

# Marketing's Decision Influence within the Firm

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## Abstract

This study explores the widely reported decline in marketing department decision influence. A series of field interviews were used to develop a conceptual model of marketing department influence, which was empirically tested using an online survey. Unlike many previous studies, the researchers used a sample frame of finance professionals to avoid possible self-reporting bias from marketing professionals. Furthermore, the researchers use Australian based organizations to assist in extending the research beyond North America and Europe. This study found a positive relationship between marketing accountability and marketing influence, with marketing functions that are able to demonstrate a link between their marketing activities and organizational outcomes having higher levels of marketing decision influence within organizations. The results also suggest a positive relationship between marketing department decision influence and organizational performance, reinforcing the need for organizations to develop marketing departments with high levels of decision influence. This study also found Australian organizations to have levels of marketing influence lower than European and North American organizations for marketing issues but higher levels of influence on strategic issues such as strategic business direction, entry into new geographic markets and new product development.

**Keywords:** marketing influence, marketing accountability, decision influence

## Biographies

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# Marketing's Decision Influence within the Firm

## 1. Introduction

There is much debate in the academic literature as to whether or not the marketing function's influence within organizations is in decline. In the late 1990's it was widely accepted that the marketing function was highly influential, mostly stemming from the marketing function being responsible for the relationship between firms and their customers; a major determinant of financial performance (Moorman & Rust, 1999). Supporting this view were Homburg, Workman, and Krohmer (1999) who found the marketing function to be influential and important in large organizations. However, recent literature suggests marketing's influence within the firm to be both low and declining with the marketing department losing budget, headcount, influence and confidence (Verhoef & Leeftang, 2009; Webster, Malter, & Ganesan, 2005).

Five major causes of this decline in the marketing function's influence have been identified: 1) the inability to demonstrate the link between marketing activities and costs to shareholder value within the boardroom (Doyle, 2000); 2) Chief Marketing Officer presence in top management teams having no measurable impact on organizational performance (Nath & Mahajan, 2008); 3) a weak connection between marketing activities and business strategy, results and internal communication (McDonald, 2009); 4) a lack of a single integrating theory of marketing (Srivastava, Shervani, & Fahey, 1999); and 5) difficulties in measuring the performance of the marketing function (Ambler, Kokkinaki, & Puntoni, 2004; Conchar, Crask, & Zinkhan, 2005; McDonald & Mouncey, 2009).

The objective of this study is to examine marketing department decision influence across both marketing and non-marketing decisions within Australian organisations. In doing so, this study assesses: 1) the antecedents of marketing influence; 2) the relationship between marketing accountability and marketing department decision influence; 3) the relationship between marketing department decision influence and business performance; and 4) the contribution of institutional variables to marketing department decision influence. In examining marketing department decision influence in Australian organizations this study uses the marketing decision influence scale developed by Homburg et al. (1999). Furthermore, this study differs from previous studies that have relied on samples of self-reporting marketing professionals through adopting a sample frame of senior finance professionals. Using a sample frame of senior finance professionals recognises the growing importance of the finance function (Zorn, 2004).

The researchers first review the marketing influence literature, followed by an explanation of the conceptual model used in this study. The research method and sample frame are discussed before the results are discussed.

## 2. Literature Review

The marketing department influence literature focusses on four main issues: 1) marketing department influence and business performance; 2) antecedents of marketing department influence; 3) marketing department decision influence and 4) the role of control variables. Each of these issues is now discussed.

### 2.1 Marketing Department Influence and Business Performance

Multiple researchers have sought to understand the relationship between influential marketing departments and business performance (Mintz & Currim, 2013; O'Sullivan & Abela, 2007). The results of studies on this topic have been varied and provide little clarity as to whether or not marketing department influence contributes to business performance. It was initially found by Moorman and Rust (1999) that influential marketing departments are beneficial to organizations. This view is further supported by O'Sullivan and Abela (2007), who found marketing department influence to have a significant impact on firm performance, profitability, stock returns, and the stature of marketing within the firm. Despite these two studies finding a relationship between marketing department influence and business performance, more recent studies have failed to find similar relationships between marketing department influence and business performance. In reviewing the role of the Chief Marketing Officer (CMO), Nath and Mahajan (2008) found the presence of CMOs did not significantly influence business performance. Verhoef and Leeflang (2009) found market orientation rather than marketing department influence to be the single most important driver of firm performance. Similarly, Merlo (2011) failed to find a significant relationship between marketing influence and firm performance.

### 2.2 Antecedents of Marketing Department Influence

Stemming from the possibility of a relationship between marketing department influence and business performance, researchers have attempted to identify the antecedents of marketing department influence. It is widely accepted that both marketing accountability and innovativeness are positively related to marketing department influence (Moorman & Rust, 1999; O'Sullivan & Abela, 2007; Verhoef & Leeflang, 2009). In addition to accountability and innovativeness, Verhoef et al. (2011) also found customer connections and integration with finance to be positively related to marketing department influence.

## 2.3 Marketing Department Decision Influence

Studies that have examined marketing department decision influence through either assessing the perceived importance of the marketing department or through top management respect for the marketing department have been criticised for relying on attitudinal measures (Verhoef et al., 2011). These criticisms have been avoided by other researchers through the use of marketing department decision influence scales, initially developed by Homburg et al. (1999) and later adopted by Verhoef and Leeflang (2009); Verhoef et al. (2011) and Walsh and Lipinski (2009) and Merlo, Lukas, and Whitwell (2012). Marketing department decision influence has been used to assess the level of influence the marketing department has on both marketing and non-marketing decisions. The marketing related decisions include: advertising messages, pricing, distribution, customer satisfaction measurement, customer satisfaction improvement, design of customer service support. Non-marketing decisions include capital expenditure, strategic business direction, new geographic markets, choices of strategic business partners and new product development.

Homburg et al. (1999) found the marketing department to have considerable decision influence within organizations, with the marketing department having the most influence on decisions related to advertising messages, procedures for measuring customer satisfaction and programs for improving customer satisfaction. Homburg et al. (1999) found marketing had lowest level of decision influence on issues of capital expenditure.

Through employing the Homburg et al. (1999) marketing decision influence scale, Verhoef and Leeflang (2009) found marketing decision influence to have lower scores than Homburg et al. (1999), leading Verhoef and Leeflang (2009) to conclude that the marketing function is losing influence within organizations. Verhoef and Leeflang (2009) found decision issues that were once the domain of marketing, such as pricing and distribution, had shifted to the responsibility of sales and finance.

Merlo et al. (2012) through replicating the studies of Homburg et al. (1999) and Verhoef and Leeflang (2009) in the Australian manufacturing sector found the marketing function to still be influential within organizations, especially on strategic issues of strategic direction of the firm, expansions into new geographic markets, choices of strategic business partners, and new product development. These findings led Merlo et al. (2012) to conclude the concerns relating to the decline in marketing's influence are possibly overstated. However, the differences between Merlo et al. (2012) and the other studies may simply reflect geographical differences. The mixed results from these studies creates uncertainty as to the true state of the decision influence of the marketing function within organizations.

## 2.4 Control Variables

The role of control variables on marketing department influence has been extensively researched (Homburg, Artz, & Wieseke, 2012; Homburg et al., 1999; Webster et al., 2005). Organizational characteristics such as background of CEO, goods vs services, B2B vs B2C, and short-term orientation have been evaluated with background of CEO and a focus on B2C markets being positively related to

marketing department influence. Environmental characteristics of channel power and marketing turbulence have been evaluated with support for a positive relationship between market turbulence and marketing department influence (Verhoef & Leeflang, 2009).

## 2.5 Gaps in the Literature

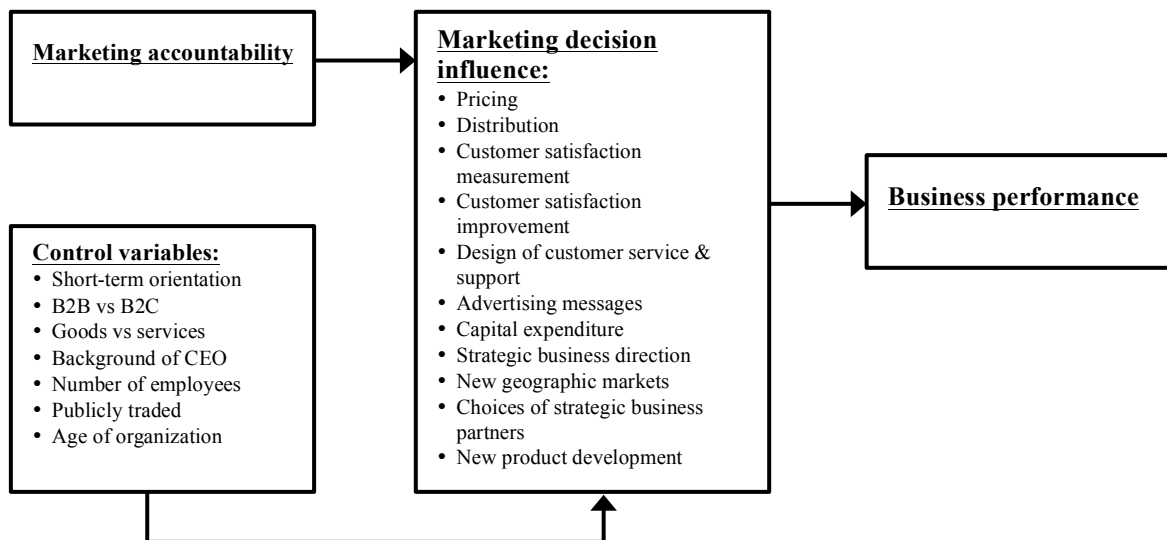
The review of prior research identified several limitations within the literature. First, a majority of samples comprised self-reported samples of marketing professionals. This has the risk of providing biased findings as marketing respondents were asked to report on their own profession (Merlo et al., 2012). It is argued that marketing is best understood not as what marketers perceive it to be, but rather as what their firm's top management perceive it to be (Carson & Brown, 1994). Second, there has been a reliance on the use of attitudinal measures (Verhoef et al., 2011) of marketing department influence over the use of actual marketing department influence versus other departments, resulting in possible discrepancies between reported attitudes and actual influence of the marketing function. Third, the major studies in marketing decision influence have each been conducted in a different geographic location e.g. Europe, North America, and Australia. This reduces the ability to meaningfully compare results, conducting replication studies in some of the geographies already used could assist in bringing clarity to the current state of marketing decision influence within organizations.

## 3. Conceptual Model and Hypotheses

### 3.1 Conceptual Model

Following an extensive review of the literature, the researchers developed the conceptual model in figure 1, which is closely based on the model developed by Verhoef and Leeflang (2009). The main variable of interest is marketing decision influence which is based on the original work of Homburg et al. (1999). Marketing accountability – the ability to link marketing activities to organization outcomes, is included as an antecedent of marketing department decision influence. Business performance is included to ensure consistency with previous studies (Homburg et al., 1999; Verhoef & Leeflang, 2009) which showed mixed support for the relationship between marketing influence and business performance. As with previous studies, control variables are included in the conceptual model, as there is some support for their relationship with marketing department influence (Homburg et al., 1999).

Figure 1: Conceptual model on marketing decision influence



### 3.2 Hypotheses

To test the conceptual model, hypotheses were derived from an extensive literature review and insights gained from eleven field interviews. As this study uses a previously neglected sample frame of finance professionals (CFOs and Finance Directors), the researchers wanted to ensure the scales and terminology used in similar studies (Homburg et al., 1999; Verhoef & Leeflang, 2009) were understood and relevant to the sample frame. Using in-depth interviews provided an opportunity for the researchers to discover new insights associated with the research problem that does not exist in the literature (Easterby-Smith, Thorpe, & Lowe, 1991). The field interviews were conducted via telephone and were digitally recorded with respondents' permission. The homogenous sample frame allowed saturation to be achieved within eleven in-depth interviews. The results of the in-depth interviews generally supported the widely used marketing decision influence scale of (Homburg et al., 1999).

To measure marketing department influence, this study uses the Homburg et al. (1999) scale and hypothesis that the marketing department has greatest influence over marketing decisions within the organization:

#### Marketing decisions

- H<sub>1</sub>: The marketing department has greatest influence on decisions relating to advertising messages.
- H<sub>2</sub>: The marketing department has greatest influence on decisions relating to pricing.
- H<sub>3</sub>: The marketing department has greatest influence on decisions relating to distribution.
- H<sub>4</sub>: The marketing department has greatest influence on decisions relating to customer satisfaction measurement.
- H<sub>5</sub>: The marketing department has greatest influence on decisions relating to customer satisfaction improvement.

H<sub>6</sub>: The marketing department has greatest influence on decisions relating to Design of customer service and support.

Non-marketing decisions

H<sub>7</sub>: The marketing department has greatest influence on decisions relating to capital expenditure.

H<sub>8</sub>: The marketing department has greatest influence on decisions relating to strategic business direction.

H<sub>9</sub>: The marketing department has greatest influence on decisions relating to new geographic markets.

H<sub>10</sub>: The marketing department has greatest influence on decisions relating to choices of strategic business partners.

H<sub>11</sub>: The marketing department has greatest influence on decisions relating to new product development.

Many studies (O'Sullivan & Butler, 2010; Verhoef & Leeflang, 2009) show a link between marketing accountability and marketing influence. This study seeks to extend and test this relationship between accountability and influence using the unique sample frame employed in this study:

H<sub>12</sub>: The accountability of the marketing department is positively related to marketing department decision influence with organizations.

Furthermore, since prior studies have examined the relationship between marketing influence and organizational performance, the researchers hypothesise:

H<sub>13</sub>: The decision influence of the marketing department is positively related to business performance.

Control variables were included in the study, as previous studies have found mixed support for their moderating role on marketing influence. Therefore, the following control variables were included in this study:

- Short-term orientation
- B2B vs B2C
- Goods vs services
- Background of CEO
- FTE
- Publicly traded
- Age of organization

## 4. Method

### 4.1 Data collection

A two-stage data collection process was employed for this study. In the first stage, the researchers conducted field interviews with eleven senior finance professionals from the Australian technology sector. This study occurs in a rather narrow organizational context – Australian technology companies, therefore an in-depth understanding of the marketing influence and accountability issues relevant to finance professionals was required. The initial qualitative approach employed in this study provided an opportunity to explore a broader scope of the research problem to ensure consideration of all relevant constructs. The qualitative interviews allowed the researchers to assess the completeness of the proposed conceptual model and gain a better understanding of the marketing decision influence issues pertinent to senior financial professionals. The field interviews resulted in innovation and market turbulence items being discarded, as the sample lacked sufficient knowledge to assess these items, and suggested these topics were difficult to isolate to the marketing function.

The second stage of the study consisted of an online survey among senior finance professionals employed in the Australian technology sector. LinkedIn, the professional social networking website, was used to source study participants and allowed the researchers to identify and screen study participants before sending an email invitation to participate in the online survey. The use of LinkedIn as a sample source has been established as a credible medium for academic research in business by Mintz and Currim (2013). Participants were sent an introductory email using LinkedIn's 'InMail' messaging feature that explained the objectives of the research study and requested participants to click on an embedded hyperlink to access the online survey. To encourage participants to respond, the introductory email informed participants that for every completed survey a donation of AUD\$5.00 would be made to a charity of the participants choosing. Participants were also advised that all responses would be anonymous and would not be traceable to either the participant or their employer.

### 4.2 Sample

The finance function is important and relevant to the topics of marketing accountability and marketing influence with decision making at CEO and Company Board level being much easier when the differences between the marketing view of world and the accounting view of the world are aligned (Sidhu & Roberts, 2008). Furthermore, it is argued that it is through marketing activities that firms create value (Phillips & Halliday, 2008) and therefore the topic of marketing accountability is of interest to both finance and marketing professionals. Despite the increasing importance of finance professionals within organizations (Zorn, 2004), little attention in marketing influence research has been given to non-marketing samples; the exceptions being Verhoef and Leeflang (2009), Davies and Ardley (2012) and Merlo et al. (2012) who used samples of Senior Executives from non-marketing organizational functions. Previous research into marketing influence heavily relied on self-reported samples of marketing professionals. As noted by Merlo et al. (2012), this may provide biased findings, given marketing



respondents were asked to report on their own profession. This study, as does Merlo et al. (2012), employs a sample that excludes marketing practitioners to minimise self-reporting bias. A purposive sample comprising finance professionals to extend the research beyond the widely used self-reporting marketing professionals sample frame is used for this study. When studying emerging areas, a purposive sample is recommended as it allows for discovery (Corbin & Strauss, 2008). The sample frame for this study was defined as senior finance professionals (CFO and Finance Directors) employed in Australia's technology sector. The sample frame consisted of CFO and Director level finance professionals from the technology sector.

A total of 1,050 email invitations were sent to potential participants, generating 221 responses (21%). The online questionnaire employed forced-response functionality to ensure all questions were fully answered. This resulted in 13 respondents abandoning the questionnaire before full completion. These 13 partial responses were excluded from the data analysis, resulting in 208 useable responses (20%). Guided by Armstrong and Overton (1977), non-response bias was assessed using time-trend analysis. Sub samples from early and late respondents did not show any differences across key variables or characteristics of the respondents.

The sample of 208 respondents consisted of senior finance professionals who were the most senior finance employee in their respective organizations or business units. The sample comprised a wide range of organizations. Table 1 summarises the characteristics of the sample:

Table 1: Respondent profile

Age of organization		Number of FTE's	
0-2 years	1%	1-10	0%
2-5 years	13%	11-50	22%
6-10 years	38%	51-200	29%
11-15 years	25%	201-500	16%
15+ years	23%	501-1,000	18%
Source of revenue		1,001-5,000	10%
B2B	61%	5,001-10,000	2%
B2C	39%	10,000+	2%
Goods	38%	Respondent job titles	
Services	62%	VP Finance	9%
Publicly traded in Australia		CFO	19%
Yes	16%	Finance Director	29%
No	84%	Financial Controller	25%
		Finance Manager	8%
		Head of Finance	9%
		Other	0%

### 4.3 Validity and reliability measures

Before the online questionnaire was distributed, the researchers pre-tested it with academic and professional colleagues. This resulted in two questions being deleted from the questionnaire: 1) relative capability performance versus major competitors (Vorhies & Morgan, 2005) and 2) the rate of market turbulence (Menon, Bharadwaj, Adidam, & Edison, 1999) in respondents' key markets were removed as the pre-test showed respondents lacked sufficient knowledge to complete these scale items. Furthermore, the researchers conducted an exploratory factor analysis for all multi-item constructs, the EFA indicated

appropriate loadings of higher than .6 for each scale item belonging to a construct. The factors demonstrated adequate convergent validity as loadings were above the recommended minimum threshold of 0.4 for a sample size of 200 (Hair, Anderson, Tatham, & Black, 1998). A KMO and Bartlett's test for sampling adequacy was significant, with a KMO measure of sampling adequacy of 0.885.

## 5. Results

### 5.1 Marketing department decision influence

Relative marketing department influence was measured against four other functions (Finance, Sales, R&D, and Operations) across eleven decision issues. Table 2 summarizes the mean number of points given by the sample to each function, using a constant-sum scale of 100. Means of the constituent items were first calculated, followed by a series of paired-samples *t*-tests for the purposes of determining whether significant differences were present between the mean for Marketing and the mean values of each other organizational function.

Table 2: Relative marketing decision influence – mean scores

	Marketing	Finance	Sales	R&D	Operations
<b>Marketing issues</b>					
Pricing	47	43	8***	0***	2***
Distribution	14	32***	34***	0***	20*
Customer satisfaction measurement	34	0***	60***	0***	6***
Customer satisfaction improvement	35	0***	59***	0***	6***
Design of customer service and support	27	1***	69***	0***	3***
Advertising messages	90	0***	10***	0***	0***
<b>Non-marketing issues</b>					
Capital expenditure	2	83***	1	7***	8***
Strategic business direction	41	33***	16***	8***	3***
New geographic markets	48	20***	31***	0***	1***
Choices of strategic business partners	34	38*	18***	6***	4***
New product development	43	11***	18***	23***	5***

Notes: paired-sample *t*-test of differences in means between organizational functions and Marketing \**p*< .05, \*\**p*<.01, \*\*\**p*<.001.  
*n*= 208

Rows sum to 100

In this study, the marketing department has the most influence on decisions pertaining to advertising messages with an average of 90 out of 100 points, significantly different from all other functions, *p*<.001. Decisions relating to expanding into new geographic markets are influenced by the marketing department with an average of 48 out of 100, significantly different from the other functions, *p*<.001. The third highest rated decision influence issue for the marketing department is pricing, with an average of 47 out of 100, significantly different from Sales, R&D and Operations, *p*<.001, however, not significantly different from the Finance function. Other issues significantly influenced by the marketing function are new product development (43) and strategic business direction (41), *p*<.001. The marketing department showed lowest levels of decision influence for capital expenditure (2) and distribution (14). For all 44 *t*-tests that compared marketing department decision influence with the other four organizational functions,

only two were not significant, these being pricing (significant for all functions excluding finance) and capital expenditure.

These results suggest the marketing department has high levels of influence on decisions relating to advertising messages and pricing – in Australian technology firms, at least. However, on marketing related issues connected to customer satisfaction and customer service, the marketing department is not dominant, with the sales function having significant decision influence on customer satisfaction measurement (60), customer satisfaction improvement (59) and design of customer service and support (69),  $p < .001$ .

The results in Table 2 are used to support or reject the decision influence hypotheses of this study listed in Table 3:

Table 3: Hypotheses support

Hypotheses	Supported
<b>Marketing decisions</b>	
H1: The marketing department has greatest influence on decisions relating to advertising messages	Yes
H2: The marketing department has greatest influence on decisions relating to pricing	No
H3: The marketing department has greatest influence on decisions relating to distribution	No
H4: The marketing department has greatest influence on decisions relating to customer satisfaction measurement	No
H5: The marketing department has greatest influence on decisions relating to customer satisfaction improvement	No
H6: The marketing department has greatest influence on decisions relating to Design of customer service and support	No
<b>Non-Marketing decisions</b>	
H7: The marketing department has greatest influence on decisions relating to capital expenditure	No
H8: The marketing department has greatest influence on decisions relating to strategic business direction	Yes
H9: The marketing department has greatest influence on decisions relating to new geographic markets	Yes
H10: The marketing department has greatest influence on decisions relating to choices of strategic business partners	No
H11: The marketing department has greatest influence on decisions relating to new product development	Yes

Support was found for 4 of 11 hypotheses. However, whilst the difference in decision influence for pricing between marketing and finance is not significant, both marketing and finance have mean influence scores above 40, indicating the marketing function has a high level of influence on pricing decisions within organizations.

## 5.2 Comparison to previous studies

Much debate has taken place on whether or not marketing department influence is in decline. Assessing this debate through marketing's relative decision influence across both marketing and non-marketing decisions, this study when compared with previous studies informs the ongoing debate through identifying the current level of marketing decision influence in Australia. The study also extends the

results of Merlo et al. (2012) from the Australian manufacturing sector to the Australian technology sector. Table 4 details the marketing department's relative decision influence, measured out of 100 points.

Table 4: Comparison of marketing department relative decision influence

	Homburg et al. (1999)	Verhoef and Leeflang (2009)	Merlo et al. (2012)	This study
<b>Marketing issues</b>				
Pricing	30**	20***	37*	47
Distribution	34***	18	38***	14
Customer satisfaction measurement	48**	57***	51**	34
Customer satisfaction improvement	40	57***	43	35
Design of customer service and support	31	28	38*	27
Advertising messages	65***	69***	72***	90
<b>Non-marketing issues</b>				
Capital expenditure	13***	N/A	14***	2
Strategic business direction	38	34	32	41
New geographic markets	39	26***	47	48
Choices of strategic business partners	33	26	34	34
New product development	32*	30*	34	43

Notes: Z-test of differences in proportions \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .  
Verhoef & Leeflang, 2009 excluded capital expenditure from their study

The results as seen in Table 4 show the marketing function to have considerable influence on two marketing issues of pricing and advertising messages with these results being higher than those reported in previous studies. The results for the remaining marketing issues of distribution, customer satisfaction measurement and improvement and the design of customer service and support, are all lower than the results of previous studies. For non-marketing related issues the results suggest the marketing function to be influential with scores higher than or equal to previous studies for all items apart from capital expenditure. These results are consistent with Merlo et al. (2012) who concluded the marketing function is influential on organizational decisions relating to strategic issues.

### 5.3 Marketing accountability and marketing decision influence

As with Verhoef and Leeflang (2009), this study also examined the relationship between marketing accountability and marketing department decision influence. Adopting the Moorman and Rust (1999) marketing accountability scale, the researchers used linear regression to assess the relationship between marketing accountability and the eleven decision influence issues employed in this study. The results of this analysis are detailed in Table 5.

Table 5: Marketing decision influence on overall marketing accountability

Marketing decisions	Standardized Coefficients
<b>Marketing issues</b>	
Pricing	.213**
Distribution	.170*
Customer satisfaction measurement	.231**
Customer satisfaction improvement	.267***
Design of customer service and support	.282***
Advertising messages	.108
<b>Non-marketing issues</b>	
Capital expenditure	.056
Strategic business direction	.311***
New geographic markets	.372***
Choices of strategic business partners	.187*
New product development	.150

Notes: Dependent variable: Overall Marketing Accountability, R-square=.407\*\*\*  
 \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

This study observes a significant positive relationship between marketing accountability and 8 of the 11 decision issues. The three decision issues that did not demonstrate a relationship with marketing accountability are capital expenditure, advertising messages, and new product development. The absence of a relationship between marketing accountability and decision influence regarding advertising messages is an unexpected finding. To understand this finding better, the researchers contacted three respondents from the qualitative phase of this study. These respondents were consistent in their explanation of this finding, generally stating that advertising messages are an enabler of measureable outcomes such as campaign success and ROI of marketing investments. For these participants, it is the results generated from advertising messages that are important not the advertising messages themselves.

#### 5.4 Marketing department decision influence and business performance

Linear regression analysis was also used to explore the relationship between marketing department decision influence and business performance, using the Moorman and Rust (1999) scale of business performance. Table 6 shows a positive relationship between the marketing decision influence construct and business performance,  $p < .05$ . This finding supports H<sub>13</sub>: decision influence of the marketing department is positively related to business performance.

Table 6: Regression analysis by marketing decision influence on categorized dependent variables

	Marketing Influence Standardized Coefficients
Marketing accountability	.407***
Business performance	.141*
<u>Institutional variables</u>	
Short-term orientation	-.060
B2B	.036
Services	.013
Background of CEO	.005
Number of employees	.043
Publicly traded	.070
Age of organization	.022

Notes: \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

## 5.5 Marketing department decision influence and institutional variables

No significant relationship between any of the 7 institutional variables and marketing decision influence were found in this study, as shown in Table 6. This finding contradicts those of Verhoef and Leeflang (2009) and Merlo et al. (2012) who found CEO background and industry type to have a positive relationship with marketing influence. Yet, these results align with studies (Homburg et al., 1999; Walsh & Lipinski, 2009), which found no support for control variables, except for their support of industry type having a positive relationship with marketing influence within organizations.

## 6. Discussion

The objective of this study is to examine marketing department decision influence within organizations using a unique sample of Australian senior finance professionals. In addressing this objective the researchers examine four key marketing influence issues: 1) marketing department decision influence across both marketing and non-marketing decisions; 2) the relationship between marketing accountability and marketing department decision influence; 3) the relationship between marketing department decision influence and business performance; and 4) the contribution of institutional variables to marketing department influence. The results for each of these four issues are now discussed.

The results of this study provide both caution and promise for the marketing department. Four out of six marketing issues generated a mean influence score lower than previous studies (Homburg et al., 1999; Merlo et al., 2012; Verhoef & Leeflang, 2009). This could suggest that either financial professionals or the Australian technology sector perceive the marketing function to have lower levels of influence compared to Europe, North America or the Australian manufacturing sector. If these results are compared at face value they would support claims that the marketing function is possibly losing decision influence on marketing issues, however, as the geography and/or sample composition were varied in this study,

comparisons to previous studies may not accurately reflect the trend over time. Regardless of any trends over time, these results would appear to indicate the marketing function to have considerable decision influence within organizations.

The results suggest a possible shift in decision influence from marketing to the sales function for customer satisfaction and customer services issues, potentially strengthening the sales function's influence on issues that touch an organization's customer base, which was once the domain of the marketing function (Moorman & Rust, 1999). This possible change in scope of marketing influence is not completely negative as the results of this study show that the marketing function has significant decision influence on non-marketing issues such as strategic business direction, expansion into new geographic markets, choices of strategic business partners and new product development.

In examining marketing accountability as an antecedent of marketing department decision influence, this study found a significant positive relationship between marketing accountability and marketing department decision influence across both marketing and non-marketing issues. This finding is consistent with prior studies that found marketing accountability to be an antecedent of marketing influence (Moorman & Rust, 1999; O'Sullivan & Abela, 2007; Verhoef & Leeflang, 2009). To be influential within organizations, the marketing department should ensure it is accountable, this can be done by showing a link between marketing activities and financial outcomes (Moorman & Rust, 1999). This requires the marketing function to develop new capabilities such as financial awareness, data analytics and cross-functional collaboration (Gaskill & Winzar, 2013).

The importance of having an influential marketing department within organizations was confirmed in this study through the support of H<sub>13</sub> which found a positive relationship between marketing decision influence and business performance. This finding is consistent with previous studies (Mintz & Currim, 2013; O'Sullivan & Abela, 2007) which found a positive relationship between marketing influence and business performance. Organizations should use this finding to defend marketing resources from further dilution and therefore reduce the threats to marketing's future. Additionally, the positive relationship between marketing decision influence and business performance should motivate organizations to build influential marketing departments as a means to improving business performance.

The absence of any significant relationship between marketing department decision influence and institutional variables suggests that at least for this study the results could apply to a wide range of organizations e.g. large vs small, old vs new, publicly-listed vs non listed companies.

## 7. Limitations and Future Research

This study has assisted in extending the marketing influence literature beyond that of predominately self-reported marketing professional sample frames to include Australia and an important but somewhat neglected stakeholder group of finance professionals. However, this study is not without limitations. Results are not directly comparable to previous studies as the sample frame is different. The sample frame of finance professionals was sourced from the technology sector, and therefore results may not extend to

other industries. Additionally, the use of a non-marketing based sample frame to avoid potential self-reporting bias does not reduce the possibility that the finance sample used in this study could have expressed its own bias towards the marketing function.

Further research could employ samples from industries that have larger marketing departments such as FMCG manufacturers. The scale used for marketing decision influence was developed in 1999 and excludes any technology or internet related decision issues. Despite the exploratory field work of this study not identifying a need to change this scale, researchers should assess if this scale aligns with the activities of today's marketing departments e.g. social media, web metrics, and sustainability. This study highlights a possible change in the scope of the marketing department with low decision influence scores for traditional marketing activities such as customer service and customer satisfaction and high decision influence scores for what were traditionally non-marketing issues e.g. choice of strategic business partners, strategic business direct and new product development. Future research should explore this possible change in marketing scope to ensure future research activities are focused towards current marketing practice.



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