry of a global, professional high-tech organization. The methodology of the study is action research which enables a close access to data and an insider's perspective combined with theoretical relevance and analytical rigor. We analyze the process of implementing market orientation in the case organization and as a result, present a stage model. Through data analysis, we identify four stages: 1) initiation of change, 2) building commitment, 3) building understanding through institutionalization and 4) maintenance. The study contributes by increasing theoretical insight on the creation of market orientation with a real empirical case that has been studied longitudinally. The study has implications for theory and practice, yielding also methodological insights for studying the implementation of market orientation in the future.

**Keywords:** action research, longitudinal, market orientation

## 1. Introduction

Market orientation has been a widely and extensively studied concept in the literature over the past decades (Kohli & Jaworski 1990; Narver & Slater 1990; Dëshpande et al., 1993; Kennedy, Goolsby, & Arnould. 2003; Strong & Harris, 2004; Remli, Wan Daud, Zainol, & Muhammad, 2013). There is significant evidence that becoming market oriented is beneficial and strategically important for organizations (Kumar, Subramanian, & Yauger, 1998; Slater & Narver, 2000; Rodriguez-Cano, Carillat, & Jaramillo, 2004; Shoham, Rose, & Kropp, 2005; Ellis, 2006). According to a summary definition, "market oriented organizations are organizations that are well informed about the market and that have the ability to use that information advantage to create superior value for their target customers" (Van Raaij & Stoelhorst, 2008). However, the literature is still relatively silent on the implementation of market orientation, even though there have been repeated calls for such research (e.g., Day 1994; Jaworski & Kohli, 1996; Van Raaij & Stoelhorst, 2008; Saarijärvi, Kuusela, Neilimo, & Närvänen, 2014). A theoretical review of the literature concerning market orientation implementation argues that the literature gives a fragmented and complex view which is not easily translated to manager's use (Van Raaij & Stoelhorst, 2008). Hence, there is a pressing need for studies offering adequate descriptions of implementation processes and concrete advice for management on how to implement market orientation.

One reason for the lack of studies on the implementation of market orientation may be that studying the process of implementation within organizations is difficult, time-consuming and requires extensive access. Methods that generate "snapshots" of organizational activities do not necessarily allow for the depiction or analysis of a complex change process toward market orientation. To understand complex processes that take time, researchers need to have an extensive access to the organization in question and be able to continue investigating the process holistically.

The purpose of this study is to analyze the process of implementing market orientation in a professional high-tech organization. Employing a longitudinal research strategy and the methodology of action research, the study enables insights from an empirical case of a global high-tech professional firm combined with theoretical relevance and analytical rigor. As a result, we present a stage model depicting the process. The results yield relevant and timely managerial implications and also has methodological implications for researchers within this field. Furthermore, our extensive literature review represented in a concise format (Table 1) will help especially newcomer researchers to map the terrain of implementing market orientation.

This article is organized as follows. In the literature review we first discuss the previous research focusing on the implementation of market orientation. We summarize the key points and issues presented in this research stream in a table. Next, in the methodology section we explain the methodology of action research and the data generation and analysis. The empirical section presents the narrative of the change process based on case description, introducing the stages identified. As a result, we present a model of the stages. Finally, in the conclusions, we reflect upon our findings in terms of how they relate to the previous findings in the literature. Then, we discuss the study's contribution, implications to practitioners, and future research directions.

## 2. Literature Review

Even though it has been a much less investigated topic compared to for instance measurement and modeling issues, implementation of market orientation has yet received some research interest over the past decades. These studies and their main methods as well as key results have been summarized in Table 1. Regarding methodology, studies by Narver, Slater and Tietje (1998), Foley and Fahy (2004) and Kirca, Jayachandran and Bearden (2005) as well as the more recent review by Van Raaij and Stoelhorst (2008) represent a theoretical or meta-analytical analysis of the topic. Research based on survey findings has been conducted by Strong and Harris (2004) and Gounaris, Avlonitis and Papasthatopoulou (2004). In contrast to quantitative findings, Kennedy et al. (2003) as well as Gebhardt, Carpenter, and Sherry (2006) have used ethnography to study the market orientation implementation processes in different kinds of organizations.

As a key theoretical contribution, previous research has also built stage models to describe the move toward market orientation. Day's (1999) model focuses on formal management actions, such as changing incentives and organizational structures. This model is tested in the fields of retail, construction and industrial manufacturing. Gebhardt et al. (2006) emphasize the importance of cultural change and changes in organizational member's mindsets. The stage models of Day (1999) and Gebhardt et al. (2006) differ in terms of how they view the cultural change. Day (1999) argues that the cultural change follows from behavioural change while Gebhardt et al. (2006) argue that official managerial change actions such as structure and reward systems follow a more fundamental cultural shift. Studies by Stoelhorst and Van Raaij (2004); Van Raaij and Stoelhorst (2008) have made a great contribution by summarizing the implementation of market orientation literature into an integrative and holistic framework that takes into account organizational structure, processes, technological and reward systems as well as leadership, norms and values and competence management.

Table 1. Previous focal research on antecedents or creation of market orientation

Author(s)	Purpose	Method	Results
Narver et al. (1998)	How a business can best create and increase market orientation. Examines the effectiveness of two learning strategies to create a market orientation.	Theoretical analysis of previous research.	Importance of top-management leadership in creating a market orientation. Creating a market orientation is all about learning. Both the abstract learning in the "programmatic approach" and the experiential learning in the "market-back approach" contribute to achieving market orientation. They must be managed as a coordinated joint strategies.
Day (1999)	Establish conditions that ensure change process success towards market-driven organization.	Case analysis of four different change programs.	A model of organizational change to greater market orientation including 6 stages: (1) demonstrating leadership commitment, (2) understanding the need for change, (3) shaping the vision, (4) mobilizing commitment to all levels, (5) aligning structures, systems, and incentives, (6) reinforcing the change.
Kennedy et al. (2003)	How an organization adopts a customer orientation by refining understanding of the roles of leadership, interfunctional coordination and the collection and dissemination of customer-focused data in the transformation process.	Ethnographic research using 2 elementary schools as "laboratories". Non-profit context—a major public school district.	Support the important role of leadership throughout the organization in implementing customer orientation. For staff members to internalize a customer orientation, they must experience an unbroken circuit of unified leadership from top level to local managers. Results are in favor of interfunctional coordination required in customer orientation. Also, customer focused data should be widely circulated and should become a shared organization-wide platform from which decisions are made in order for customer orientation to prosper and become self-reinforced.
Foley & Fahy	Present a theoretical	Theoretical,	A conceptual model of antecedents to market orientation is developed

(2004)	framework that uses decomposition of the market-sensing capability as a way to facilitate understanding of the creation of market orientation.	conceptual analysis of previous research.	within a capabilities framework, based on the decomposition of the market-sensing capability. Comprised of four dimensions, which have to do with developing market orientation within an organization: Organization systems, marketing information, organization communication and learning organization.
Gounaris et al. (2004)	Investigates behavioral implications of a company that adopts market orientation.	Survey on 444 Greek companies.	Findings suggest that four aspects of firm's practices are influenced when it develops a market orientation: The planning process, strategy formation, strategy implementation and control.
Strong & Harris (2004)	Explores factors that drive the development of customer orientation. Key objective is to provide insights into organizational approaches and tactics that impede or facilitate customer orientation.	Survey of antecedents of customer orientation in high-tech companies.	One of the first holistic categorizations of tactics designed to enhance customer orientation. Reveals strong evidence of significant associations between relational tactics (i.e. relational management, satisfaction measurement, and inter-group dynamics) and the extent of customer-oriented organization. Highlights the centrality of relationships to effective exchange and the critical importance of managing those relationships in a considered and structured manner.
Kirca et al. (2005)	To provide a quantitative summary of the antecedents and consequences of market orientation.	Quantitative meta-analysis aggregating empirical findings from the market orientation literature.	Identifies three factors as antecedents of a greater market orientation: top management focus, interdepartmental cooperation, and reward systems. Each of these factors is believed to operate independently to enhance market orientation.
Gebhardt et al. (2006)	Explore the process through which organizations change to adopt a greater market orientation	In-depth, longitudinal multifirm (6 firms) ethnographic investigation of firms that seek to create a greater market orientation.	A theoretical model to explain how firms create a market orientation. Model identifies 4 path-dependent stages of change: (1) initiation, (2) reconstitution, (3) institutionalization, (4) maintenance. Finds that creating a market orientation requires dramatic changes to an organization's culture and the creation of organizationally shared market understandings. Highlights the role of intra-organizational power and organizational learning in creating and sustaining a market orientation.
Beverland & Lindgreen (2007)	Examines the change process to greater market orientation drawing upon Lewin's three stage change process model.	Multiple case study on change programs of two New Zealand-based agricultural organizations	Drawing upon Lewin's three-stage change process model (unfreezing – movement – refreezing) the study identifies that creation of market orientation involves uncovering long-held assumption. Moving the firm towards set of values involves changes in the role of leadership, use of market intelligence and organizational learning styles. To refreeze these value, supportive policies are needed.
van Raaij & Stoelhorst 2008	Review the market orientation literature from managerial perspective and integrate the implementation lessons that can be drawn from it	Literature review of managerial implications of market orientation literature.	Summarization of the implementation of market orientation literature into an integrative framework that takes into account the following process enablers: 1) structure (reducing centralization and increasing interfunctional coordination) 2) process design (improving value creation and delivery) 3) ICT systems (enabling new value creation processes and storing market information) 4) reward system (measuring, analyzing and rewarding performance on the basis of market-based indicators) and development enablers 5) leadership (top management commitment and leadership style) 6) behavioral norms & values (fostering desired behaviors and norms) 7) competence management (recruitment, selection and training of workforce with market-oriented skills)
Gray (2010)	Investigated how customer	In depth	Article suggests that how well market oriented practices are implemented

	and competitor focused practices can be fine tuned to create differential advantages in the services sector.	qualitative case study on 3 service firms in New Zealand.	is much more important than the range of practices that are adopted.
Chad et al. (2013)	Examine the successful introduction of market orientation into three Australian charities and identify the stages of implementation.	Discourse transformation perspective on three non-profit cases	Market orientation was implemented within the charities in three transitional phases: a new managerialism phase, a professionalism phase and subsequent embedding phase. Finally a conceptual praxis framework for implementing MO into charities was developed.
Mukerjee (2013)	Managerial paper to present conceptual framework for implementing customer orientation.	Literature review.	Three major initiatives that organizations must take to be customer oriented: a) developing deep understanding of what customer's truly value, b) driving the delivery of the desired customer value and continually tracking customer satisfaction; and c) rewarding and retaining loyal and profitable customers.
Gupta et al. (2013)	Propose a framework based on the theory of constrains (TOC) as a mechanism to achieve optimal degree of market orientation.	Case study	Paper demonstrates that TOC (1) <i>methodology</i> ensures that management efforts are exerted to optimize the business unit's constraints which is limiting its ability to increase sales and improve financial performance, (2) <i>measures</i> guide and reward management initiatives across the functional areas, and (3) <i>mindset</i> ensures that management decisions result in increased business performance without jeopardizing employees, customer and competitor orientation.

While the literature has certainly been advanced lately especially by integrating what is known so far, there is still a lack of especially empirical, longitudinal and in-depth inquiries of implementing market orientation within organizations. Most of the existing studies are either based on theoretical reviews or on multiple case studies where the breadth of inquiry is emphasized over the depth of insights gained by a more focused approach. This study aims to contribute to the literature by focusing on a single case with a more profound, extensive manner and by using the methodology of action research which is new to the literature as well.

### 3. Methodology

This study adopts action research which has a long history in the social sciences but is relatively less used in management studies (Lewin, 1946; Eriksson & Kovalainen, 2008; Perry & Gummeson, 2004; Mele, 2011). One reason for the lack of use of action research in marketing is that it is traditionally oriented toward the internal perspective of the organization whilst the external perspective, that of the customers in particular, is more important for marketing (Perry & Gummeson, 2004, 313). Also, the marketing and management research community has traditionally favored positivist and quantitative methodologies which aim at generalization.

Action research denotes to an approach where the core idea is to do research with people rather than on them. In the context of management and marketing, action research is used to understand organizations, markets and customers better, usually to make an operation more efficient (Gummeson, 2000). An action research project entails the researcher's participation and involvement in the organization that is studied. The researcher is not only involved (as in ethnographic inquiry), but also participates in finding solutions for a problem or improving the situation. However, it has been stressed that in bringing about the organizational change, there should also be a contribution to the development of theory. Also, there are different ways and levels of researcher participation ranging from a technical, consultant role to a process facilitator and a co-researcher in an emancipatory project (Perry & Gummeson, 2004).

Action research has been specifically suggested as a research strategy when the research question is related to following a process over time (Eriksson & Kovalainen, 2008). It is a collaborative process where the degree of involvement of the researcher may also vary. An action research strategy also often entails the use of several different methods for generating data over time. The strengths of the action research approach are in its ability to give the researcher an in-depth, long-term and extensive access to the research phenomenon. It is also likely to be able to yield more practice-driven theoretical insights than other methodologies (Huxham & Vangen, 2003).

The objectives of this study were predominantly theoretical. Hence, the findings generated in this study should not be seen as merely context-bound. Instead, the aim is to be able to use analytical generalization to other

contexts (Yin, 1994). Like Huxham and Vangen (2003) suggest, our approach is also not ideologically bound and the study has been initiated as a cooperation between the researchers and the case organization.

### *3.1 Data Generation*

Given the purpose of this research to analyze the implementation of market orientation in a professional high-tech organization, the actual case composes of two interdependent elements – firstly, the case organization that this research has investigated, and secondly, the change process that this organization has been going through. As this study investigates a change process, deep involvement in the case company is valuable in order to understand the many-sided nature of the phenomenon. The first author of this paper was working for the case company at the time of the data generation and continues to work for the company today.

Studies focused on processes have to come to an end, whereas the processes in the real world continue. The period followed in this research was approximately 3.5 years starting from September 2002. The change process was followed until the end of the year 2005, which seemed natural, as the saturation point of the data collected had been reached.

The data generation strategy combined interviewing, observation as well as document analysis. As the main source of data, 22 in-depth interviews were conducted. Firstly, seven interviews concentrated on the management views. Next, 15 more interviews focused on the customer interface and especially different functions and units in the customer interface. The informants were chosen purposefully. The idea was to get different perspectives on the phenomenon as the interviewees represent different units and functions. Interviewing people in different roles adds to the rich data needed to study this kind of a multi-layered phenomenon. An interview guide was used to make sure that relevant topics and themes would be covered during the interviews. The interviews were conducted not only by asking questions, but primarily by encouraging the informants to “tell a story” in their own words as freely as possible. Interesting aspects emerged during the analyses of the first set of data, which were covered during the second round of interviews. The preliminary results of the first round of interviews were utilized in forming the interview guide for the second round of interviews. The interviews were all tape-recorded and afterward transcribed. The recorded time amounts to almost 30 hours altogether. Transcripts amount to 566 pages.

Being an actor in the case organization, the first writer’s own tacit knowledge about the organization in question has played a remarkable role in this study. Having had a trusting relationship with the informants has been a strength. Also the cultural expressions of an organization were understood, allowing the researcher to get straight to the point with the informants. Participatory observation and documents provided by the case organization have been used as secondary data in this study. The observations were not recorded systematically; notes were taken and written material such as memos were available. The self-documentation of the organization was also utilized as data, including minutes of meetings, official strategy documentation, and other official documentation including presentations, brochures, in-house magazines, intranet, and company’s annual reviews. The documents utilized portray both the record keeping of an organization’s internal reality and self-presentation to others (see e.g. Atkinson & Coffey 2004). The role of documents and observations in this study was twofold. Firstly, they provided a vehicle for triangulation. In order to construct a reliable case description, it was essential to acquire competing accounts of activities and compare and assess these accounts carefully in order to see whether they supported the same conclusion (see Pettigrew, 1990).

### *3.2 Data Analysis*

The data analysis had two aims in this study. Firstly it was to provide an analytical description of the empirical case and secondly to develop an empirically grounded staged model of creating market orientation within a professional high-tech organization. The case description itself already shows on one level the link between empirical reality and theoretical concepts. The research material including interviews, documents of the case organization and notes of observations was analyzed by coding, theme-based categorization, other segmenting of data, as well as by writing summaries and by tabulating. Nvivo software has been used as a tool and aid for handling the data.

The analysis was started by reading the material through several times. During that process, key words i.e. coded the data and found themes were picked up. The identified themes were then organized into categories. In addition, the data was segmented or organized ‘process-based’ by identifying stages of the change process. Finally, connections between concepts or between empirical phenomena were sought from the data. Pattern codes were used to indicate logical and explanatory relationships between different concepts and events in the data.

#### 4. Empirical Findings

The empirical case company is a global, professional high-tech organization which wants to highlight the proportion of different kinds of professional services in its total market offering. A professional high-tech organization is a combination of three know-why based organization types: High-tech firm, expert service and know-why-based knowledge service. The case organization's total offering comprises of high-technology products but also to a large extent different kinds of services. Some services are more concrete industrial maintenance services and an increasing proportion are different kinds of knowledge services. The case organization is characterized by typical features of professional organizations. However, the high technology is in a central role as well.

The chosen case organization is called Power & Process Automation Solutions, according to its offering to the customer industries it serves. It is a business unit of Metso Automation, and Metso Automation is one of three of Metso corporation's business areas. Metso corporation currently (in 2015) has a turnover of 3.9 billion euros and it operates globally. In September 2002, there was an organization change in Metso Automation. As a result of this change, a process automation system's business was organized into two business units—where the case organization is one of them.

When analyzing the change process of the case it showed that a change process towards increased market orientation has four interdependent stages that have multiple overlapping activities in them. These stages are:

- Initiation of change,
- Building commitment,
- Building understanding through institutionalization, and
- Maintenance.

In the analysis, the change process of the case organization was compared to two previously introduced staged change models by Day (1999) and Gebhardt et al. (2006). Both the models describe and explore the change process to a greater market orientation.

##### 4.1 Initiation of Change

What initiates the change efforts towards market orientation is the trigger for change. This trigger can be either external or internal—it can be e.g. change in customers' needs, ever-increasing competition, technological or financial threat or pressure, or it can on the other hand be organizational change and hiring a new leader. In the case there was an organization change starting September 2002. In the organization change, the power and process business formed one business unit. The new business unit got a new leader from inside Metso Automation, who had extensive managing experience in a variety of positions in different business areas of Metso Automation. The change process towards increased market orientation was initiated in the case organization. The new leader as well as other interviewees pointed out in the interviews that the new leader was in a key role initiating the change in the organization. He was the key driving force especially at the start. The new leader first got familiar with the present market, customers and internal situation. This led to the recognition and understanding the need for change. The leader was committed to change and was a real driver for change especially in the beginning. It came out clear in the interviews that in the change process, the leader should openly show this commitment to the organization.

After recognizing and understanding the need for change, the leader starts preparations for change. In the case organization the leader first made a draft of the basic strategic ideas—the vision, goals and activities—and drafted the main structure. Then he started systematically to redevelop the operating core of the organization. Firstly, he built up a management team that had a unified idea of the course of change, and thus had the willingness to change the business to the chosen course. Moreover, the team's capabilities and know-how supported the change towards increased market orientation.

*In building a management team, one has to make sure that the combined knowhow and capabilities are enough to reach the wanted goal.*

##### Leader

The leader started systematically to build up the commitment and understanding for change among the management team members. Also, he delegated the responsibility for the change to other team members by involving them into implementation. Thus, one important activity in the preparation for change is the development of a guiding coalition (term used by Gephadt et al., 2006), who has a shared set of values and agreement on the change. This guiding coalition is responsible for the actual implementation of the change process. After building up a management team, the leader built up the upper level main organizational structure –

the life cycle organization. Then the management team i.e. the guiding coalition, built up a unified goal based on shared values, and wrote down the basic ideas of the strategy and the strategic targets to clarify key points in the strategy. Thus, a part of the preparation is to crystallize the goal in the guiding coalition's minds.

*At the beginning of the change process, I have to ensure the right direction more strongly, and choose the right people. Then my role changes. At the beginning my role was stronger in terms of what we are aiming at. Later on I have backed away a little and coached the team to succeed, and encouraged them to explain their successes.*

*Leader*

It came out clearly in the interviews that it took some time for other management team members to really fully understand what the new market oriented strategy was really all about. It was expressed as a learning process for everyone. The fact that there was "new blood" in the management team made the internalization of new things easier. The management team's strategy meeting that was organized six months after the organization change worked as a turning point. According to both the business unit leader as well as other management team members, it was not until this meeting, that the real idea of the new strategy was crystallized in everybody's mind. As one management team member described it, it was as if all the separate pieces of a puzzle had found their place. This was a sort of awakening to the new market oriented strategy. This marked a point where the responsibility of the change process was really delegated, as the business unit leader describes it:

*Then as we went through our strategy in the strategy meeting in May, we specified that we have a customer focus. I think that it was this meeting when these guys really understood what this strategy is all about. It took six months to get into the real insight. It wasn't a traditional strategy meeting; we brainstormed, discussed and marvelled... But it was this particular meeting when it was all crystallized for everyone, and they knew why we are doing things in a new way. The self-esteem was built for these guys. The responsibility was then delegated.*

*Leader*

According to Gebhardt et al. (2006) in the initiation phase, firstly the external threat is recognized which leads to a preparation for the change including the development of a guiding coalition as well as agreeing on a broad plan for change. Day (1999) emphasizes in his change model, the demonstration of leadership commitment in the first place and throughout the entire change process. Day (1999) also points out that understanding the need for change for the key implementers is a central part in the initiation of the change program. He emphasizes also that mobilizing commitment and shaping the vision starts in the initiation phase.

After understanding the need for change preparing, the implementation can be initiated. The actual implementation of the change can be divided into two interdependent stages that have slightly differentiated aims—building commitment and building understanding through institutionalization. We want to point out that these stages and the activities in them are interdependent and not easily grouped unambiguously.

#### *4.2 Building Commitment*

In the implementation, the business unit management first paid attention to the most critical parts that have to do with serving the customer. The first thing was renovating the sales and service network abroad. Then attention was paid to sales and project execution the competitiveness of which was in line. Automation project execution is a cornerstone of the business and many times is considered a starting point in building relationships with customers. The business unit leader had an idea in his mind that by combining the sales and project execution organizations, the productivity could be improved. The cooperation between these functions that are traditionally organized separately would also improve the customer service level. Thus, the first activity in the implementation phase is redeveloping the critical parts of business.

*Sometimes...you need to start to affect the mindset and you need to awaken the change somehow. In practice this means that you need to screen that unit and renovate the core. Only then you can start the next phase, when you can start to develop new things.*

*Leader*

Starting the implementation in the case organization, the change was first evoked in the organization. The management team started systematically to communicate the reasons for a need to change by e.g. informative meetings and internal releases. This way the management team wanted to create a positive pressure for change in the organization. Thus, the first implementation activity is the awakening of change to the organization.

Then the organization was engaged in the strategy developments by organizing a cross-functional workshop. This collaborative strategy development aims at utilizing the collective capabilities and knowledge of the organization to make sure that the strategy is realistic and manageable. Furthermore, the engagement of the

personnel into the strategy development led to organization-wide commitment to change. It seemed easier to commit to a strategy that was a result of collective pondering instead of being dictated from the management.

*The interaction is tremendously important—that you really explain and let people internalize why things are changing.*

*Leader*

Then the key leading roles in the organization were selected. The management team wanted to make sure that team leaders would share the values that are necessary for the chosen course of change. It was thus necessary to remove the dissenters of the new strategy and to hire believers instead.

*Quite often the change is prevented because the leaders don't have "the balls" or are afraid. Then it might be easier to switch the leaders. It is this sort of a positive fantasy that someone would learn to walk again...it is extremely difficult. If you want to change fast, you need to be critical and and screen your resources very carefully...that pretty much can solve things.*

*Leader*

Along with building commitment in the organization, new values were developed – values that emphasize customer care and the importance of creating value with the customers. More importantly, norms of procedure were developed to ensure that those values would become a common way to do things in practice. The understanding of new values, the way to operate and the reasoning behind the new relational strategy started to evolve as time went by and as concrete changes were made. Indeed, one theme that was frequently discussed was the importance of learning by doing, as one manager expressed:

*They have to live the change and make a difference. Understanding the total picture comes by experiencing things.*

*Leader*

There are similarities also in this stage of the change process compared to Gebhardt et al's (2006) and Day's (1999) change models. Gebhardt et al. (2006) also mentioned that first the change is evoked. They use the term demarcation as an activity where the guiding coalition presents its plan for change to the entire organization. Also Gebhardt et al. (2006) pointed out that collaborative strategy development makes sure that the strategy is realistic and can be implemented in practice. They also included into their model an activity of removing the dissenters and hiring of the believers of the new strategy in order to make the change happen. Also Gebhardt et al. (2006) and Day (1999) found that new values and norms are developed in the process. As Day (1999) mentions in his model, one activity along the change process is refining the customer value proposition. This was done also in the case organization by ongoing customer contacts that will be mentioned in the maintenance part (4.4).

#### *4.3 Building Understanding through Institutionalization*

The understanding of new values, the way to operate and the reasoning behind the new strategy started to evolve as time went by and as concrete changes were made. The change was thus in a way institutionalized through structures, financial follow-up and incentives, as well as through the development of total service offering.

Structuring the main organization as a process was an activity that in the beginning received contradictory opinions. As time went by and people got to experience how the organization actually operates, the faith towards the organization improved. The same was with the cross-functional customer specific teams—the experience and positive feedback from the customers resulted into understanding the way to operate in closer cooperation with other functions. In addition to structures, there were some changes done in the financial follow-up. The goal was to make each customer contact employee to realize how they can contribute with their activities in building the result. Moreover, the actual value of individual customer relationships was measured for the first time. One central activity in institutionalization is thus aligning the structures and financial follow-up to support the development towards increased market orientation.

One central activity in the institutionalization of change has been the development of a total offering by fundamentally increasing the proportion of services out of the total offering. The idea is to serve key customers along their process life cycle. This is a way to maintain and deepen long-term customer relationships. The service was developed in a direction that ultimately aims at improving the customers' production performance. Moreover, Metso Automation could take more comprehensive responsibility for improving that performance. The service was developed not only in the more traditional availability services side but also in the area of more consultative types of expert services. Along the development of total offering, the role of product managers fundamentally changes. They got closer to customers, and this way the new services were developed in close cooperation with customers.



We serve them [the customers] so well that we don't lose them at any point. Then along the customer's production process, we serve them with a variety of our solutions, so that we can grow alongside them. This is the basic idea.

*Management team member*

During the entire change process and especially in the implementation phase, communication seems to play an important role. In the case organization, the idea of open and active communication was to make sure that the whole organization is all the time aware of what has been accomplished, and what is to be done next.

We started little by little to get successes. Communication has been constantly alongside the change process. We got positive experiences, we got orders and the margins went up and we got new products and services. Then people started to understand that all this might have a point.

*Leader*

This way the understanding and commitment was built-up. The entire organization was engaged with the communication. The communication was not only one-way communication but also interactive. Interactive communication worked at the same time as a training forum for the personnel. Also private superior-employee conversation was an important means of communication in the case organization, to make sure that everyone understands the change in the individual level.

*It is extremely important in a change process that you do the superior-employee conversations correctly. The ideas of the new strategy need to be explained to each and every one in terms of what it means in practice for that particular individual. It is the superiors' job to do that. Many superiors don't realize how important it is to an individual to thoroughly understand the change and what it means for yourself and to get feedback. People don't make conscious mistakes, but you cannot know things if no one has told you.*

*Leader*

Demonstrating leadership commitment seems to be an important aspect in the change process in all the stages, and especially in the implementation stage. It means the leaders walking the talk and getting themselves close to customers seemed an important positive aspect for change.

Also both Gebhardt et al. (2006) and Day (1999) found that aligning structures as well as reward and financial follow-up is a central element of institutionalizing the change. In the case organization one new activity was to further the measurement of the real value of individual customer relationships. The development of a total offering was a clear expression of institutionalizing the change in the case organization. This is not mentioned in either Gebhardt et al's (2006) or Day's (1999a) change models towards increased market orientation. In the case organization the development of the total offering was clearly an activity that aimed to concrete maintenance and development of long-term customer relationships. Thus, it can be said that it is an important development area in which to pursue towards increased market orientation. Communication was an activity that came out strongly as a key aspect during the whole change process in the case organization. This activity was not mentioned in either of the compared change models. However, training is an activity mentioned in Gebhardt's et al. (2006) model. In the case organization training is considered a central part of interactive communication. Also Day (1999) emphasized in his model the importance of demonstrating the leadership commitment along the change process.

#### *4.4 Maintenance*

One focal activity in maintaining the development is the follow-up of the involvement in the change process. In the case organization, the follow-up was done occasionally by comparing the present situation with the assigned goals that were set in the beginning. Moreover, possible new employees were screened in accordance to the organization's values.

Maintaining the spirit of succeeding is also an activity that drives the positive development. Concrete monetary success seemed to build faith in the new strategy. This success was actively communicated to the personnel

*Getting success is tremendously important in making the change happen. and that people have fun in doing their job and money comes—this feeds the self confidence. As the change starts to work and there comes success stories, there also comes the self confidence and faith for it.*

*Leader*

Culture maintenance rituals are also a way to maintain the development. Certain things were repeated regularly. In communication, the activities and success stories with customers were emphasized in connection with presenting the financial situation, for example. The ongoing customer connections were used to check along the way that the direction of change is right.

Both Gebhardt et al.'s (2006) and Day's (1999a) change models mention the importance of monitoring the results of change. Furthermore, Gebhardt et al. (2006) mentioned the cultural screening for new employees to make sure that the new people in the organization share the same values. Also Gebhardt et al. (2006) suggest culture maintenance rituals to maintain the spirit for change. They also suggested the connection with the market to make sure that the course of change was the right one. The summary of the stages of the strategic change process are depicted in the following Figure 1.

Figure 1 illustrates the stages of change that can be identified in the case. Roughly speaking the change process towards increased market orientation has four interdependent stages that have multiple overlapping activities in them. These stages are the initiation of change, building commitment, building understanding through institutionalization and the maintenance. In the initiation phase, after getting to understand the need for change, the leader starts preparations for change. In the actual implementation (consisting of two interdependent stages of building commitment and understanding via institutionalization) of change the firstly critical parts of business are redeveloped. The change is awakened in an organization building a positive pressure for change. The strategy is developed collaboratively to make sure that it is realistic and manageable. The commitment to change by all leaders is ensured by removing dissenters and hiring believers. Along building commitment in an organization, new values and norms are developed. Aligning structures and financial follow-up concretely institutionalize the change. A central activity in the institutionalizing the change is development of a total offering. During the entire change process, communications plays an important role to make sure that the members of an organization get to know what has been accomplished and what is to be done next. Also demonstrating leadership commitment is important along the change process. Ongoing customer connections make sure that the direction is right.

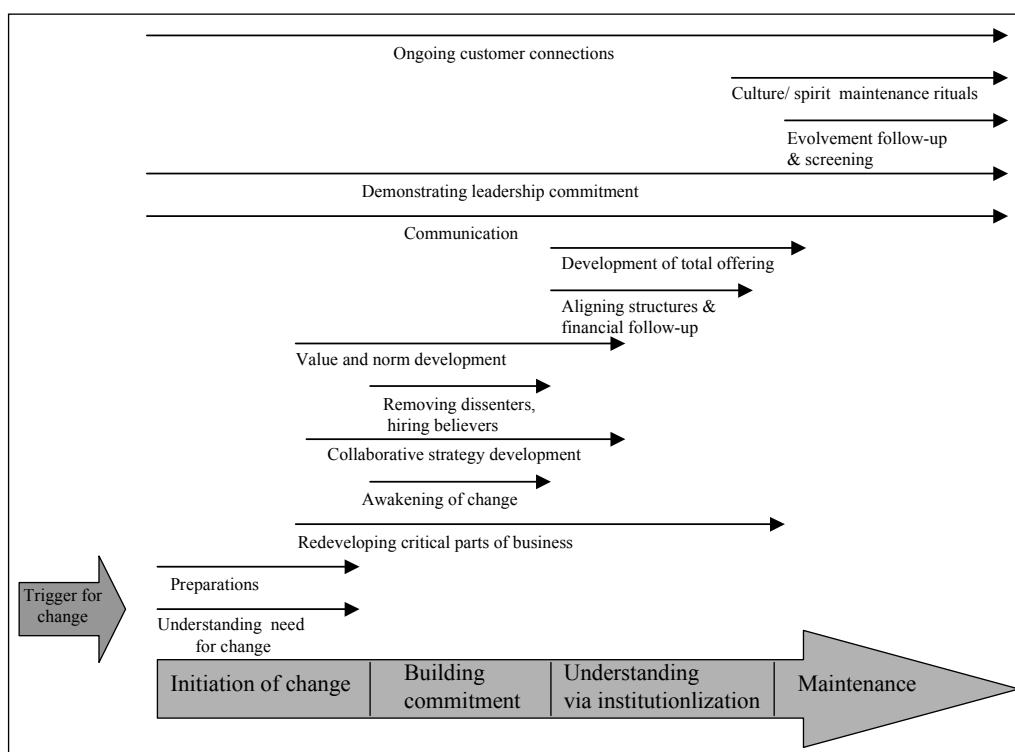


Figure 1. Stages of change process of creating relational customer orientation

As mentioned, all four stages are interdependent and include several activities that are not necessarily sequential. Instead, many activities initiated early in the change process occur simultaneously. This form seems to be in line with what Day (1999) discovered. Gebhardt et al. (2006) on the other hand found that the steps and activities in their change model are path-dependent.

## 5. Conclusions

Despite the continuous academic interest toward the concept of market orientation, there is still a need for research that explores how it is implemented in organizations. This study is based on a longitudinal inquiry of a

global, professional high-tech organization. The methodology of the study is action research which enables a close access to data and an insider's perspective combined with theoretical relevance and analytical rigor. We analyzed the process of implementing market orientation in the case organization and as a result, presented a stage model.

The results of this study have been reflected and discussed in relation to findings by Day (1999) and Gebhardt et al. (2006) stage by stage already in the Empirical findings chapter. There are similarities to both previously studied stage models, however given the longitudinal characteristic of this study, a more detailed description and understanding of activities within the stages towards greater market orientation has been achieved. The results of this study imply that four identified stages are interdependent and include several activities that are not necessarily sequential. Instead, many activities initiated early in the change process occur simultaneously. The results of this study clearly indicate that the development of a total offering is an important expression of institutionalizing the change towards greater market orientation. In the case organization the development of the total offering was clearly an activity that aimed to concrete maintenance and development of long-term customer relationships. Thus, it can be said that it is an important development area in which to pursue towards increased market orientation. Development of a total offering is not raised up in either Gebhardt et al's (2006) or Day's (1999) change models towards increased market orientation. Communication was an activity that came out strongly as a key aspect during the whole change process in the case organization. This is also an activity that was not mentioned in the previous stage models.

The study has implications for theory and practice. The study contributes by increasing theoretical insight on the creation of market orientation with an empirical case that has been studied longitudinally from a change process perspective. One reason for the lack of studies on implementation of market orientation is that it calls for access to study a process longitudinally. In this study, the access to study a change process during 3.5 years was possible and the first author was one actor in the change process. Using the methodology of action research is new to the market orientation literature and seemed to work well in getting an in-depth view to the process perspective. This study presented a stage model to increased market orientation paying particular attention on the dynamics of the phenomenon. We also presented the concept of the total offering which is new to the literature and could be used to conceptualize the implementation of market orientation further. In addition, understanding and figuring out the dimensions in an organization that are the focal targets of change would be beneficial. This could be accomplished by getting into identifying the inhibitors and solutions for greater market orientation in an organization. By knowing the inhibitors, we would get into fundamental reasons why many organizations fail to adopt the desired market orientation. Solutions would then help to point out the critical focus areas and targets of change to greater market orientation.

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