



Development of market-oriented strategies through cross-functional integration in the context of the food and beverage industry

Journal:	<i>Business Process Management Journal</i>
Manuscript ID	BPMJ-03-2020-0106.R1
Manuscript Type:	Original Article
Keywords:	Cross-functional integration, Market orientation, Responsiveness, Food Industry

SCHOLARONE™
Manuscripts

Development of market-oriented strategies through cross-functional integration in the context of the food and beverage industry

Abstract

Purpose: The objective of this study is to analyze how cross-functional integration contributes to the development of market-oriented strategies in the context of food and beverage manufacturers in Latin America.

Design/methodology/approach: A multi-case study was conducted in two multinational companies in Costa Rica and Brazil. Twenty-four semi-structured interviews were carried out with managers, leaders and supervisors.

Findings: The results showed four market-oriented processes: Product launch, Product delivery, Customer complaints solution, and Improvement and innovation projects. Within these processes, twelve integration factors that impact market orientation were characterized. They also indicate that the concepts of Market orientation and Cross-functional integration should be integrated in the organizational culture to facilitate the understanding of the different needs and levels of urgency.

Originality/value: The studied literature does not emphasize the way integration is operationalized to allow organizations to be market-oriented. According to our findings, responsive strategies depend on the integration of various internal functions to generate market intelligence. Managers must realize that when the workers are motivated and informed, they become more willing to take on a group vision and commit to organizational goals. This paper presents seven propositions on the operationalization of market orientation through cross-functional integration.

Key words: Cross-functional integration, Market orientation, Responsiveness, Food industry.

Introduction

The complexity of decisions and the need for change are inherent in the global organizational competitive context. In order to decide and respond appropriately to changes, it is essential to develop interdisciplinary strategies (Varadarajan and Clark, 1994). In this sense, Cross-functional Integration (CFI) has become a means of improving responsiveness, while promoting customer value delivery. According to Kahn and Mentzer, (1998) CFI may be defined as the collaboration and the interaction between the departments of an organization.

The elements present in CFI processes are: boundary spanning activities, integration factors, formality/informality, level of integration, and impacts of integration (Pimenta et al., 2016). Studies on CFI focus on several research themes, such as: 1) *boundary spanning activities* (Silva et al., 2013), *integration between specific functions*, e.g.: marketing and R&D integration (García et al., 2005), R&D and manufacturing (Hauptman and Hirji, 1999), sales and marketing (Rouziès et al., 2005); 2) *Integration factors and their formal or informal operationalization* (Lambert and Cook, 1990; Kahn, 1996; Wlazlak and Johansson, 2014); 3) *The level of integration* (Ferreira et al., 2019). Another research stream, that presents a close relationship with Market Orientation, is the *Integration impacts*, e.g.: the increase of customer service levels and profit (Lambert and Cook, 1990; Oliveira et al., 2016), creating and delivering value to its customers (Esper, et al., 2009; Hilletoft, 2010; Hilletoft and Lättilä, 2012; Hilletoft et al., 2012; Seno et al., 2019), efficiency in product development processes (Kahn, 1996; Perks, 2007; Hilletoft, 2008; Bertan et al., 2016; Jugend et al., 2018), and increased market responsiveness (Pimenta et al., 2016).

On the other hand, Market Orientation (MO) is present when organizations demonstrate ability to understand, attract and retain customers, which deepens their relationships with the latter and with stakeholders. Thus, the organization collects market information and shares knowledge within and outside its spheres, in order to adequately meet the consumers' expectations (Day, 1999).

According to Jaworski and Kohli, (1993), MO can be achieved by three antecedents: top management support, interdepartmental dynamics - which is essentially cross-functional integration - and organizational systems (Jaworski and Kohli, 1993). In another perspective, MO has three behavioral components: customer orientation, competition orientation, and cross-functional coordination (Narver and Slater, 1990). Thus, the literature focused on defining MO considers that integration is a part (Narver and Slater, 1990) or an antecedent of MO (Kohli and Jaworski, 1990). Nevertheless, papers that aim to investigate CFI as their main objective do not analyze MO in a thorough manner (e.g., Im and Nakata, 2008; Wei and Atuahene-Gima, 2009);

1
2
3
4 and vice versa: papers focused on MO put emphasis on other antecedents other than CFI (e.g.,
5 Jaworski and Kohli, 1993; Chang, Chen, Lin, and Chiu, 2010; Hernández-Linares et al., 2020).
6
7 Therefore, it is possible to see that literature places little emphasis on the operational and
8 technical aspects of integration as an antecedent of MO.
9
10

11 Studies on the influence of MO on organizational performance are mainly focused on
12 European or US organizations, and there is a gap in international studies (Auh and Merlo, 2012;
13 Powers et al., 2020). In the context of Latin America, which brings together emerging countries,
14 studies on MO focus on validating the scales proposed by Narver and Slater (1990) and Kohli
15 and Jaworski (1990) in, for example: Brazil (Perin and Sampaio, 2004), Peru (Spillan, Li,
16 Totten, and Mayolo, 2009), Chile (Olavarrieta and Friedmann, 2008), Argentina and Paraguay
17 (Olsen and Olsen, 2004). These studies did not present analyses on how cross-functional
18 integration may be operationalized as an antecedent of MO strategies, in order to enhance
19 company performance.
20
21
22
23
24
25

26 Several authors (Narver and Slater, 1990; Kohli and Jaworski, 1990; Day, 1999) treat
27 market orientation as essential for achieving competitiveness and adapting to the market, and
28 also mention that internal integration is essential to reach market orientation. However, there is
29 a lack of studies explaining the association of CFI and MO, especially in the context of
30 industrial development in Latin America. Thus, analyzing how integration occurs in market-
31 oriented processes can generate relevant knowledge from a practical point of view, and also,
32 from a theoretical point of view, especially in the context of emerging markets with difficulties
33 in the development of strategies aimed at global markets.
34
35
36
37
38
39

40 In Costa Rica and Brazil, countries of emerging economies in Latin America, there is no
41 clear evidence of MO strategies involving inter-functional integration as an antecedent or
42 component of MO to improve the performance of their industries. Considering this scenario,
43 we perceived the necessity to conduct studies to add theoretical information on CFI as a
44 facilitator of MO. Thus, the following research gaps are highlighted: a) how is market
45 orientation achieved through cross-functional integration? b) what integration factors are
46 present in organizational actions? and c) what impact metrics will determine the effective
47 market orientation of an organization?
48
49
50
51
52
53

54 The food and beverage industry was investigated, including companies from Costa Rica
55 and Brazil, that adopt formal strategic initiatives of MO. The industrial context of these
56 countries in Latin America is characterized by small local companies, that seek to serve regional
57 markets with traditional products, while large multinationals are focused on investments on
58 technologies and processes, to supply customers all over the country (Cordero, 2011).
59
60

1
2
3
4 For both studied countries, this industry is relevant, given its growth and economic
5 importance. In Brazil, the food and beverages industry represents about 22% of the general
6 manufacturing industry. In terms of revenues, it represents 10% of the total GDP (Gross
7 Domestic Product), with revenues exceeding R\$ 656 billion. Even in scenarios of economic
8 slowdown, the growth of the food and beverage industry stays above the national average (CNI,
9 2020). In Costa Rica, the presence of large multinational industries in this sector is growing
10 above the average for other sectors.
11

12
13
14
15
16 Large companies that operate in turbulent markets depend on cross-functional integration
17 to become more efficient and flexible (Kahn, 1996). Currently, the food and beverage industry
18 is passing through a strong trend of modernization, motivated by technological changes and
19 constant growth of competition (Bader and Rahimifard, 2020). This type of scenario motivates
20 companies to invest in innovation of products and processes, and in the concentration of
21 distribution channels (Johnson et al., 2009). This market dynamism increases the relevance of
22 MO in organizations, as well as in CFI processes, because the companies need to constantly
23 update their portfolio, and that requires multidisciplinary efforts.
24
25
26
27
28
29

30 The objective of this study is to analyze how cross-functional integration contributes to the
31 development of market-oriented strategies in the context of food and beverage manufacturers
32 in Latin America. For that, a study of multiple cases was carried out in two multinational
33 companies of the sector, based on twenty-four semi-structured interviews. It was possible to
34 identify market-oriented processes/activities, functional areas to be integrated and their
35 respective integration factors, as well as the impacts of cross-functional integration on MO
36 strategies.
37
38
39
40
41
42
43

44 **Literature review**

45 The structure of the literature review is based on the fundamentals and components of
46 market orientation (MO) and the aspects of cross functional integration (CFI), as well. This
47 topic aims to provide the basic ideas about the connection of these two themes, focusing on the
48 role of the cross-functional integration factors as antecedents of MO (Kohli and Jaworski, 1990,
49 Pagell, 2004, Pimenta et al., 2016).
50
51
52
53
54
55

56 **Market orientation**

57 According to Crick (2019), there are multiple definitions for MO as a construct, but there
58 is a common view that it relates to the processing of information towards the implementation
59 of the marketing concept in order to generate value and competitiveness. Market orientation
60

1
2
3
4 (MO) is a strategic organizational behavior focused on the responsiveness to customer needs
5 and market conditions (Kaňovská and Tomášková, 2014) through the generation and
6 dissemination of market intelligence between different departments of the organization (Kohli
7 and Jaworski, 1990; Narver and Slater, 1990). MO takes an outside-in perspective, in which
8 information on the environment is collected to generate strategies to create value for the
9 customer and, at the same time, differentiate the organization from its competitors (Shapiro,
10 1988; Kohli and Jaworski, 1990; Day, 1994).

11
12
13
14
15
16 MO relates to processes aimed at: customer orientation, competition orientation, cross-
17 functional integration; and two decision criteria: long-term focus and profitability (Narver and
18 Slater, 1990; Deng and Dart, 1994). As a behavioral approach, MO involves values, beliefs,
19 identities and attitudes that are inherent to it as a business culture (Day, 1994). This construction
20 allows organizations committed to creating value through the exchange of information on the
21 needs of customers and on the strategic capacity of the competitors to perform better (Slater
22 and Narver, 2000).

23
24
25
26
27
28 In customer orientation, the first behavior pattern concerns in-depth knowledge of buyers
29 to create value (Narver and Slater, 1990). It involves knowledge of the buyers' economic
30 conditions and their surroundings, as well as the characteristics and needs of current and
31 potential consumers. The second behavior pattern mentioned by the authors is orientation to
32 competition, which means the understanding of the strengths and weaknesses of the
33 competition, as well as the technological advances achieved by the organization's actions. The
34 third behavior pattern is functional coordination, which is the alignment of incentives to the
35 functional areas. This involves initiatives to highlight the benefits of working together in order
36 to generate interdependence between functions. The marketing department and other
37 departments involved in the strategy must be sensitive and responsive to the needs and
38 perceptions of each internal component (Narver and Slater, 1990; Day, 1994). The customer
39 orientation and cross-functional coordination help to build market intelligence and meet
40 customer needs (Ma and Todorovic, 2011).

41
42
43
44
45
46
47
48
49
50
51 Knowledge of customer needs, the environment and the ideas and advancements of the
52 competition must be present within the concepts of MO. The knowledge of customer and the
53 environment should be generated and disseminated in the organization in order to formulate
54 and execute responsive strategies (Kohli and Jaworski, 1990). MO can be defined by the
55 following main components shown in Table 1.

56
57
58
59
60 Thus, MO may be defined as a strategic perspective that values the generation and
dissemination of knowledge of the environment, customers, competitors, and other stakeholders

1
2
3
4 in order to meet market needs. Market satisfaction should be sought through response strategies
5 involving the participation of various functions and organizational levels in order to generate
6 market intelligence (Kohli and Jaworski, 1990; Narver and Slater, 1990; Jaworski and Kohli,
7 1993; Conduit and Mavondo, 2001; Narver, Slater and MacLachlan, 2004). Thus, CFI is
8 essential in the search for responsiveness to the market.
9
10
11
12
13

14
15 **[Insert Table 1 about here]**
16
17

18 From a practical perspective, some authors highlight the importance of developing dynamic
19 capabilities that can help to support MO and value creation (Hernández-Linares et al., 2020),
20 others mention the influence of differentiation and positioning on MO (Iyer et al., 2019).
21 Moreover, there are recent studies that inquire about the influence of MO adopted by suppliers
22 and other supply chain members on the success of focal companies' MO. This latter research
23 stream may indicate that, in order to pursuit MO success, the company needs to seek partners
24 in its supply chain that agree on coordinating efforts towards the generation of value to their
25 end costumers (Gligor et al., 2019; Powers et al., 2020; Tajeddini and Ratten, 2020).
26
27
28
29
30
31

32 Gupta et al., (2019) reinforce the importance of inquiry mediators and practical forms of
33 reaching MO through different sets of learning procedures and organizational structures.
34 According to them, the interdepartmental dynamics and the integration between marketing and
35 other functions need to be carefully considered. However, this integration depends on an
36 organizational structure capable of facilitating the generation, dissemination and use of market
37 knowledge to generate value. Therefore, there is some opportunity to investigate the practical
38 side of cross-functional integration on MO, and its respective impacts, as well.
39
40
41
42
43
44

45 The discussion of CFI in the literature about Market Orientation has received little emphasis in
46 the literature, particularly in the context of Latin America, e.g.: Perin and Sampaio (2004),
47 Olavarrieta and Friedmann (2008), Spillan et al. (2009). A possible reason of such a gap may
48 be because MO was initially treated as a "business philosophy" of very complex
49 implementation (Day, 1994). Moreover, the historical, economic and industrial contexts of
50 emerging countries in Latin America make it difficult to implement this business orientation.
51 However, the modern and global economy, with new perspectives on customers and markets,
52 arouses the need for MO strategies in these countries, as they became important players in the
53 global export scenario.
54
55
56
57
58
59
60

Cross functional integration

In this study, the perspective of Kohli and Jaworski (1990) about MO is adopted, and it considers CFI as an antecedent of market orientation. Therefore, MO depends on the support of CFI to be effective (Ingenbleek *et al.*, 2010; Camarero and Garrido, 2012; Kanovska and Tomášková, 2012; Mahmoud *et al.*, 2012).

CFI promotes interrelation among departments, which in turn, allows knowledge on customers and competitors to be shared, discussed and analyzed by the relevant areas to create value for the customer (Lawrence and Lorsch, 1967). CFI depends on collaborative activities that define how well departments work together when mutual collaboration is necessary (Ellinger, 2000).

Cross-functional integration can be defined as the set of interaction and collaboration between internal departments (Kahn and Mentzer, 1996). Integration is the process in which departments work in a cooperative way to obtain results that favor the organization as a whole (Pagell, 2004). Studies on the relationship between internal functions from the perspective of supply chain management show that integration and collaboration between functions inside and outside the organization are necessary to establish supply chain processes that promote the optimization of organizational performance (Mentzer *et al.*, 2008).

Hence, CFI is defined as an organizational phenomenon characterized by the dynamics of five elements: boundary spanning activities, integration factors, formality/ informality, level of integration, and impacts of integration. These five elements are explained below.

The first element corresponds to the boundary spanning activities that require interrelation between functions or departments of the organization in order to be performed (Pimenta *et al.*, 2016). This shows that decision making between functional areas on issues involving operation management is based on information, tools and skills that do not belong to one functional area alone (Mentzer *et al.*, 2008).

The second element corresponds to the integration factors, that are mechanisms used to establish cooperation between people from different functions who need to work together to implement internal processes (Pagell, 2004; Pimenta *et al.*, 2016). Department Integration takes place through factors that promote working together. In this sense, this definition includes a collaborative and interactive view on the relationship and joint work (Kahn and Mentzer, 1998). The literature identifies some integration factors necessary to promote integration in market-orientated processes, as shown in Table 2. Despite the fact that these integration factors are recognized in the literature, there is still a gap on how organizations can operationalize them to achieve goals related to MO and thus improve their performance.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

[Insert Table 2 about here]

The third element of the dynamics concerns the formality and informality present in the integration processes (Pimenta et al., 2016). Several authors state that integration processes can be characterized as formal, informal or a combination of these two types. (Ruekert and Walker, 1987; Kahn, 1996; Gimenez and Ventura, 2005; Daugherty et al., 2009). Some highlight the importance of formal processes (Gimenez and Ventura, 2005; Jüttner et al., 2007); whereas others defend the informal ones as essential for integration (Ruekert and Walker, 1987; Kahn and Mentzer, 1998; Ellinger, 2000; Ellinger et al., 2006, Chen et al., 2009).

The fourth element relates to the level of integration, which is the intensity - high, medium or low - of involvement of cross-functional activities, based on the frequency of contact and the fulfillment of the goals established for the integrated functions. The presence of formal and informal integration factors, as well as the absence of conflicts between functions can also increase the level of integration (Pimenta et al., 2016).

Finally, the fifth element is comprised of integration impacts. Cross functional teams (CFT) may generate positive impacts, such as an alignment between demand and supply (Esper et al. 2009; Freitas et al., 2020) and external integration in the supply chain (Gimenez, 2006). Moreover, MO was identified as an impact of CFT, that helps to integrate sales, marketing and manufacturing departments, in order to disseminate consumer information and respond to market needs (Whybark, 1994). Several authors investigate impacts of MO initiatives, such as cross-functional integration, on company and supply chain performance. Therefore, this construct may be important to understand results related to strategic and practical efforts related to MO (Gligor et al., 2019; Powers et al., 2020; Tajeddini and Ratten, 2020)

Research Method

First of all, it is important to clarify that this paper is derived from a project that received a relevant research grant from a Brazilian agency (FAPEMIG) and also from OEA. A preliminary and exploratory part of the results of this project is available in Murillo-Oviedo et al., (2019). However, the results shown by Murillo-Oviedo et al., (2019) are very exploratory. On the other hand, this paper focused on a relevant theoretical contribution, as it presents a solid theoretical review to support the research problem. Moreover, it presents a set of propositions that are innovative both in the literature of Market Orientation and in the literature of cross-functional integration. Finally, this paper presents two case studies instead of one, with an additional effort

1
2
3
4 to compare strategies in two different countries in Latin America, with a deep discussion
5 regarding the regional aspects of Market Orientation.
6

7
8 To achieve the objectives of this study, a multi-case study involving an organization in
9 Brazil and another in Costa Rica was conducted. Initially, companies were pre-selected through
10 an exploratory interview using the following criteria: 1) the company's main focus is on the
11 customer / responsiveness (Deshpande et al., 1993; Lafferty and Hult, 2001); 2) companies
12 perform studies about the surrounding market / customer interaction (Shapiro, 1988; Kohli and
13 Jaworski, 1990); 3) there are initiatives to integrate organizational functions, i.e.: presence of
14 at least two integration factors (Narver and Slater, 1990; Lafferty and Hult, 2001); and 4)
15 companies recognize the importance of other stakeholders (Conduit and Mavondo 2001).
16 According to these criteria, two companies were selected, as shown in Table 3.
17
18
19
20
21
22

23
24
25 **[Insert Table 3 about here]**
26
27
28

29
30 The BR Organization is a franchise of a multinational beverage manufacturer. It is
31 headquartered in Uberlandia, Minas Gerais State, and has three business units: juices, soft
32 drinks and beers. It has sales and distribution facilities in other cities in the range of 200
33 kilometers from its headquarters. Being a franchise, the BR Organization has operational
34 independence, but does not develop new products. It has a matrix organizational structure with
35 staff units and functional departments working together to meet organizational objectives.
36
37

38
39 The CR Organization is headquartered in the city of Desamparados in the province of San
40 José, Costa Rica. It is a multinational food manufacturer and seller, and has three business units:
41 snacks; crackers and cookies; oats and cereals). The operations of the CR Organization are
42 divided by regions involving two or more countries; Costa Rica and Panama comprise the South
43 sub-region. This division is part of the organizational structure defined by interviewees as a
44 'matrix cube', and establishes three structure levels: geographical, functional and business
45 units. The South sub-region has no local production, which is performed in the North sub-
46 region.
47
48
49
50
51
52
53

54 **Data Collection**

55
56 Gaskell (2011) recommends that between 15 and 25 interviews be carried out, but this
57 number depends on information saturation. In total, 24 people from different departments were
58 interviewed, as detailed in Table 4. Each interview lasted 60 minutes on average, generating
59 192 pages of transcribed material.
60

[Insert Table 4 about here]

The protocol for the interviews was developed from a theoretical review on MO, CFI, and integration factors that favor MO. In addition to the nine integration factors identified in Table 2, the following items from the framework by Pimenta et al. (2016) were added: longevity of relationships, trust in relationships, group work among cross-functional teams to solve conflicts, informal/formal communication, job rotation and perception of interdependence. The protocol was translated from Portuguese into Spanish to be used in both Brazil and Costa Rica. To ensure that there were no changes in meaning in the translation, the instruments were revised by native Spanish speaking professionals from the marketing area.

Firstly, interviews involved questions about the main internal processes used to promote MO in the organization. Then, questions on the existence of each integration factor contained in the form were asked. The respondent marked the occurrence frequency of each factor of integration in the form. Interviewees were asked to indicate the impact of frequent factors on the processes related to market orientation mentioned earlier.

Data analysis

The 24 interviews were audio recorded, transcribed and subjected to content analysis. Following the recommendations by Bauer (2011) and Bardin (1977), the following procedures were performed: 1) exploratory analysis; 2) open coding, in order to identify analysis units; and 3) categorization. To ensure the validity of data coding and categorization, these procedures were conducted by two researchers using MS Excel®, when organizing and performing the cross-analysis among codes. Subsequently, the transcriptions and codes with the identified processes were sent back to the respondents so that they could confirm the meaning of the categories.

Four categories were identified in the analysis of the information: 1) **critical market oriented processes** (that are boundary spanning activities); 2) **functions** that need to be integrated within such processes; 3) **integration factors** that help to achieve market oriented processes and keep the functions working together; and 4) **impacts of the integration** on the operationalization and performance of MO processes. According to the MO process identified, there were specific integrated functions and factors. The preliminary framework in Figure 1 includes these four basic categories and their respective relationships.

[Insert Figure 1 about here]

Findings and Discussion

Critical market oriented processes and integrated functions

Four critical MO processes were identified in the studied companies: product launch, product delivery; customer's complaints solution, and improvement and innovation projects. The objectives of these MO processes are closely related to the identification of market needs and adaptation of production, logistics or product to satisfy external requirements from the consumers.

The first two, product launch and delivery, are present in both surveyed organizations. Customer complaint solution processes were only present in the BR Organization. Finally, improvement and innovation projects for strengthening market orientation was only identified in the CR Organization. As a core activity of the studied organizations, product launch and delivery is related to two other processes: customer complaint solution and improvement and innovation projects. In order to achieve quality and client satisfaction, the product launch and delivery uses information from the customer complaint solution processes. Moreover, improvement and innovation projects may help to redesign processes of product launch and delivery priorities according to current changes in customer's requirements.

Innovations launch is a cross-functional process that aims at responding to customer and consumer needs, as well as generating differentiation from the competition (Calantone; Di Benedetto; Rubera, 2012). Product launch involves the integration among marketing, commercial, finance, production, logistics, purchasing and legal departments. Everyone has a specific role before, during or after the launch to ensure that the whole organization understands the process and customer expectations.

The product delivery process (Pimenta et al., 2016), starts with demand planning and has the active participation of the marketing, sales, logistics, production and financial departments. It is essential for the product to be available at the point of sale at the right time. According to the Market Planning Supervisor of the BR Organization:

A sale is only accomplished upon delivery, it is not fulfilled upon the order. Our IT department does all the processing and delivers it to the logistics area, which fulfills the subsequent steps, i.e. picking, loading, delivering and receiving. The sale is only materialized when the product in fact reaches the final consumer (MP1).

1
2
3
4
5
6 The third process involves customer's complaints solution, and is only present in the BR
7 Organization. In the studied literature, this process was not characterized as an important
8 process for MO nor as a process that requires CFI. The channels of communication with
9 customers, such as Customer Service, act as a 'thermometer' of quality and efficiency. It
10 analyzes and solves the causes of disruptions in the market, and requires the involvement of all
11 areas involved in the production, delivery, service and product development processes. This
12 evaluation allows the maintenance of quality standards required by the market, improves
13 responsiveness and avoids damage to the brand's image. Finally, this process requires the
14 integration of several areas, such as: marketing, production, logistics and demand planning.
15
16

17
18 The fourth process, improvement and innovation projects, was only identified in the CR
19 Organization. It can contribute to the effectiveness of the three earlier processes and consists in
20 planning and implementation of activities to increase the speed of responsiveness the
21 organization offers to the market. Two examples of projects shown by the CR Organization are:
22 development of a logistics hub and change of materials sourcing. Such projects primarily seek
23 improvements through reactive actions, in order to avoid disruptions and customer
24 dissatisfaction. Marketing, sales, logistics, human resources, finance, legal and purchasing
25 departments are involved in these processes. As a boundary spanning activity, it can be related
26 to innovation launch, as identified by Calantone et al., (2012).
27
28

29
30 A finding of the study is that the participation of each department in the critical MO
31 processes may happen in two ways: ordinary routine processes and new projects.
32
33

34
35 In the routine processes of an organization, such as demand planning, promotions or
36 product launch, integration happens in two stages. The first involves the marketing, finance and
37 trade areas. When most decisions have been made, the production and logistics areas join the
38 process. In the two studied companies, these decisions are made by cross-functional teams that
39 make up the Sales and Operation Planning (S&OP). Therefore, each functional team must be
40 aware of the importance of its integration with peer functional teams and how that can lead to
41 improvements in the organization's response to the market.
42
43

44
45 In the two surveyed organizations, the purchasing department recognizes the need for more
46 involvement, knowledge about strategies, and joint activities to plan the demand from suppliers.
47 Such initiatives may help to keep adequate prices and avoid delays (SP1, PA2). Therefore, both
48 the purchasing function and the suppliers should participate more actively in management in
49 order to foster market orientation not only within the company, but also along the supply chain
50 (Martin and Grbac, 2003; Jüttner and Christopher, 2013).
51
52
53
54
55
56
57
58
59
60

1
2
3
4 New integration projects work in a different way. The central ideas of these projects may
5 come from regional management, general management, or from a particular department.
6 However, strategy formulation and decision-making are carried out with the participation of all
7 involved functions from the beginning. This is fundamental for the design and execution of the
8 project, considering the different perspectives and the specific role each function has to achieve
9 their goals.
10
11
12
13
14

15
16 Planning often begins in marketing and sales, and the information is then passed down
17 and discussed with other departments. Some projects, however, need everyone's
18 involvement; for example, a change in sourcing from Nicaragua to Guatemala means
19 all departments should participate in the planning from the beginning so as not to
20 forget any detail in the planning of the logistics, finances, sales, marketing, etc....
21 (MMS2).
22
23
24
25

26 **Integration factors and Impacts of cross-functional integration on market orientation**

27
28 Integration factors are necessary for the implementation of successful strategies in the
29 studied functions. In the four MO critical processes mentioned, twelve integration factors were
30 identified. The interviewees highlighted several relationships among these integration factors
31 and their impact on MO processes. Figure 2 details all the codes found within each category
32 through the content analysis, and their potential relationships.
33
34
35
36
37

38 **[Insert Figure 2 about here]**
39

40
41 The consolidated analysis of the codes, according to the perception of the interviewees,
42 supported the development of seven exploratory propositions, as detailed next.
43

44 Managers from the various departments meet weekly to evaluate results and organization
45 of events (LHS1, PP1, DA1, WS1, FC1, FM2, WCM2, SM2, AC2, PA2, MMC2). In both
46 organizations there are cross-functional teams to operationalize S&OP. These groups also have
47 their weekly meetings to analyze and plan sales forecasts in order to reduce the risk of disruption
48 in the market.
49
50
51
52
53

54 (...) we have a weekly meeting with all the managers from the different areas. The
55 Customer Service quality manager, for example, presents information, complaints,
56 and if there is anything out of the curve, they make an analysis saying "look I noticed
57 this point here and I sent a person to the market to identify and collect customer
58
59
60

1
2
3
4 information. We have identified that the driver is not carrying out the activities he has
5 to do...” (IPM1).
6
7

8
9 Cross-functional teams enable personal and collective experiences, which are essential to
10 improve organizational performance (Biemans and Brenčič, 2007; Biemans et al., 2010; Qu,
11 2012). The characteristics of the operationalization of the studied cross-functional teams
12 support the following proposition:
13
14

15
16
17 P¹. The use of cross-functional teams in the planning of internal improvement projects
18 facilitates the deployment of strategic objectives through operational activities
19 capable of improving product quality and customer service.
20
21
22

23
24 Common goals are often established among the areas of strategic planning, marketing and
25 integrated planning in the BR Organization; and marketing, sales and finance areas in the CR
26 Organization. They are applied in activities that require direct attention to the market, such as
27 launching of innovations or product delivery. Despite these integration efforts, they are
28 restricted to achieving the sales and profitability goals of the organization (DA1, CAS1, FC1,
29 TM1, SP1, RH1, TA1, LHS1, RCM2, AC2, PA2, WCM2). There is not a shared goal system
30 among different departments. However, RCM2 perceives that this integration factor should be
31 deployed to improve the agility of the processes.
32
33
34
35
36
37

38
39 When the staff asks for an unplanned demand, we can all react as a team to deliver,
40 because the customer expects to be satisfied. However, we often fail because not
41 everyone has the same sense of urgency. If we all did, we could achieve goals at the
42 right time, create better and exclusive promotions, have a higher sales volume and
43 better meet customer needs (RCM2).
44
45
46

47
48 The importance of establishing common goals is also cited as an integrating factor (Chang
49 et al., 2015). These observations led to the following proposition:
50
51

52
53 P³. The design of common goals, establishing urgency levels for each department in
54 the process of delivering products and services, improves sales performance and
55 market share.
56
57

58
59 Internal marketing strategies makes employees act in accordance with the same orientation,
60 thus generating other integration factors such as information sharing and team spirit (PC1,

CAS1, TA1, DA1, RH1, WCM2, AC2, LC2, RCM2, HR2, PA2). It is a factor applied mainly by the HR department through training and career management within the organization. Nevertheless, the initiative is part of each manager, who should know and motivate their team, communicating initiatives and information on new products or promotions. This factor is supported in the literature (Conduit and Mavondo, 2001), highlighting the importance of employees throughout the organization for the generation and dissemination of market intelligence.

Every time we have a new product, we first make a demonstration with the employees, starting here, because the worst thing is when the product reaches the market and the employee does not know the product is ours. Then, they go to their families, friends and acquaintances, who again have to know about the product for it to work (DA1).

Availability of information for the employee on innovation releases is critical to reduce conflicts among functional teams, as it generates mutual understanding (MP1, TA1, PC1, PP1, TM1, DA1, FM2, HR2, MMS2, MMC2, PA2). The relevance perceived by respondents about these factors supports the following proposition:

P⁴ Internal marketing, as a mechanism of informing and motivating marketing and peer functions, promotes team spirit and greater willingness to work in market-oriented actions.

Cross-functional training is important to establish interaction and collaboration among departments. In both analyzed organizations, the existence of individual and organizational knowledge on the basis of CFI and MO, at all levels, is necessary (PP1, MP1, TM1, WS1, FC1, QE1, TA1, RH1, PC1, DA1, SP1, CAS1, LHS1, IPM1, FM2, SM2, RCM2, LC2, MMS2, FM2). For example, in the process of admission of new employees in the CR Organization, two actions by the HR department promote mutual understanding: 1) list of delivery with key words and abbreviations that are often used in the organization; 2) 30-minute visits to meet the staff and learn about the activities of each department (AC2, LC2, PA2, HR2, SM2, WCM2).

The awareness of interdependence is when the employees realize the importance of CFI and MO. This awareness facilitates proactive attitudes in functional collaboration, which are necessary for the organization to be responsive and for its proper conduct (Inglis and Clift, 2008; Hillal and Mubarak, 2014). The characteristics of this integration factor support the following proposition:

1
2
3
4
5
6 P⁵. The recognition of interdependence, through individual and organizational
7 knowledge, on the basis of CFI and MO, promotes improved integration and
8 consequently generates results in line with market requirements.
9

10
11
12 Individual and organizational knowledge on the basis of CFI and MO requires the sharing
13 of information on marketing projects and employee training on the characteristics of the
14 strategy. Such actions generate mutual understanding about each other's responsibilities and it
15 can accelerate time-to-market (IPM1, DA1, SP1, QE1, RCM2, SM2, LC2). Additionally,
16 certain features may not be considered as important to organizational performance. With this
17 knowledge, employees have more awareness and may collaborate more actively in the process
18 to improve customer services (MMC2, WCM2). The investment is not entirely monetary, as
19 information provided at the right time on what happens in the organization may be enough to
20 stimulate employees' involvement (SP1, PA2, MMS2). Knowledge on the marketing function
21 and its strategies generates concern about the impact market information may have on
22 organizational performance (Kobylanski and Szulc, 2011; Hillal and Mubarak, 2014). This
23 form of mutual operational understanding regarding the launch of innovations led to the
24 following proposition:
25
26
27
28
29
30
31
32
33
34

35
36 P⁶. Dissemination of marketing projects and sales in the launch of new products creates
37 more efficiency and quality in customer care and product availability to consumers.
38
39

40
41 The impacts featured in the cases studied are presented in Table 5. Several authors have
42 mentioned MO impacts on the organization (e.g. Han, Kim, and Srivastava, 1998; Kumar et al.,
43 2002; Langerak, 2003; Guenzi and Troilo, 2006, Aziz and Yassin, 2010; Heidari et al., 2015).
44 The impact of MO can be categorized according to those that provide benefits to workers and
45 those that affect organizational performance (Jaworski and Kohli, 1993). Moreover, cross-
46 functional integration (CFI) may help to achieve the desired levels of market share (Pimenta et
47 al., 2016). This study identifies an additional category of CFI impacts on MO: impact on
48 responsiveness, highlighting the role of CFI in market orientation in organizations.
49
50
51
52
53
54

55
56 **[Insert Table 5 about here]**
57
58

59 To improve response strategies, organizations must learn from their previous experiences
60 (Veisi et al., 2007; Silva et al., 2009). The analyzed organizations were found to have no

1
2
3
4 mechanisms to document their experiences. Nevertheless, respondents highlighted the need to
5 register experiences in order to avoid rework (LC2), or the repetition of mistakes in promotions,
6 innovations and launches (IPM1, TM1, MP1, MMS2, RCM2).
7
8

9 As explained in each of the critical MO processes, impacts on motivation, commitment and
10 team spirit are generated from the valuation of employees' activities and their involvement in
11 the activities and results of the organization. Therefore, managers should be aware that the
12 creation of value for the customer requires changes in organizational culture, in management
13 systems and in employees' behaviors (Guenzi and Troilo, 2006). Identification with the
14 company improves performance in that it makes functional processes more market oriented,
15 e.g. it improves responsiveness, market share, brand image, sales performance, efficiency and
16 profitability.
17
18

19 Finally, and as a fundamental objective of MO, these cross-functional processes are
20 focused on meeting the customers' needs in a timely manner. Thus, the impacts on the studied
21 organizations resulted in the manufacturing of quality products, and enhanced supply. The
22 formality of the meetings carried out by the cross-functional teams was the factor that impacted
23 most on the implementation of MO strategies in the studied organizations. In addition, it was
24 observed that the coexistence of cross-functional teams generates several informal integration
25 factors, such as trust and team spirit. The following proposition was elaborated from these
26 observations:
27
28

29
30
31
32
33
34
35
36
37
38
39 P⁷. Cross-functional teams are essential to the operation of other integration factors
40 necessary to implement cross-functional market-oriented processes.
41
42

43 Thus, it was verified that CFI facilitates response to market needs through interaction and
44 collaboration processes across functions involved in processes that are critical to the orientation
45 of the company towards the market. CFI allows joint work, which in turn, helps to achieve
46 organizational goals more quickly and effectively.
47
48
49

50 51 52 **Conclusion**

53 Cross-functional integration can contribute to the effectiveness of Market Orientation. The
54 existing literature suggests different roles for CFI within MO, i.e. as a component (Narver and
55 Slater, 1990) or as an antecedent (Kohli and Jaworski, 1990). This study shows that processes
56 oriented to the market should have an important requirement: to be cross-functional. The
57 studied cases confirm CFI as an antecedent of MO, and in addition, they indicate several forms
58
59
60

of operationalization of integration factors aimed at market responsiveness. Four critical market-oriented processes were identified: 1) launch of innovations, 2) product delivery and services, 3) solution of complaints, and 4) innovation projects and internal improvement.

In the respondents' perception, top management support is necessary, but other factors are also needed for it to be effective, e.g. cross-functional meetings for planning and decision making. Similarly, internal marketing strategies generate other factors such as information sharing, team spirit and cross-functional training, through which the organization strengthens its orientation to the market. Specifically, information sharing must then be considered as a philosophy within organizations (Tiedemann et al., 2009), which generates a positive influence on responsiveness, in order to achieve higher levels of customer loyalty and satisfaction. In addition, cross-functional teams are key to planning and decision-making involving different perspectives at meetings, and improving responsiveness to the market. In the studied cases, cross-functional training was not used to foster mutual understanding among departments. However, the studied companies use job-rotation, which enhances awareness of the need for collaboration and interaction in cross-functional processes.

Theoretical implications

Seven exploratory propositions were developed. The propositions emphasize that, under the studied companies, cross-functional integration may happen in two different ways:

- when CFI is necessary to perform a routine process that has an impact on market orientation. Initially, the areas of marketing, finance and sales make analyses and proposals. Then, through formal integration factors, operations and logistics finish the procedure.
- when CFI is necessary to develop new projects that generate innovation and internal improvements. In these processes, the planning of the strategy and the decision making is jointly made by all the areas involved from the beginning, in order to achieve the expected results.

This study shows that the concepts of MO and CFI should be integrated in the organizational culture to facilitate the understanding of the different internal needs and levels of urgency. In addition, this study shows the importance of identifying processes related to MO and its respective characteristics of cross-functional work. The field research revealed that workers are organizational assets in MO processes. If they are motivated and informed, employees tend to be more willing to adopt a collective vision and commit to organizational goals. In this sense, this research reaffirms the importance of the employee as a leading actor in

1
2
3
4 the relationship between CFI and MO (Siu and Wilson, 1998; Ho Voon, 2006). When the
5 employees are motivated, informed, and feel that they are part of the process, CFI happens with
6 greater fluidity throughout the organization.
7
8

9 Moreover, formal factors such as cross-functional teams are also necessary to create a
10 collaborative working environment, to facilitate interaction, and to plan for multidisciplinary
11 decision making. Team members should learn how the company deals with informal factors,
12 and how they may help to improve processes. This internal alignment helps to enhance the
13 quality of service and products, as improves the employees' understanding about the market
14 needs.
15
16
17
18
19

20 Finally, this study contradicts the results of other studies that suggest that MO is not a
21 determinant of organizational performance in developing countries (Ellis, 2005). The study
22 shows how MO presents an opportunity to use organizational resources in an efficient way
23 through the case studies conducted in Brazil and Costa Rica. Such case studies provide
24 examples of how integration may favor organizational performance and, consequently, its
25 positioning in the market. In this sense, the most important theoretical contribution of this study
26 is to fill this contextual gap in the CFI processes to achieve market-oriented organizational
27 performance in Latin American companies.
28
29
30
31
32
33
34

35 **Managerial implications**

36
37 Some initiatives, emerging from field research, may help managers to reflect about the
38 development of stronger relationships with their customers and partners. This research revealed
39 several possible practices, related to CFI, that can positively impact MO. First of all, managers
40 should pay attention to the employees learning and knowledge creation capabilities. It is an
41 important issue regarding the initial phases of the development of integrated marketing
42 processes. The studied cases revealed that the generation and internal dissemination of market
43 information might allow workers to understand their internal needs, improving customer
44 responsiveness. Particularly in this sense, cross-functional integration plays an essential role,
45 leading to the dissemination of knowledge about organizational and market dynamics, on both
46 departmental and individual levels.
47
48
49
50
51
52
53

54 Another practical insight comes from joint planning involving activities of product launch
55 and customer complaints. This integration factor may positively affect specific elements of
56 market orientation, such as: responsiveness, customer satisfaction, and service and product
57 quality. According to the field data, marketing and peer functions should perform joint planning
58
59
60

with peer functions, in order to generate interdependency among functions and internally spread the awareness about the customer needs.

Limitations and future research

As a multi-case study, this research is limited to the analysis of two organizations. Future research may examine cases in other countries and collect data from different sectors and organizations. Another possibility is to test the relationship between the cause and effect relationships of the presented propositions. To achieve this, a survey with business managers could be carried out to test their trueness through hypotheses. In addition, the field research was limited to studying the perception of strategic and mid-level managers, and did not include the opinion of people from the operational levels, which could provide a different perception about the practical perspective of CFI and MO.

Finally, this study revealed some practices and perceptions from firms operating in Latin America that seem to be distinct from most part of the literature, which is based on empirical research from Europe and USA. Future research may include comparative studies about cultural, economic and political discrepancies related to the market orientation construct in both developing and developed regions. This type of effort may enrich the concept of market orientation through the discovery of innovative practices, characteristics and motivations.

References

- Auh, S. and Merlo, O. (2012), "The power of marketing within the firm: Its contribution to business performance and the effect of power asymmetry". *Industrial Marketing Management*, Vol. 41, pp. 861–873.
- Aziz, N.A., and Yassin, N.M. (2010), "How Will Market Orientation and External Environment Influence the Performance among SMEs in the Agro-Food Sector in Malaysia?", *International Business Research*, Vol. 3 No. 3, pp. 154-164.
- Bader, F., and Rahimifard, S. (2020), "A methodology for the selection of industrial robots in food handling". *Innovative Food Science & Emerging Technologies*, Vol. 64, pp. 1-9.
- Bardin, L. (1977), "*Análise de Conteúdo*". Lisboa, Portugal: Edições 70.
- Bauer, M.W. (2011), "Análise de Conteúdo Clássica. Em: Bauer, M. W., and Gaskell, G. (eds.), "*Pesquisa qualitativa com texto, imagem e som: um manual prático*". 11. ed. Petrópolis: Ed. Vozes Ltda.

- 1
2
3
4 Bertan, F. O., Ferreira, A. C., Pimenta, M. L., and Hilletoft, P. (2016), “Análise da Integração
5 Interfuncional nos Pontos de Contato de Processos de Desenvolvimento de Sementes”.
6 *Organizações Rurais & Agroindustriais*, Vol. 18 No. 3, pp. 238-255.
7
8
9
10 Biemans, W. G., and Brenčič, M. M. (2007), “Designing the marketing-sales interface in B2B
11 firms”. *European Journal of Marketing*, Vol. 41 No. 3, pp. 257-273.
12
13
14 Biemans, W.G., Brenčič M.M., and Malshe, A. (2010), “Marketing–sales interface
15 configurations in B2B firms”. *Industrial Marketing Management*, Vol. 39, 183–194
16
17
18 Calantone, R., Di Benedetto, A., and Rubera, G. (2012), “Launch timing and launch activities
19 proficiency as antecedents to new product performance”. *Journal of Global Scholars of*
20 *Marketing Science: Bridging Asia and the World*, 22 No. 4, pp. 290-309.
21
22
23
24 Chang, T.J., Chen, W.C., Lin, L.Z., and Chiu, J.S.K. (2010), “The Impact of Market Orientation
25 on Customer Knowledge Development and NPD Success”. *International Journal of*
26 *Innovation and Technology Management*, Vol. 7 No. 4, pp. 303–327.
27
28
29
30 Chang, T.Z., Chen, S.J., and Chiou, J.S. (2015), “Management Leadership Behavior and Market
31 Orientation: The Relationship and Their Effects on Organization Effectiveness and
32 Business Performance”. In: *Marketing, Technology and Customer Commitment in the New*
33 *Economy* (pp. 276-281), “Springer International Publishing
34
35
36
37 Chen, H., Daugherty, P. J., and Roath, A. S. (2009), “Defining and operationalizing supply
38 chain process integration”. *Journal of Business Logistics*, Vol. 30 No. 1, pp. 63-84.
39
40
41
42 Conduit, J., and Mavondo, F. T. (2001), “How critical is internal customer orientation to market
43 orientation?” *Journal of Business Research*, Vol. 51 No. 1, pp. 11-24.
44
45
46
47 Cordero, A.E.B. (2011), “Formulación estratégica: Caso: empresas del sector alimentos y
48 bebidas del estado Carabobo”. *Journal of Economics, Finance and Administrative*
49 *Science*, Vol. 16 No. 30, pp. 63-82.
50
51
52
53 CNI, (2020), “Confederação Nacional da Indústria: setor alimentos e bebidas”. *Portal CNI,*
54 *Brazil 4 Business – alimentos e bebidas.*
55 In: <http://www.portaldaindustria.com.br/cni/canais/brazil-4-business/alimentos-e-bebidas/>
56
57
58
59
60 Crick, J. M. (2019). The dimensionality of the market orientation construct. *Journal of Strategic*
Marketing, ahead of print, DOI: <http://10.1080/0965254X.2019.1677747> .

- 1
2
3
4 Daugherty, P. J., Chen, H., Mattioda, D. D., and Grawe, S. J. (2009), "Marketing/logistics
5 relationships: influence on capabilities and performance". *Journal of Business Logistics*,
6 Vol. 30 No. 1, pp. 1-18.
7
8
9
10 Day, G.S. (1994), "The capabilities of market-driven organizations". *The Journal of Marketing*,
11 Vol. 58 No. 4, pp. 37-52.
12
13
14 Day, G.S. (1999), *The market driven organization*. New York: The Free Press.
15
16 Freitas, M. R., Pimenta, M. L., Hilletoft, P., Jugend, D., and Oprime, P. C. (2020), "Demand
17 management: the role of cross-functional integration in a context of political turbulence".
18 *Asia Pacific Journal of Marketing and Logistics*. Ahead of print.
19
20
21
22 Deng, S., and Dart, J. (1994), "Measuring market orientation: a multi-factor, multi-item
23 approach". *Journal of Marketing Management*, Vol. 10 No. 8, pp. 725-742.
24
25
26 Deshpande, R., Farley, J.U., and Webster, F.E. Jr (1993), "Corporate culture, customer
27 orientation, and innovativeness in Japanese firms: a quadrat analysis". *The Journal of*
28 *Marketing*, Vol. 57 No. 1, pp. 23-37.
29
30
31
32 Ellinger, A. (2000), "Improving marketing/logistics cross-functional collaboration in the supply
33 chain". *Industrial Marketing Management*, Vol. 29, pp. 85-96.
34
35
36 Ellinger, A. E., Keller, S. B., and Hansen, J. D. (2006), "Bridging the divide between logistics
37 and marketing: facilitating collaborative behavior". *Journal of Business Logistics*, Vol. 27
38 No. 2, pp. 1-27.
39
40
41
42 Ellis, P.D. (2005), "Market orientation and marketing practice in a developing economy".
43 *European Journal of Marketing*, Vol. 39 No. 5, pp. 629-645.
44
45
46 Esper, T., Ellinger, A., Stank, T., Flint, D., and Moon, M. (2009), "Demand and supply
47 integration: a conceptual framework of value creation through knowledge management".
48 *Journal of the Academy Marketing Sciences*. Vol. 38 No.1, pp. 5-18.
49
50
51
52 Ferreira, A. C., Pimenta, M. L., and Wlazlak, P. (2019), "Antecedents of cross-functional
53 integration level and their organizational impact". *Journal of Business and Industrial*
54 *Marketing*, Vol. 34 No. 8, pp. 1706-1723.
55
56
57 García, N., Sanzo, M., and Trespacios, J. (2005), "La integración interfuncional como
58 condicionante del rendimiento de un nuevo producto. Un enfoque de marketing relacional".
59 *Revista de Economía y Empresa*. Vol. 22 No.52, pp. 139-156
60

- 1
2
3
4 Gaskell, G. (2011), "Entrevistas individuais e grupais". In: Bauer, M. W., and Gaskell, G. (eds.),
5 *Pesquisa qualitativa com texto, imagem e som: um manual prático*. 11. ed. Petrópolis: Ed.
6 Vozes Ltda.
7
8
9
10 Gimenez, C. (2006), "Logistics integration processes in the food industry". *International*
11 *Journal of Physical Distribution and Logistics Management*, Vol. 36 No. 3, pp. 231-249.
12
13
14 Gimenez, C., and Ventura, E. (2005), "Logistics-production, logistics-marketing and external
15 integration: their impact on performance". *International Journal of Operations and*
16 *Production Management*, Vol. 25 No. 1, pp. 20-38.
17
18
19
20 Gligor, D., Gligor, N., and Maloni, M. (2019), "The impact of the supplier's market orientation
21 on the customer market orientation-performance relationship", *International Journal of*
22 *Production Economics*, Vol. 216, pp. 81-93.
23
24
25
26 Guenzi, P., and Troilo, G. (2006), "Developing marketing capabilities for customer value
27 creation through Marketing-Sales integration". *Industrial Marketing Management*, Vol.
28 35, 974-988.
29
30
31 Gupta, V. K., Atav, G., and Dutta, D. K. (2019), "Market orientation research: a qualitative
32 synthesis and future research agenda", *Review of Managerial Science*, Vol. 13 No. 4, pp.
33 649-670.
34
35
36
37 Han, J.K., Kim, N., and Srivastava, R.K. (1998), "Market Orientation and Organizational
38 Performance: Is Innovation a Missing Link?" *Journal of Marketing*, Vol. 62 No. 4, pp. 30-
39 45.
40
41
42
43 Hauptman, O. and Hirji, K. K. (1999), "Managing integration and coordination in cross-
44 functional teams: an international study of Concurrent Engineering product development".
45 *R&D Management*, Vol. 29, No. 2, pp. 179-192.
46
47
48
49 Heidari, S.A., Farjou, L., and Asadi, S. (2015), "Surveying the Influence of Market Orientation
50 on Business Performance", *Albertiana*, Vol. 82 pp. 284-289
51
52
53
54 Hernández-Linares, R., Kellermanns, F. W., and López-Fernández, M. C. (2020), "Dynamic
55 capabilities and SME performance: The moderating effect of market orientation". *Journal*
56 *of Small Business Management*, ahead of print, doi: <https://doi.org/10.1111/jsbm.12474> .
57
58
59 Hillal, M.I.M., and Mubarak, K.M., (2014), "Market orientation adoption strategies for small
60 restaurants: a study in the Eastern Sri Lanka". *Journal of Management*. Vol. 8 No. 1, pp.
14-26

- 1
2
3
4 Hilletoft, P. (2008), *Differentiated supply chain strategy: Response to a fragmented and*
5 *complex market*, Licentiate thesis, Chalmers University of Technology, Gothenburg,
6 Sweden.
7
8
9
10 Hilletoft, P. (2010), "*Demand-supply chain management*", Doctoral thesis, Chalmers
11 University of Technology, Gothenburg, Sweden.
12
13
14 Hilletoft, P., and Lättilä, L. (2012), "Framework for demand chain and supply chain
15 coordination". *International Journal Services Sciences*, Vol. 4(3-4), pp. 240-256.
16
17
18 Hilletoft, P., Eriksson, D., and Hilmola, O.-P. (2012), "Two Sides of a Token: Coordinating
19 Demand and Supply at Furniture Wholesaler", *International Journal of Manufacturing*
20 *Research*, Vol. 7 No. 2, pp. 101-122.
21
22
23
24 Ho Voon, B. (2006), "Linking a service-driven market orientation to service quality".
25 *Managing Service Quality: An International Journal*, Vol. 16 No. 6, pp. 595-619.
26
27
28 Im, S., and Nakata, C. (2008), "Crafting an environment to foster integration in new product
29 teams". *International Journal of Research in Marketing*, Vol. 25 No. 3, pp. 164-172.
30
31
32 Inglis, R.M. (2008), "Exploring accounting and market orientation: an interfunctional case
33 study". *Journal of Marketing Management*, Vol. 24 No. 7-8, pp. 687-710.
34
35
36 Inglis, R.M., and Clift, R. (2008), "Market-orientated accounting: information for product-level
37 decisions". *Managerial Auditing Journal*, Vol. 23 No. 3, pp. 225-239.
38
39
40 Iyer, P., Davari, A., Zolfagharian, M., and Paswan, A. (2019), "Market orientation, positioning
41 strategy and brand performance", *Industrial Marketing Management*, Vol. 81, pp. 16-29.
42
43
44 Jaworski, B.J., and Kohli, A.K. (1993), "Market orientation: Antecedents and consequences".
45 *The Journal of Marketing*. Vol. 57 No. 3, pp. 53-70
46
47
48 Johnson, A.J., Dibrell, C.C. and Hansen, E. (2009), "Market orientation, innovativeness, and
49 performance of food companies". *Journal of Agribusiness*, Vol. 27 No.1-2, pp. 85-106.
50
51
52 Jugend, D., Araujo, T. R. D., Pimenta, M. L., Gobbo Jr, J. A., and Hilletoft, P. (2018), "The
53 role of cross-functional integration in new product development: differences between
54 incremental and radical innovation projects". *Innovation*, Vol. 20 No. 1, pp. 42-60.
55
56
57 Jüttner, U., and Christopher, M. (2013), "The role of marketing in creating a supply chain
58 orientation within the firm". *International Journal of Logistics Research and Applications*,
59 Vol. 16 No. 2, pp. 99-113.
60

- 1
2
3
4 Jüttner, U., Christopher, M., and Baker, S. (2007), "Demand chain management-integrating
5 marketing and supply chain management". *Industrial Marketing Management*, Vol. 36 No.
6 3, pp. 377-392.
7
8
9
- 10 Kahn, K. B. (1996), "Interdepartmental integration: a definition with implications for product
11 development performance". *Journal of product innovation management*, Vol. 13 No. 2, pp.
12 137-151.
13
14
- 15 Kahn, K.B., and Mentzer, J.T. (1996), "Logistics and interdepartmental integration".
16 *International Journal of Physical Distribution and Logistics Management*, 26 No. 8, pp.
17 6-14.
18
19
- 20 Kahn, K.B., and Mentzer, J.T. (1998), "Marketing' s Integration with Other Departments".
21 *Journal of Business Research*. Vol. 42 No. 1, 53-62.
22
23
- 24 Kang, B. (2015), "Effects of Firms' Market Orientation Dimensions on Shop Managers'
25 Attitudes". *Journal of Applied Sciences*, Vol. 15 No. 2, pp. 248-255
26
27
- 28 Kaňovská, L., and Tomášková, E. (2014), "Market orientation and strategic behaviour at high-
29 tech companies". *E+M Ekonomie a Management*, Vol. 17 No. 4, pp. 86-100.
30
31
- 32 Kobylanski, A., and Szulc, R. (2011), "Development of marketing orientation in small and
33 medium-sized enterprises evidence from Eastern Europe". *International Journal of*
34 *Management and Marketing Research*, Vol. 4 No. 1, pp. 49-59.
35
36
- 37 Kohli, A., and Jaworski, B. (1990), "Market orientation: the construct, research propositions
38 and managerial implications". *The Journal of Marketing*, Vol. 54 No. 2 pp. 1-18.
39
40
- 41 Kumar, K., Subramanian, R., and Strandholm, K. (2002), "Market Orientation And
42 Performance: Does Organizational Strategy Matter?" *Journal of Applied Business*
43 *Research*, Vol. 18 No. 1, pp. 37-49.
44
45
- 46 Lafferty, B.L., and Hult, G.T.M. (2001), "A synthesis of contemporary market orientation
47 perspectives". *European Journal of Marketing*, Vol. 35 No. 1, pp. 92-109.
48
49
- 50 Lambert, D., and Cook, R. (1990), "Integrating Marketing and Logistics for Increased Profit".
51 *Business*, Vol. 40 No. 3, pp. 22-29.
52
53
- 54 Langerak, F. (2003), "The effect of market orientation on positional advantage and
55 organizational performance". *Journal of Strategic Marketing*, Vol. 11 No. 2, pp. 93-115.
56
57
58
59
60

- 1
2
3
4 Lascu, D.N., Manrai, L.A., Manrai, A.K., and Kleczek, R. (2006), "Interfunctional dynamics
5 and firm performance: A comparison between firms in Poland and the United States".
6 *International Business Review*, Vol. 15 No. 6, pp. 641-659.
7
8
9
10 Lawrence, P.R., and Lorsch, J.W. (1967), "Differentiation and Integration in Complex
11 Organizations". *Administrative Science Quarterly*, Vol. 12 No. 1, pp. 1-47
12
13
14 Ma, J., and Todorovic, Z. (2011), "Making Universities Relevant: Market Orientation as a
15 Dynamic Capability within Institutions of Higher Learning". *Academy of Marketing
16 Studies Journal*, Vol. 15 No. 2, pp. 1-15.
17
18
19
20 Martin, J.H., and Grbac, B. (2003), "Using supply chain management to leverage a firm's
21 market orientation". *Industrial Marketing Management*, Vol. 32, pp. 25-38
22
23
24 Mentzer, J. T., Stank, T. P., and Esper, T. L. (2008), "Supply chain management and its
25 relationship to logistics, marketing, production, and operations management. *Journal of
26 Business Logistics*, 29 No. 1, pp. 31-46.
27
28
29
30 Narver, J.C., and Slater, S. (1990), "The effect of a Market Orientation on Business
31 Profitability". *Journal of Marketing*, Vol. 54 No. 4, pp. 20-35.
32
33
34 Narver, J.C., Slater, S.F., and MacLachlan, D.L. (2004), "Responsive and Proactive Market
35 Orientation and New-Product Success". *Journal of Product Innovation Management*, Vol.
36 21 No. 5, pp. 334-347.
37
38
39 Olavarrieta, S., and Friedmann, R. (2008), "Market orientation, knowledge-related resources
40 and firm performance". *Journal of Business Research*, Vol. 61 No. 6, pp. 623-630.
41
42
43 Oliveira, E. A. D., Pimenta, M. L., Hilletoft, P., and Eriksson, D. (2016), "Integration through
44 cross-functional teams in a service company". *European Business Review*, 28 No. 4, pp.
45 405-430.
46
47
48
49 Olsen, H. W., and Olsen, E. J. (2004), "Advancing the concept of market orientation: an
50 empirical examination in South America". *Latin American Business Review*, Vol. 5 No. 2,
51 pp. 1-24.
52
53
54 Pagell, M. (2004), "Understanding the factors that enable and inhibit the integration of
55 operations, purchasing and logistics". *Journal of Operations Management*, Vol. 22, No. 5,
56 pp. 459-487.
57
58
59
60

- 1
2
3
4 Perin, M. G., and Sampaio, C. H. (2004), “OM, porte empresarial e performance”. *RAE-Revista*
5 *de Administração de Empresas*, Vol. 44 No. 3, pp. 76-88.
6
7
8 Perks, H. (2007), “Inter-functional Integration and Industrial New Product Portfolio Decision
9 Making: Exploring and Articulating the Linkages”. *Creativity and Innovation*
10 *Management*, Vol. 16 No. 2, pp. 152–164.
11
12
13 Pimenta, M., Silva, A., and Tate, W. (2016), “Characteristics of Cross-functional Integration
14 Processes: Evidence from Brazilian Organizations”. *International Journal of Logistics*
15 *Management*, Vol. 27 No.2, pp.570-594.
16
17
18 Powers, T. L., Kennedy, K. N., and Choi, S. (2020), “Market orientation and performance:
19 industrial supplier and customer perspectives”, *Journal of Business & Industrial*
20 *Marketing*, ahead of print, doi: <https://doi.org/10.1108/JBIM-08-2019-0369>
21
22
23
24 Qu, R. (2012), “The Impact of Integration and Responsiveness on MNC Subsidiaries’ Market
25 Orientation”. *Journal of Global Marketing*, Vol. 25 No. 3, pp. 127–140.
26
27
28
29 Rouziès, D., Anderson, E., Kohli, A., Michaels, R., Weitz, B., and Zoltners, A. (2005), “Sales
30 and Marketing Integrations: A proposed Framework”. *Journal of Personal Selling and*
31 *Sales Management*, Vol. 25 No. 2, pp. 113-122.
32
33
34
35 Ruckert, R. W., and Walker Jr, O. C. (1987), “Marketing's interaction with other functional
36 units: A conceptual framework and empirical evidence”. *The Journal of Marketing*, Vol.
37 51 No. 1, pp. 1-19.
38
39
40 Ruckert, R.W. (1992), “Developing a market orientation: An organizational strategy
41 perspective”. *International Journal of Research in Marketing*, Vol. 9 No. 3, pp. 225-245.
42
43
44 Seno, J. P., Pimenta, M. L., Hilletoft, P., and Eriksson D. (2019). “Cross-functional
45 interconnectedness as enabler of customer value”, *Journal of Business and Industrial*
46 *Marketing*, Vol. 34 No. 4, pp. 821-835.
47
48
49
50 Shapiro, B.P (1988), “What the hell is ‘market-oriented’? *Harvard Business Review*,
51 *November-December*, 119-125.
52
53
54 Silva, A., Lombardi, G., and Pimenta, M. (2013), “Alinhamento interfuncional: um estudo
55 exploratório sobre os pontos de contato entre marketing, logística e produção”. *Gest. Prod.*,
56 *São Carlos*, Vol. 20 No. 4, pp. 863-881
57
58
59
60

- 1
2
3
4 Silva, M., Moutinho, L., Coelho, A., and Marques, A. (2009), "Market orientation and
5 performance: modelling a neural network". *European Journal of Marketing*, Vol. 43 No.
6 3, pp. 421-437.
7
8
9
10 Siu, N. Y., and Wilson, R.M. (1998), "Modelling market orientation: An application in the
11 education sector". *Journal of Marketing Management*, Vol. 14 No. 4, pp. 293-323.
12
13
14 Slater, S.F., and Narver, J.C. (2000), "The Positive Effect of a Market Orientation on Business
15 Profitability: A Balanced Replication". *Journal of Business Research*, Vol. 48 No. 1, pp.
16 69-73.
17
18
19
20 Spillan, J. E., Li, X., Totten, J. W., and Mayolo, C. A. D. (2009), "An Exploratory Analysis of
21 Market Orientation of Small and Medium-Sized Businesses (SMEs) in Peru". *Panorama*
22 *Socioeconómico*, Vol. 27 No. 39, pp. 138-151.
23
24
25 Tajeddini, K., and Ratten, V. (2020), "The moderating effect of brand orientation on inter-firm
26 market orientation and performance". *Journal of Strategic Marketing*", Vol. 28 No. 3, pp.
27 194-224.
28
29
30
31 Tsiotsou, R.H. (2010), "Delineating the effect of market orientation on services performance:
32 a component-wise approach". *The Service Industries Journal*, Vol. 30 No. 3, pp. 375-403.
33
34
35 Varadarajan, R., and Clark, T. (1994), "Delineating the scope of corporate, business, and
36 marketing strategy". *Journal of Business Research*, Vol. 31 No. 2-3, pp. 93-105.
37
38
39 Veisi, H., Rezvanfar, A., and Asadi, A. (2007), "Determining Components of Market
40 Orientation in Aquacultural Higher Education Institutes". *International Review on Public*
41 *and Non Profit Marketing*, Vol. 4 No. 1, pp. 81-89.
42
43
44
45 Wei, Y.S., and Atuahene-Gima, K. (2009), "The moderating role of reward systems in the
46 relationship between market orientation and new product performance in China".
47 *International Journal of Research in Marketing*, Vol. 26 No. 2, pp. 89-96.
48
49
50 Whybark, D. C. (1994), "Marketing's influence on manufacturing practices". *International*
51 *Journal of Production Economics*, Vol. 37 No. 1, pp. 41-50.
52
53
54
55 Wlazlak, P., and Johansson, G. (2014), "R&D in Sweden and manufacturing in China: a study
56 of communication challenges". *Journal of Manufacturing Technology Management*. Vol.
57 25 No. 2, pp. 258-278.
58
59
60

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

Figure 1. Design of the research categories.

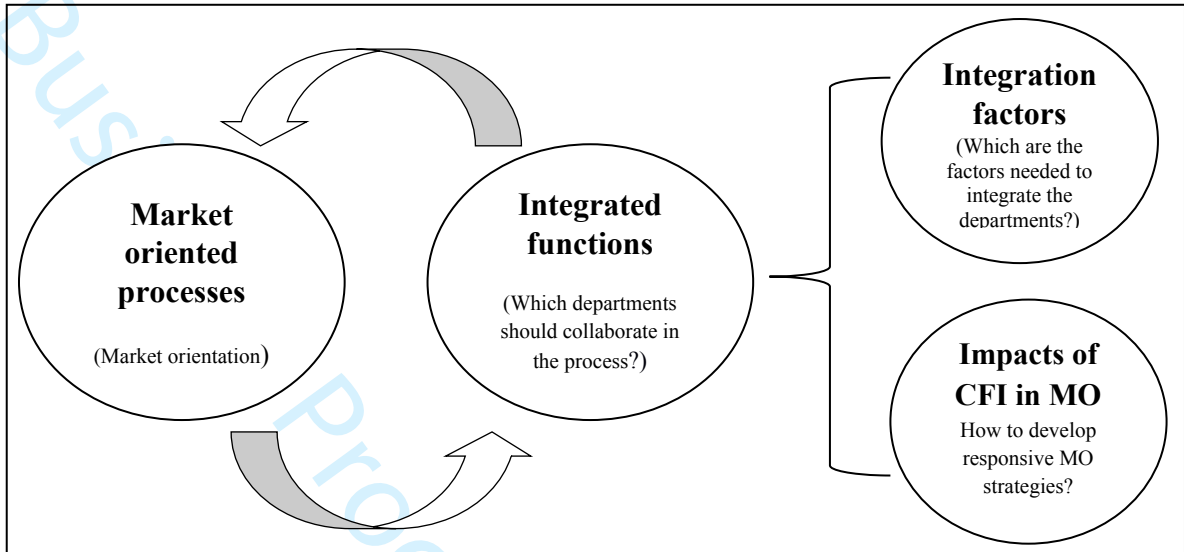


Figure 2. Elements of the market-oriented processes in the studied companies

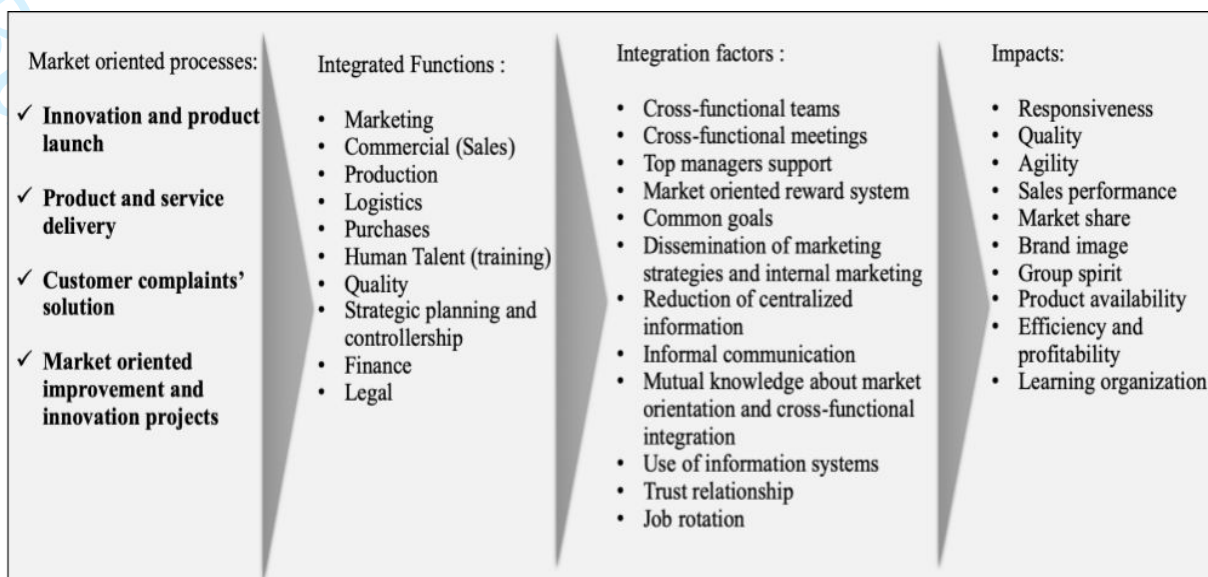


Table 1 - Main components of market orientation.

Components	Description	Authors
Generation of Market intelligence	Analysis of current and future customer needs as well as the context in which they occur; involves reviewing the different interest groups of the organization and each department to identify elements that could be leveraged to create value.	(Kohli & Jaworski, 1990; Day, 1994)
Spread of market intelligence	Related to the participation of all departments in the distribution and analysis of market information; provides the organization and its departments with shared information base that helps them act and respond to the context.	(Shapiro, 1988; Kohli & Jaworski, 1990; Day, 1994)
Responsiveness to the market	Actions based on the intelligence generated and disseminated as part of the responsibility of all departments of the organization.	(Kohli & Jaworski, 1990; Ruekert, 1992).

Table 2 - Integration factors that promote MO.

Factors	Definition	authors
Top management support	Managers and leaders must be clear about the importance of MO and CFI to create value for the customer, in order to be able to establish and reproduce the basis of these strategic perspectives.	Biemans, Brenčič, & Malshe, 2010; Chang, Chen & Chiou, 2015.
Mutual understanding	Individual and organizational knowledge about the bases of CFI and MO. Every employee - no matter from which level - must know the organizational characteristics that define CFI and MO.	Inglis & Clift, 2008; Hillal & Mubarak, 2014.
Reduction in centralization of information	Improve access to information on production, sales, costs, and market competition to foster an environment of collaboration and cooperation between departments, thus reducing hostility due to lack of information.	Lascu, Manrai, Manrai, & Kleczek, 2006; Kanovska & Tomášková 2012.
Market-oriented evaluation and rewards systems	To promote MO and CFI, reward systems must be based on long-term and risk-based goals. Recognition to the units involved must be granted in a comprehensive way, promoting cohesion and identity in the cross-functional team.	Siu & Wilson, 1998; Wei & Atuahene-Gima, 2009; Qu, 2012.
Information and IT systems	Design and use systems that allow communication and cross-functional coordination. Define the antecedents and consequences system to facilitate integrated decision making.	Inglis, 2008; Kang, 2015.
Structure and culture that promote integration	Horizontal structure and culture of open communication between units, with provision for discussions and decision-making that value: the individual's experiences and collective construction, knowledge of the context and stakeholders, and responsiveness.	Biemans & Brenčič, 2007; Biemans et al., 2010; Qu, 2012.
Internal marketing strategies	Internal marketing should be implemented so that all members of the organization act in accordance with the same orientation, goals and philosophy.	Conduit & Mavondo 2001
Establishment of common goals	Strategic planning of the contact points should be in conjunction with the establishment of common goals for the units concerned.	Chang et al., 2015.
Cross-functional training	Functional training should encourage joint work and group identity	Siu & Wilson, 1998; Tsiotsou, 2010.

Table 3 - Characteristics of the organizations studied.

Name given to the organizations	Location	Sector	Total number of employees	Approximate annual turnover	Interviewees	Period of interviews
BR Organization	Brazil	Beverages	1300	R \$ 600 million	14	June-August / 2016
CR Organization	Costa Rica	Foods	230	R \$ 102 million	10	July-October / 2016

Table 4 - People interviewed in each organization.

Interviewees in the BR Organization	Interviewees in the CR Organization
Integrated Planning Manager (IPM1)	Sales Development Manager (SM2)
Finance coordinator (FC1)	Finance Manager (FM2)
Warehouse Supervisor (WS1)	Retail Channel Manager (RCM2)
Drinks Category Analyst (DA1)	Wholesale Channel Manager (WCM2)
Trade Marketing Supervisor (TM1)	Marketing Manager for Business Unit Food, Cookies and Crackers (MMC2)
Production Control Analyst (PC1)	Marketing Manager for Business Unit Snacks (MMS2)
Production Planning Analyst (PP1)	Accounting Coordinator (AC2)
Supervisor of Market Planning (MP1)	Logistics Coordinator (LC2)
Senior Purchaser (SP1)	Purchasing Analyst (PA2)
Consumer Answering Analyst (CAS1)	Human Resources Analyst (HR2)
Leader of Handling and Storage (LHS1)	
Quality Engineer (QE1)	
People Development Analyst (RH1)	
Training Analyst (TA1)	

Table 5 - Impact of functional processes focused on the market according to research data.

Workers	Organization	Responsiveness
Team spirit	Market share	Product quality and service
Commitment	brand and image of the organization	Agility in response
Motivation	Sales Performance	Product Availability
	Efficiency and profitability	Innovations in products and services
	Internal innovation	
	Organizational learning	

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60