Decision Influence of the Marketing Department in the Organization: An Emerging Country Perspective*

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Abstract

The role and influence of the function of marketing within the organization has been the focus of scholarly research and practitioners' attention in the business literature. Despite its central role and locus in business organizations, concerns remain about the contributions of marketing and the department has received insufficient acknowledgment from its constituents in the organization. Responding to calls for research in the area, this study empirically examines the antecedents of the marketing department's influence and discusses the effects of an influential marketing department on firm performance. Our non-marketer weighted sample considers marketing to be an influential function within the organizations surveyed. The findings reveal that marketing capabilities constitute a critical set of competences for business success, but the department's decision influence is not an influential factor for firm performance. The study includes an advanced emerging country perspective on the notion of marketing's influence within business organizations.

Keywords: marketing influence, marketing capabilities, marketing organization, business performance, emerging countries, Turkey

INTRODUCTION

During the past two decades intellectual debate on the role and influence of the marketing function in the organization has increased, primarily based on anecdotal inferences. Authors have argued that the marketing function has been demoted in the organizational hierarchy and boards of directors have started paying less attention to marketing issues (McGovern et al. 2004). They have proposed that many traditional decisions related to the marketing mix, including day-to-day brand management, key account management, product development, and pricing and distribution, are no longer the primary domain of the marketing department (MD) but have been reassigned to strategic business units or other departments (Srivastava et al. 1999; Webster et al. 2005). Evidence indicates a

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noteworthy dilution of the mix-management role and traditional responsibilities of the department have shrunk to consist primarily of managing promotion-related elements of the mix (Gök/Hacioglu 2010).

Intellectual and anecdotal concerns have led to a handful of empirical studies that explicitly address the influence of marketing within business organizations. In the organizational negotiation environment, marketing has to cope with the influence competition and accumulate influence capital against its contenders. The notion of marketing influence is defined as the exercised power of the marketing subunit relative to other subunits and its ability to persuade others to develop and implement strategies based on its advice (Homburg et al. 1999; Verhoef et al. 2011; Merlo 2011). Organizational capability refers to the ability of an organization to perform a coordinated set of tasks, while utilizing organizational resources, for the purpose of achieving a particular end result (Helfat/Peteraf 2003). Some prior works focus on the MD's influence within firms; in those studies, capabilities are considered antecedents of the MD's influence (Moorman/Rust 1999; Homburg et al. 1999; Verhoef/Leeflang 2009; Verhoef et al. 2011; Engelen/Brettel 2011) and antecedents of firm performance (Krasnikov/Jayachandran 2008; Morgan/Vorhies/Mason 2009; Griffith/Yalcinkaya/Calantone 2010; Theodosiou/Kehagias/Katsikea 2012). In addition, a group of prior works of research (Merlo/Auh 2009; Verhoef/Leeflang 2009; Verhoef et al. 2011) investigates the link between influence and firm performance and reports divergent results. To address the links among MD capabilities, MD influence, and business performance, our study aims to empirically analyze the interplay between those variables together in a single model.

In line with the contingency approach, all prior studies address a requirement that research in this area should be extended to other contexts, suggesting that marketing's influence may be linked closely to societal attitudes and economic development, but empirical research is needed to assess that possibility. Institutional contexts in emerging countries (ECs) present significant socioeconomic, demographic, cultural, and regulative departures from the assumptions of theories developed in the Western world (Burgess/Steenkamp 2006). Business organizations in ECs tend to have the enormous influence of socio-political institutions, including religion, government, business groups, non-governmental organizations (NGOs), and local communities (Sheth 2011). Furthermore, emerging markets pose unique challenges because of frequent changes in institutions, a less sophisticated institutional environment, and chronic shortages of resources (Meyer/Tran 2006; Sheth 2011). These factors may affect organizational structure, business functions, and departmental configuration in companies. Hence, the marketing culture, the marketing function, and the influence of the department in EC companies might differ from their counterparts in developed economies. Although several studies examine marketing implications and practices relevant to emerging markets (e.g., Dawar/Chattopadhyay 2002; Meyer/Tran 2006; Sheth 2011), to the best of our knowledge, no study in the literature specifically investigates marketing units or their influences and roles in business organizations of ECs. Such a study could shed light on the stature of the marketing department in an EC and reveal the underlying mechanism which determines the influence of the marketing department. In addition, the study will pave the way to understand how the marketing department becomes more influential and retains its status and seat at the table in firms' strategic decisions. Also, it would be instructive for areas to be developed for the department. Thus, following calls for research in extant studies, our objective is to understand the links between the MD's capabilities and influence, testing prior studies' major determinants and variables in a different context to extend our knowledge on the issue.

Therefore, our contributions to the research area are threefold. Although some prior studies have addressed the links among the MD's capabilities, its influence, and business performance (e.g., Verhoef et al. 2011; Homburg et al. 1999), our study attempts to clarify those links with a mediation model that has not been previously tested. This moderated mediation model allows for uncovering the interconnections among those variables and several moderators simultaneously. Second, several studies have examined the role and influence of the marketing department in industrialized economies, but no attention has been paid to this issue in an emerging country context. Our study aims to investigate the issue in an advanced EC context and attempts to fill the gap in the literature. Third, considering the limitation statements of prior studies, we target a more balanced sample. To overcome professional bias and yield generalizable findings, we design our sample in a more plausible framework, including heavily non-marketing professionals and top managers to reach more reliable outcomes. Unlike prior studies, our sample is also balanced in terms of industry (manufacturing/services) and customer profile (business to business [B2B] and business to consumer [B2C]).

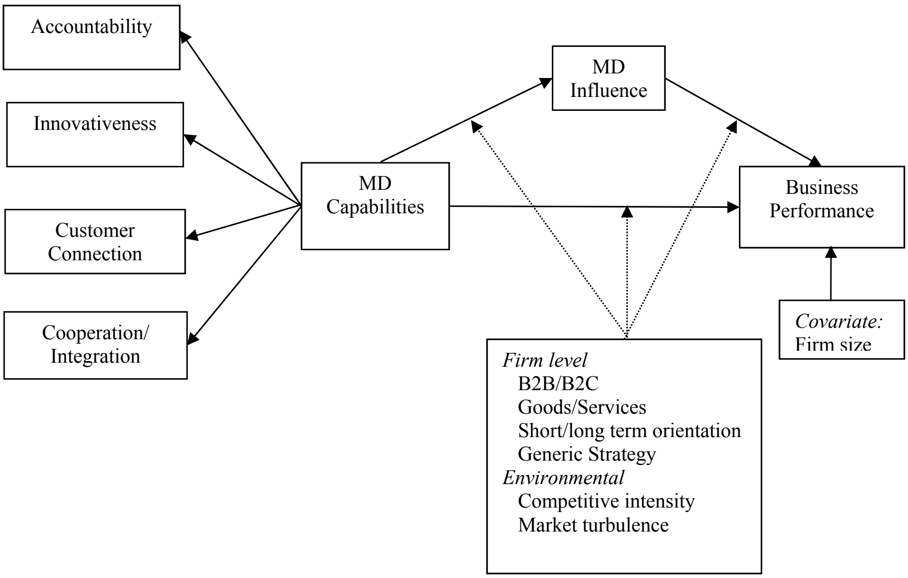
The remainder of the paper is organized as follows. In the next section, we present our conceptual model and develop hypotheses. Then we describe our methodology and present our findings. Finally, we discuss the theoretical and managerial implications of our results and offer directions for future research.

CONCEPTUAL BACKGROUND AND HYPOTHESES

MD Capabilities-MD Influence Link

Some studies have examined the capabilities of the MD as antecedents of its influence within the firm (e.g., Verhoef/Leeflang 2009; Engelen/Brettel 2011). We base MD capabilities on accountability and customer-connecting capabilities (Day 1994; Moorman/Rust 1999), innovativeness, and cooperation/integration with other departments (Verhoef/Leeflang 2009). Consistent with the evidence in prior research, we postulate a model asserting that a capable MD on these dimensions may lead to an influential department within the organization (Figure 1).

Figure 1 Conceptual Model



Accountability

Marketing accountability is the extent to which marketing activities and expenditures can account for financial and nonfinancial firm performance metrics (Park et al. 2012). Organizational researchers have found that accountability can increase the entity's use of influence tactics in the organization (Fandt/Ferris 1990; Ferris et al. 1997). Departments that are viewed most favorably within the organization as contributing to the accomplishment of organizational goals will more likely receive organizational resources (Yu/Cable 2011). The ability to measure marketing performance has significant impacts on firm performance, profitability, stock returns, and marketing's stature within the firm (Lehmann 2004; Webster et al. 2005; O'Sullivan/Abela 2007). Park et al (2012) suggest that for the firm to perceive the marketing department as legitimate, the department should contribute to the firm's performance and simultaneously justify or communicate its contribution to other internal stakeholders. Bolton (2004) emphasizes that, if marketing wants "a seat at the table" in important business decisions, it must be linked to financial performance. Engelen and Brettel (2011) find a positive effect of accountability on MD influence in Western countries but not in Asian companies. Moorman and Rust (1999), Verhoef and Leeflang

(2009), and Verhoef et al. (2011) demonstrate a positive relationship between accountability and the MD influence within the firm. Thus, the MD is more likely to be capable and influential if it has a high accountability level.

Innovativeness

Verhoef and Leeflang (2009) suggest that the innovativeness of the MD refers to the extent to which it contributes to the development of new products and services. Marketing's role is to generate revenue for the firm by consistently satisfying customer needs and functioning as the interface between customers and the firm, appearing to make it central to the innovation process (Griffin et al. 2013). Marketing managers have been exhorted to "stay close" to the customer (Day, 1994) and provide information related to customers, competitors, and other market variables to facilitate market-driven learning (Harker 1998; Slater/Narver 1995). The knowledge the marketing function provides about current, as well as future, customer needs is essential to the success of innovation projects (Griffin et al. 2013). Thus, modern MDs are increasingly expected to be powerful actors in the innovation processes (Stock/Reiferscheid 2014) or innovative go-to-market solutions. Research shows that the chief executive officers want marketing to play a more active role in new business development, whereas chief marketing officers are more narrowly focused on new product development (Webster et al. 2005). Prior studies specifically examining this link all report that the innovativeness of the MD is positively related to its influence within firms (Verhoef/Leeflang 2009; Verhoef et al. 2011; Engelen/Brettel 2011).

Customer Connection

Fundamentally, marketing is best viewed as a boundary-spanning function that manages connections among the organization, the customer, and the market overall (Moorman/Rust 1999). Boundary-spanning units play a key mediating role between environmental uncertainty and internal organizational arrangements, and this role supports a subunit's strategic influence (Floyd/Wooldridge 1997). Hence, from an organizational research perspective, proximity to and interactions with the external environment make marketing among the most influential functions in the organization.

Day (1994) and Krasnikov and Jayachandran (2008) position customer connection as a central capability of marketing, defined as a firm's ability to understand and forecast market needs better than its competitors and to effectively link its offerings to customers. A fundamental challenge for firms operating in the turbulent environments of emerging markets is to predict the changes and respond to them, which would appear to make this capability particularly relevant in emerging markets (Wu 2013). Verhoef and Leeflang (2009) cannot confirm customer connection as a significant explanatory variable for MD influence; however, Verhoef et al. (2011) and Engelen and Brettel (2011) report a positive association for the same link in their cross-cultural research. Moorman and Rust (1999) also report that the MD's customer connection abilities increase its positive impact within the organization.

Cooperation/integration

Several studies examine the marketing and other departments' cooperation/integration issue and their results claim that more collaboration leads to better performance outcomes (e.g., Maltz/Kohli 1996; Kahn/Mentzer 1998). Kahn and Mentzer (1998) suggest that the MD's collaboration with other departments leads to strong positive influence on MD performance, company performance, and product management performance and promotes marketing's satisfaction in working with other departments as well. Marketing, because of its experience with managing inter-organizational relations, should be ideally positioned to integrate and mediate internal network relations. In nonhierarchical, modern organizations marketing can raise its functional prominence by serving the needs and solving the problems of other organizational constituents (Achrol/Kotler 1999). In the relevant literature, Verhoef and Leeflang (2009) and Verhoef et al. (2011) find no consistent association between cooperation with other departments and the MD's decision influence. Engelen and Brettel (2011) find that cooperation with other departments has no effect on marketing's decision influence in their Western samples, yet it is a major driver of decision influence in Asian organizations. The characteristics of most EC societies accentuate social and relational identities and this natural tendency may encourage cooperative relations between organizational units (Burgess/Steenkamp 2006).

Departing from the above literature linking the marketing capabilities and marketing influence, we thus hypothesize the following:

Hypothesis 1: The construct of MD capabilities is positively related to the MD's influence in the firm.

MD Capabilities-Business Performance Link

Capabilities are complex bundles of resources that are demonstrated through firm-wide processes and help create competitive advantage (Day 1994). The resource-based view (RBV) suggests that having distinctive or superior capabilities and resources relative to the competition is the basis for competitive advantage. Thus, firms with superior marketing capabilities would be expected to achieve a competitive advantage resulting in better performance than their less capable competition (Vorhies/Harker/Rao 1999). These firms endowed with such properties can produce more economically and/or better satisfy customer wants (Peteraf 1993). The association between marketing capabilities and firm performance has been of significant interest to marketing scholars recently (e.g., Krasnikov/Jayachandran 2008; Morgan/Vorhies/Mason 2009; Griffith/Yalcinkaya/Calantone 2010; Theodosiou/Kehagias/Katsikea 2012; Slotegraaf/Dickson 2004). Morgan, Slotegraaf, and Vorhies (2009) suggest that marketing capabilities determine firms' revenue growth and margin growth. Krasnikov and Jayachandran (2008) also show that marketing capability has a stronger impact on firm performance than research-and-development and operations capabilities. Thus we expect the following:

Hypothesis 2: The construct of MD capabilities is positively related to firm performance.

Marketing Influence-Business Performance Link

Empirical research that reports explicitly the link between marketing influence and business performance (BP) is scant. Moorman and Rust (1999) observe a direct relationship between those aspects, yet Verhoef and Leeflang (2009), Merlo and Auh (2009), and Engelen (2011) do not report a significant direct relationship. Verhoef et al. (2011) suggest that the department's influence contributes to business performance indirectly through its positive relationship with market orientation and directly through its positive direct relationship with business performance. Homburg et al. (2015) report positive effects of MD influence on both customer relationship performance and financial performance of the company. Although their influence measures differ from those used in the aforementioned studies, Wirtz, Tuzovic and Kuppelwieser (2014) also find in their cross-cultural study that a strong and influential marketing department contributes positively to firm performance. Thus, we hypothesize the following:

Hypothesis 3: The influence of the MD is positively related to firm performance.

Hypothesis 4: The influence of the MD mediates the relationship between MD capabilities and firm performance.

Moderator Variables

To study the relationships among MD capabilities, MD influence, and business performance in greater depth, this study analyzes the possible moderating effects on these relationships of firm-level and environmental variables (Fig. 1). The relevant literature frequently suggests that they can moderate the relationships proposed in the current study. By testing the effect of each moderator variable, we test the hypothesis that the related variable moderates the indirect effect of marketing capabilities on firm performance (through MD influence).

We include the customer profile of the firm as a moderator in terms of whether the firm is a B2C or B2B player because the marketing influence may differ across these contexts. In addition, the industry in which the firm operates is also included as services versus goods (Homburg et al. 1999). A short-term focus hurts long-term business performance and may impair the effectiveness of the marketing function, which in turn may decrease the influence of the MD (Webster et al. 2005). Under differentiation strategy, a firm seeks to be unique in its industry along dimensions such as product characteristics, delivery system, marketing approach, and a broad range of other factors peculiar to the industry (Porter 1985). This strategic focus should require a more influential MD because, presumably, the resources provided by the marketing unit are considered strategic and vital if the business tries to be diverse in its market offerings (Homburg et al. 1999). Conversely, a low-cost producer must find and exploit all sources of competitive advantage, and they typically sell a standard or no-frills product and place considerable emphasis on reaping scale or absolute cost advantages from all sources (Porter 1985). In low-cost-focused firms, operations, financial management and procurement competencies tend to receive more emphasis, rather than marketing, to secure more cost-efficient business operations. Thus, we include a generic firm strategy as another moderator variable.

Businesses operating in turbulent markets should benefit from a stronger MD because, as market uncertainties fluctuate, so does the need to process market-related information, and this may necessitate more influential MDs (Homburg et al. 1999; Park et al. 2012). Under conditions of high competition, firms have a higher risk of losing existing customers and are likely to rely more on marketing, because marketing can provide strategic information about the competition as well as on attracting and retaining customers and meeting customer demand (Merlo et al. 2012). Hence, we include market turbulence and competitive intensity variables as moderators. In addition, following the predominant research practice in the area we control for firm size (Moorman/Rust 1999).

METHOD

Sample and Data Collection

Major prior studies in this area were conducted solely with a sample of manufacturing companies (Homburg et al. 1999; Merlo et al. 2012) or by a limited respondent frame, covering heavily marketing and finance managers (Verhoef et al. 2009) and top managers (Merlo/Auh 2009). Echoing the limitation statements of prior studies, we targeted a more balanced sample by including both the key departments' managers and top executives in our sample to reach more reliable outcomes. In addition, to increase generalizability and to obtain a more complete picture of marketing influence, our sample included various sectors from both manufacturing and service industries.

This study utilized a cross-sectional Internet-based survey approach to validate the theoretical model empirically. We selected the largest manufacturing and service industry firms in Turkey as the target population to test the proposed hypotheses. To define the sampling frame of the study, we consolidated two recent annual Top 500 company lists commonly accepted in Turkey, whose economy is equal to that of the sixth largest of the Eurozone's 18 economies (Eurostat, 2015). One of the lists is issued by the Istanbul Chamber of Industry and covers manufacturing firms only, and the other list announced by *Capital Business Magazine,* includes both manufacturing and services companies. The elimination of duplicate companies in the listings yielded the target population for the study including 727 for-profit firms from both the manufacturing and services industries. With the service of a research company, 2,237 managers' and 696 general e-mail addresses were collected from these companies. The questionnaire was pre-tested and scrutinized with 4 marketing academics and 11 managers in terms of wording and representativeness of the questions for underlying constructs. This led to minor modifications regarding the clarity of some questions, and no particular problems appeared regarding the representativeness of questions. We sent formal e-mail notifications to the addresses and promised the recipients a summary of the research findings. Two follow-up e-mails were sent, spaced 10 days apart. After excluding 211 undeliverable e-mails and eliminating 7 incomplete surveys, we reached a sample of 305 respondents with a response rate of 11.4%. This response rate was satisfactory given that rates ranging from 12% to 20% are considered acceptable for cross-sectional samples (Churchill 1991). To test potential non-response bias, we conducted t-tests for early and late respondents' answers to key constructs (Armstrong/Overton 1977). Actual responses to the variables suggested that nonresponse bias was not a concern in the research ($p>.05$).

Sample Description

About 72% of our respondents defines their businesses as goods oriented, and the remaining 26% defines their companies as service businesses (Table 1). Similarly, about 21% of the 727 targeted firms in the sampling frame is service-oriented. About 60% of the firms in our sample operates in B2C markets, while the other 40% operates in B2B markets. Thus, the sample is balanced and representative in terms of both B2C/B2B and goods/services. Sample firms are from highly diverse industries, such as textile, retail, automotive, software, machinery, energy and logistics. The average number of full-time employees from the sample companies is 2,600, and 42% of firms employs more than 1,000 employees. About 16% of the respondents holds top executive roles in their firms, such as board member, general manager, managing director, and coordinator. The departmental roles of the respondents are distributed as follows: Marketing (18%), Sales (18%), Finance/Accounting (16%), Manufacturing/Operations (14%), Research and Development (R&D) (5%), Purchasing (5%), and others (8%). Most of the respondents have managing roles or they are the senior position responsible in their departments. Bearing in mind the managerial staff population in business organizations generally, our sample seems balanced and realistic, including managers from diverse functions and also top executives.

Table 1: Descriptive statistics of the respondents' firm

Number of Employees	f	%	Sector	f	%	Department	f	%
0 – 250	48	15,7	Consumer Products	125	41,0	Marketing	55	18,0
251 – 500	42	13,8	Consumer Services	54	17,7	Sales	55	18,0
501 – 750	38	12,5	Industrial Products	95	31,1	Top Executives	49	16,1
751 – 1000	31	10,2	Industrial Services	26	8,5	Finance/Accounting	49	16,1
1001 – 2000	60	19,7	Missing	5	1,6	Manufacturing/Operations	43	14,1
2001 – 5000	42	13,8				Research and Development (R&D)	15	4,9
5001 and over	26	8,5				Purchasing	15	4,9
Missing	18	5,9				Others	24	7,9

Survey Development and Assessment of Measures

Scales for the study were based on available constructs in the relevant literature that have been used previously. Following the lead of Homburg et al. (1999), we measured the decision influence of the MD within the firm. As Verhoef and Leeflang (2009) operationalized the scale, we defined seven marketing decisions and five non-marketing decisions. The influence of each functional group was identified by using a 100-point constant-sum scale for each of 12 issues. The respondents were asked, "In general, how much influence within your business unit would you say each of these functional groups has had over these issues?" Then they were asked to allocate the 100 points among the functional groups for each issue so that departments with high influence received more points than departments with low influence. In Appendix A, we provide detailed information on the constructs as well as the coefficient alpha and composite reliability scores.

The coefficient alphas of the multi-item scales were greater than.70 (see Appendix A). We applied exploratory and confirmatory factor analysis to assess the reliability and validity of the scales; the analysis revealed sufficiently high loadings per item per construct. If a construct was a summary index of the observed variables, it was more appropriate to use a formative measurement model. In that case, the observed variables covered different facets of the construct and could not be expected to have significant inter-correlations, and conventional procedures for assessing the validity and reliability are not appropriate for such items (Diamantopoulos/Winklhofer 2001). All measures of the reflective constructs were submitted to a confirmatory factor analysis (CFA). CFA indicates the satisfactory fit of the model to the data (goodness-of-fit index [GFI] =.94, Tucker–Lewis index [TLI] =.99, comparative fit index [CFI] =.99, and root mean square error of approximation [RMSEA] =.04). The average variance extracted (AVE) values were greater than.50 (Bagozzi/Yi 1988). Since all factor loadings were statistically significant (Anderson/Gerbing 1988) and the AVE values were greater than.50 (Bagozzi/Yi 1988), the convergent validity of the constructs was strongly supported. The calculated composite reliabilities were all greater than.70, as recommended by Nunnally (1978) and Bagozzi and Yi (1988) (Appendix A). To test the discriminant validity, we estimated the confidence interval (± two standards errors) around the correlation estimate of pairs of constructs. In none of the cases did the confidence interval contain 1.0, which indicates evidence of discriminant validity (Anderson/Gerbing 1988). We used Harman's one-factor test (Podsakoff/Organ 1986) to assess for common method bias. We performed a principal components analysis of all constructs examined in the study. The unrotated solution revealed six factors with eigenvalues greater then 1.0, accounting for 70.8% of the variance. Second, we applied the CFA model in which all measurement items were restricted to load on a single factor (Podsakoff et al. 2003). The results indicated a significantly poor fit as expected (GFI:.61, TLI:.52, CFI:.56, RMSEA:.14). Both tests indicated that the common method bias was not a likely threat in our investigation. A second-order factor analysis revealed that the four dimensions reflected a higher order construct (C.R.=.79; AVE=.52). All factor loadings were statistically significant and the results suggested a good fit of the second-order specification for the measure of marketing capabilities ($\chi2$=39.948 ($p<0.05$); GFI=0.96; TLI=.98; CFI=0.99; RMSEA=0.056 (pclose=.35).

RESULTS

In terms of general trends of assigned influence scores on decisions, the findings are largely consistent with the results of Homburg et al. (1999) and Verhoef et al. (2011) (Table 2). MDs are mostly influential in advertising decisions. The MD is also the dominant function in other major marketing decisions; relationship and loyalty programs; segmentation, targeting, and positioning; and customer satisfaction measurement and improvement. Marketing has considerable influence on non-marketing strategic business decisions as well.

Table 2: Decision Influence of Marketing: Comparison to Prior Studies

	Present Study	Homburg, Workman & Krohmer (1999)	Verhoef & Leeflang (2009)	Merlo, Lukas & Whitwell (2012)	Verhoef et al. (2011)*
Sample	18% marketers	85% marketers	72% marketers	Senior executives	50% marketers
Industry	Mix	Goods	Mix	Goods	Mix
Marketing Decisions					
Advertising	53	65	69	72	61
Relationship and loyalty programs	43	N.A	51	N.A	41
Segmentation, targeting and positioning	41	N.A	55	N.A	48
Customer satisfaction measurement and improvement	40	44	57	47	45
Customer service	34	31	28	38	27
Distribution	30	34	18	38	26
Pricing	28	30	20	37	22
Other Decisions					
Expansion to foreign markets	37	39	26	47	32
Product Development	28	32	30	33	29
Strategic direction of firm	22	38	34	32	29
Choices of strategic business partners	21	33	26	34	29
Investments in information technology	12	N.A	26	N.A	26

*: Average of Germany, UK, Sweden and Australia scores reported in the study.
N.A. = not applicable

Hypothesis Testing

Using AMOS 20, we apply structural equation modeling with maximum likelihood estimation to assess the hypothesized model. Overall, the tested model provides a good fit to the data ($\chi2$=159.351 ($p<0.01$); GFI=.91, CFI=.97, TLI=.96, RMSEA=.057 (pclose=.242). In terms of the hypotheses, H1 receives empirical support, suggesting that the construct of MD capabilities has a positive and significant effect on MD influence (Table 3). We also find a significant positive relationship between MD capabilities and firm performance. Thus, H2 is supported. However, our results demonstrate that there is no significant relationship between MD influence and business performance. Thus, H3 is not supported.

Table 3: Standardized parameter estimates of the model

Path	Direct effect
H1: Marketing Capabilities → Marketing Influence	0.182*
H2: Marketing Capabilities → Business Performance	0.540**
H3: Marketing Influence → Business Performance	-0.121
Firm size → Business Performance	0.155*

* : $p<.05$
**: $p<.01$

To test H4, we apply a bootstrap analysis with 5,000 resamples and the 95% confidence interval of standardized indirect effect between the marketing capabilities and business performance is -0.073 and 0.000 using the bias-corrected percentile method. Because zero is in the 95% confidence interval, this result suggests that the indirect effect is not significantly different from zero (p>.05, two-tailed test). Thus, we find that the relationship between marketing capabilities and firm performance is not mediated by MD influence.

Also, we include firm and environmental characteristics that may affect our model and test the effects of moderator variables on mediation relations through moderated mediation analysis using AMOS 20. Table 4 shows the direct and indirect effects for subgroups of moderators and the *p* values of these effects, which are based on the results of the bias-corrected percentile method. We apply the *z* test to examine whether the difference between indirect effects of subgroups of moderators is zero or not. The *z* test reveals no statistical difference between indirect effects of the subgroups (Table 4). However, the indirect (mediated) effect of MD capabilities on performance is significant and negative for B2C group. For companies operating in B2C markets, the direct effect of MD capabilities on MD influence is significant and positive, while the direct effect of MD influence on performance is significant and negative. MacKinnon, Krull, and Lockwood (2000) suggest that such cases where the population third variable effect and the population direct effect have opposite signs indicate suppression. Thus, the type of third variable effect is "suppression" for the B2C group (Table 4).

Table 4: Moderated mediation analysis results of contingency variables

Path	Moderator	Grouping Mode	Direct Effect With Mediator	Direct Effect Without Mediator	Indirect Effects	*z* Value	Mediation Type
Marketing Capabilities → Business Performance	Generic Strategy	Differentiatio Low-cost	0.209** 0.113	0.198** 0.204*	-0.010 0.002	0.353	No mediation No Mediation
Marketing Capabilities → Business Performance	Industry	Manufacturing Services	0.224** 0.136*	0.210** 0.139*	-0.011 0.006	0.131	No Mediation No Mediation
Marketing Capabilities → Business Performance	Customer Profile	B2C oriented B2B oriented	0.218** 0.252**	0.183** 0.251**	-0.025* 0.004	1.112	Suppression No Mediation
Marketing Capabilities → Business Performance	Short-/ long- term orientation	Short term Long-term	0.225** 0.215**	0.205** 0.208**	-0.010 -0.010	0.000	No mediation No mediation
Marketing Capabilities → Business Performance	Market Turbulence	Low High	0.218** 0.247**	0.213** 0.223**	-0.003 -0.018	0.349	No Mediation No Mediation
Marketing Capabilities → Business Performance	Competitive Intensity	Low High	0.216** 0.196**	0.199** 0.190**	-0.012 -0.006	0.298	No Mediation No Mediation

* : $p<.05$
**: $p<.01$

DISCUSSION

Marketing's Absolute Decision Influence

The results show that marketing is an influential department in the sampled business organizations. Overall, comparing the findings of the first study of Homburg et al. (1999), which investigated marketing's decision influence in the literature, to both our findings and the cross-cultural study of Verhoef et al. (2011), we can claim that marketing is still an influential actor in business decisions (Table 2). Two noteworthy contributions of recent research should be outlined here. First, since prior studies' surveys mostly draw on marketers, their decision influence scores might reflect this professional bias. However, since our sample is heavily based on non-marketers, the results tend to demonstrate lower, but more realistic influence scores than prior research. Second, while all prior studies measure the relative decision influence of four or five departments, we tried to reveal the absolute influence. We enabled respondents to be free to assign scores to other relevant departments/actors in each decision area. Considering the limitation of measuring relative scores of prior studies, our absolute influence scores would be a more realistic and logical investigation technique because the departmental structures and decision processes of most companies are not limited to four or five functions in most cases. Although our sample consists of mostly non-marketers and the influence scores reflect the absolute ratings of departments, our findings still indicate that marketing is an influential decision-making center of companies. In summary, our results reveal that even a non-marketers weighted sample considers marketing to be an influential function in business organizations. The results are also intriguing with regard to our EC context, where the notion of marketing is at an earlier stage of development (Deshpande/ Farley 2004).

MD Capabilities-MD Influence- Performance

Our results reveal that the marketing department's capabilities have positive effects on its decision influence in the firm. Marketing capabilities also have positive effects on firm performance. However, the department's influence has no significant effect on firm performance. This result might indicate that marketing capabilities are a critical set of competences for business success, but the department's decision influence is not an influential factor for firm performance. Prior studies investigating the influence-performance link have shown differing results. Verhoef and Leeflang (2009) and Merlo and Auh (2009) do not report a significant direct relationship; rather, they suggest market orientation mediation and influence on moderation. Engelen (2011) again offers no direct relationship, but Homburg et al. (2015) and Verhoef et al. (2011) find a significant relationship between MD influence and performance.

For further consideration of the mediation effect we test our hypothesis (H4) at the 90% confidence level. Therefore, we again apply a bootstrap analysis with 5,000 resamples, and the confidence interval of the standardized indirect effect between marketing capabilities and business performance is -0.063 and -0.002 using the bias-corrected percentile method. Because zero is not in the 90% confidence interval, this result suggests that the indirect effect is significantly different from zero. Thus, we find that the relationship between marketing capabilities and firm performance is suppressed by MD influence. This result shows that the direct effect of MD capabilities on MD influence is significant and positive, while the direct effect of MD influence on performance is significant and negative (at the 90% confidence level). Concurrently, the total effect of MD capabilities on business performance is still significantly positive and different from zero. These findings suggest that while MD capabilities are certainly important for business performance, the relationship between the marketing department's decision influence and firm performance might be less evident, even negative in EC companies.

Two possible explanations for our finding can be discussed here. First, economies other than the US and Europe lag behind in terms of adoption of marketing concept. Even though the United States and Germany are at similar levels of economic development, Homburg et al. (1999) find a significant difference between the US and Germany in terms of marketing influence. As they argue, this lag might be even greater in other economies. In ECs, firms are mostly small and young relative to their Western counterparts and they are typically family-owned businesses that face institutional obstacles. Moreover, these firms are more likely to have a centralized structure with autocratic decision making (Burgess/Steenkamp 2006). Thus, the influence of the marketing function on performance might be less evident in EC companies, and realization of the marketing concept might be dissimilar to their Western counterparts. Second, if a subunit is relatively influential in business decisions but this influence has no impact on business performance, accuracy and effectiveness problem in decisions might be other part of the issue. MDs should improve marketing competencies and capacities to increase their effectiveness and decision quality. Conceivably, relatively inexperienced and smaller marketing departments of companies in ECs may lack major capacities, skills, and knowledge in terms of marketing strategies and implications. Moreover, in collectivist cultures, influence mechanisms may play a more limited role in performance because of their potential to interrupt harmonic work relationships (Engelen 2011).

Considering our moderators, we find that only one moderating effect is significantly different for subgroups in terms of mediation type. Our findings reveal that, MD capabilities positively affect MD influence, but MD influence has a negative direct effect on performance in B2C companies. Generally, in B2B firms marketing departments are smaller and expected to be more recessive and obscure; however, B2C companies usually have salient marketing departments but those departments might be perceived as an obstacle for business performance. Although somewhat different sets of variables were investigated, all of those contingencies tested across prior studies produce divergent empirical results (Homburg et al. 1999; Verhoef/Leeflang 2009; Verhoef et al. 2011; Merlo et al. 2012).

Managerial Implications

Our results indicate that the MD is an influential department in most of the decision areas, and MD capabilities have a positive effect on firm performance. However, the MD's departmental influence has no remarkable effect on performance. If a subunit is relatively influential in business decisions but this influence has no impact on business performance, accuracy problems in decisions might be part of the issue. Hence, MDs should improve marketing competencies and capacities to increase decision quality and effectiveness. Even in Western settings, there is a concern that marketing activities may be perceived as largely unscientific and carried out by people with non-specialized qualifications (Merlo 2011) and the issue can be even worse in ECs that have populations with lower levels of formal education (Burgess/Steenkamp 2006). Marketing tasks will increasingly require more extensive education and experience. What will be needed, therefore, are sales and marketing certification programs that can transcend national boundaries, similar to cost accounting and financial planning certification programs. Marketing as a practice is also likely to become a more professional vocation, similar to law and medicine (Sheth 2011). Therefore, particularly in the EC context, marketing should improve its capacities to fulfill the effectiveness gap and overcome the challenges of emerging markets' erratic business environments.

Limitations and Future Research

Despite the significant and interesting findings, as with any study, several limitations arise from our research design. First, we collect data from one cultural and geographic context and thus works of research examining other countries will extend our understanding of the influence of MDs. Second, as a generally applied practice in this stream of research, we rely on survey data and use a cross-sectional approach that inherently does not allow the inference of causal relationships between constructs. Third, in common with all influence studies, our study is based on the response of single informants. Although our study includes respondents from diverse functions within companies, multiple respondents per firm would increase reliability.

Future research in management and organization studies can use our absolute influence measurement approach to reach more accurate and conceivable results on the decision influences of departments. Although our findings do not support claims about the dramatically declining influence of marketing within organization, the cross-sectional nature of our study limits the boundaries of our results to reject this claim totally. Longitudinal research designs would enrich this conclusion. Clearly, additional empirical research should be designed to understand the particular association between these highly multifaceted variables of influence and performance with a more comprehensive set of variables. Since we did not detect a significant direct relationship between the MD influence and firm performance, it might be worth exploring this link further, particularly in ECs.

Prior studies call for empirical research to examine whether marketing's influence may be linked closely to societal attitudes and economic development (Homburg et al. 1999; Verhoef/Leeflang 2009; Auh/Merlo 2012). Literature on the antecedents of MD influence is immature, mostly based on Western (and Australian) samples, and reports equivocal results. By 2025, emerging markets will capture just over half of world gross domestic product and many emerging market economies' per capita income will grow to be much closer to that of advanced economies (Dervis 2012; GEO 2014). In this process, researching organizational influence and power mechanisms in non-Western cultures is particularly significant for understanding the future standing of the business organization globally and it is also crucial for international companies to design better business organizations in ECs. Within this context, the marketing function in EC businesses may progress just as occurred in Western economies or it may evolve in a hybrid fashion, embracing both Western and local characteristics in the same structure; the marketing functions may even evolve as totally dissimilar entities shaped by several contingencies. Research on ECs is not just a "nice thing to do"; it is increasingly a necessity (Sheth 2011) both to further the advance of business organizations and to maintain the managerial relevance of the marketing function (Burgess/Steenkamp 2006). In conclusion, examination of organizational units' influence mechanisms seems a promising avenue for further research and has the potential to contribute to our understanding of the roles of departmental structures in business organizations today and tomorrow.

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APPENDIX A Scale Items for Construct Measures

Construct	Items	α	C.R	AVE	Explanation
Accountability of marketing department (Moorman/Rust 1999; Verhoef/Leeflang 2009)	The marketing department in our firm 1. Is effective at linking their activities to financial outcomes 2. Shows the financial outcomes of their plans 3. Has little attention for financial outcomes of their activities (R)	.87	.88	.70	■ Reflective ■ seven-point scale anchored by 1= fully disagree and 7= fully agree
Customer-connecting role of marketing department (Moorman/Rust 1999; Verhoef/Leeflang 2009)	The marketing department in our firm is: 1. Is effective at translating customer needs into new products or services 2. Promotes customer needs in our firm 3. Shows how customer needs can be taken into account in our strategy 4. Has sufficient knowledge and skills to translate customer needs into technical specifications	.93	.93	.78	■ Reflective ■ seven-point scale anchored by 1= fully disagree and 7= fully agree
Product innovativeness of the MD (Verhoef/Leeflang 2009)	What is the percentage of introduced new products in the last five years that were initiated by the following department? Please divide 100 points across four departments: R&D, marketing, sales, manufacturing/operations and other.	N.A.	N.A.	N.A.	■ Average value of the two items are assigned as MD's Innovativeness scores
Marketing innovativeness of the MD	How would you rate your company's marketing department in terms of developing innovative marketing concepts and practices overall (out of 100)?				
Cooperation/integration with other departments (Maltz/Kohli 1996; Verhoef/Leeflang 2009)	1. Marketing department and other departments have problems concerning coordination of activities 2. Marketing department and other departments hindered each other's performance	N.A	N.A	N.A	■ Formative ■ seven-point scale anchored by 1= fully disagree and 7= fully agree

Construct	Items	α	C.R	AVE	Explanation
Generic strategy (Govindarajan/Fisher 1990)	Please indicate which of the following generic business strategy is the most applicable for your firm: 1. Differentiation: the primary focus is to create something that is perceived as unique through superior product features, customer service, brand image, and/or performance. 2. Overall cost leadership: the dominant focus is to achieve low cost relative to competitors	N.A	N.A	N.A	
Short-term orientation (Baker, Black/Hart 1988)	Please describe the orientation of your firm: A short-term orientation (1) ... A long-term orientation (10)	N.A	N.A	N.A	
Goods/Services B2B/B2C	Considering your company's largest percentage of turnover please indicate which of the following is the most applicable to your firm: 1. Goods 2. Services 1. B2B2. B2C	N.A	N.A	N.A	
Market turbulence (Menon et al. 1999; Verhoef/Leeflang 2009)	Can you indicate the level of change in the last three years in the most important market where your firm was active on the following elements: 1. Production/process technology 2. Introduction of new products/services 3. R&D activities 4. Legal and political surrounding 5. Competitive intensity 6. Customer preferences	N.A	N.A	N.A	▪ Formative ▪ seven-point scale anchored by 1= no change and 7= very frequent changes

Construct	Items	α	C.R	AVE	Explanation
Competitive intensity (Auh/Merlo 2012)	Considering your industry can you indicate the level of agreement for the following statements: 1. In this industry, customers often switch from one supplier to another 2. Other companies often try to take away our customers 3. Competition in this industry is very fierce	.84	.85	.66	■ Reflective 1= strongly disagree and 7= strongly agree
Decision Influence of MD (Homburg, Workman/Krohmer 1999; Verhoef/Leeflang 2009)	Distribute by each of the 12 decisions 100 points over the following departments: Sales, Marketing, R&D, Operations, Finance and another department: price, distribution, advertising, customer satisfaction measurement and improvement, customer service, relationship and loyalty programs, segmentation, targeting and positioning, strategic direction of firm, expansion into new geographic markets, new product development, investments in information technology, choices of strategic business partners.	N.A	N.A	N.A	departments with a high influence receive more points
Business performance (Moorman/Rust 1999; Verhoef/Leeflang 2009)	Relative to your competitors, how is your firm performing on: ■ Customer satisfaction ■ Customer loyalty ■ Turnover ■ Profitability ■ Market share	.85	.83	.51	■ Reflective ■ seven-point scale anchored by 1= much worse and 7= much better
Firm size	How many employees does your firm have?				Operationalized as the natural log of the number of employees

N.A. = not applicable, R = reverse scored, C.R. = Composite reliability, α = Coefficient Alpha

APPENDIX B Correlation Matrix of Constructs

	ACC	MDIN	MDCC	MDCP	SO	COI	MAT	MDI	FSI	BP
Accountability (ACC)	1.00									
Marketing Innovativeness (MDIN)	.48	1.00								
Customer Connection (MDCC)	.88	.55	1.00							
MD Cooperation (MDCP)	.32	.22	.29	1.00						
Short Term Orientation (SO)	.18	.07	.25	.06	1.00					
Competitive Intensity (COI)	.13	.04	.16	-.12	.08	1.00				
Market Turbulence (MAT)	.07	.09	.14	.04	.17	.24	1.00			
Marketing Influence (MDI)	.13	.38	.17	.03	.03	-.09	-.01	1.00		
Ln_Firm size (FSI)	-.05	-.01	-.07	-.04	-.03	.01	.20	.06	1.00	
Business Performance (BP)	.48	.34	.53	.15	.18	.09	.06	-.02	.12	1.00