Interdepartmental dynamics and firms’ market orientation: An empirical evidence from service firms in Tanzania

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Abstract
This paper examines the relationship between interdepartmental dynamics and market orientation of service firms in Tanzania. The study used a sample of 177 hotels, insurance agents, tour operators and travel agents from seven regions in Tanzania. Complex random sampling was used to select 177 firms. It involved purposive sampling to ensure inclusion in the sample of hotels, insurance agents, tour operators and travel agents. Simple random sampling was used to pick final firms that constituted the sample. Analysis of Moment Structures was used to estimate the structural equation model using Maximum Likelihood Method. The study used MARKOR to measure market orientation of service firms in Tanzania while interdepartmental dynamics were measured by a scale developed and tested by Jaworki and Kohli (1993). Findings indicated that interdepartmental dynamics (defined as interdepartmental conflict and interdepartmental connectedness) relate to market orientation of service firms in Tanzania. Specifically, results showed that interdepartmental conflict negatively influences on intelligence dissemination and organizational responsiveness components of market orientation but has no influence on intelligence generation component. Furthermore, findings from the study showed that interdepartmental connectedness influences positively on intelligence dissemination and organizational responsiveness components of market orientation but has no influence on intelligence generation. On the basis of findings, the paper recommends to organizations to manage interdepartmental conflicts at the earliest possible stage and nurture teamwork among departments for them to implement market orientation. Empirical findings from the study contribute to theory of antecedents to market orientation.

Key words: interdepartmental dynamics, market orientation, strategic orientation

Introduction
In light of increased competition, business firms need to harness structures that are flexible and that can promptly allow them to respond to changing customers’ needs as well as composition. They need to use strategic tools that can enhance their performance in such competitive environment. Strategic orientations are important strategic tools that determine firms’ performance. Strategic orientations are defined as principles that direct and influence on a firm’s activities and generate behaviours intended to ensure the firm’s viability and performance (Gatignon and Xuereb, 1997). Narver and Slater (1990) argued that strategic orientation reflects the strategic direction opted by a firm to create behaviours that can render its superior performance. Strategic orientations are subdivided into market orientation, technological orientation, entrepreneurial orientation and learning orientation. Arguably, of the four...
orientations, market orientation is central. This is because market-oriented organizations are said
to be learning organizations as they learn from the environment (customers and competitors, just
to mention a few) and modify their strategies accordingly. Likewise, technological advancement
and innovations should be informed by the market to avoid coming up with technology that will
not be used by the market. Therefore, this paper focuses on market orientation as a strategic
orientation, which, if well implemented, can render superior performance to the firm.

Market orientation continues to be at the heart of contemporary marketing. Continued scholars’
interest in market orientation is due to strong evidence on its superiority over other strategic
orientations such as technological, entrepreneurial and learning orientations. Previous researches
have underscored market orientation as a superior strategic orientation for firms’ performance
(Simon, 2018; Amin & Ramayah, 2016; Beneke, Blampied, Dewar & Soriano, 2016; Hussain,
Ismail & Akhtar, 2015; Foltean, Feder & Ionescu, 2015; Blocker, Flint, Myers & Slater, 2011;
Tsai, Chou & Kou, 2008; Nwokah, 2008; Ellis, 2006; Kirca, Jayachandran & Bearden, 2005;
Atuehene-Gima, Slater & Olson; 2005; Cano, Carrillat & Jaramillo, 2004).

Despite doubtless evidence, firms have been observed to implement this strategic orientation in
varied magnitude and speed. Literature on factors that could foster or hinder implementation of
market orientation are fragmented given the varying empirical findings generated by researchers.
Pandelic; Pandelic and Oancea (2011) argue that current literature on market orientation provides
partial answers to managers on the manner to implement market orientation. They (ibid.) argue
further that implementation of market orientation needs a holistic approach of the organization
and should consider organizational culture, behaviour, strategy, structures and processes.
Following Kohli and Jaworski’s (1990) conceptualization of antecedents to market orientation, a
number of studies embarked on examining factors that contribute to firms’ varied
implementation of market orientation. The studies produced mixed results, leaving practitioners
with the dilemma of about the right policies, culture, structures and environment for the
organization to implement this strategic orientation. Among other factors, a handful studies
examined interdepartmental dynamics as antecedents to market orientation (Bulent, Sigyoung,
2008; Harris, 2001; Jaworski & Kohli, 1993; Chelariu, Quattarra & Dadzie, 2003). However, the
reported studies produced erratic findings and hence, there arose need for this study to shade
more empirical evidence on nature of the relationship between interdepartmental dynamics on
market orientation.

Underneath these arguments, further research is needed to guide managers on type of culture,
structure, behaviour, strategy and processes that can foster or support implementation of market
orientation. In due regard, this study sought to generate empirical findings that will contribute to
resolving some of the existing incongruities in the asserted relationship between
interdepartmental dynamics and market orientation. The central research question that this study
sought to address is, “what is the influence of interdepartmental dynamics on market orientation
of service firms in Tanzania?”

**Literature review**

**An overview of Market Orientation**

Market orientation is defined differently by several authors. Despite the varied definitions, all
authors are in agreement that a customer is central to the market-oriented organization. Kohli and
Jaworski (1990) defined market orientation as the organizational wide generation of intelligence
pertaining to current and future needs, dissemination of the intelligence across units within the
organization and organizational wide response to the intelligence generated. Narver and Slater (1990) conceptualized market orientation behaviour to include competitor orientation, customer orientation and inter-functional coordination. Pandelica and colleagues (2011) considered market orientation as process of organizational changes which may imply both minor and major transformations. Investopidia (2018) defines market orientation a company philosophy focused on discovering and meeting needs as well as desires of the customer through its product mix.

Early researches in Market orientation focused on responsive market orientation, which entails adaptation of an organization to existing and expressed customer needs as well as competitors’ moves (Kyung-A & Kim, 2013). However, this market orientation perspective has been criticized in literature on marketing and among practitioners. The argument is that such facet of market orientation makes organizations less innovative because they only react to changes taking place in the market instead of using information generated to anticipate changes in customers’ tastes as well as preferences and competitors’ moves. Acknowledging this shortcoming, Zeithaml and Zeithaml (1984) introduced the proactive market orientation construct. This was further epitomized by Narver, Slater and MacLachlan (2004) who produced a comprehensive view of market-oriented organization. This view considers market orientation as both proactive and responsive. It entails that a market-oriented organization should use generated information to design and implement a response to changes taking place in customers’ taste as well as preference and competitors’ moves. It should further use intelligence generated to anticipate changes in customers’ needs as well as competitors and innovate the new products including competitive strategy accordingly. We concur with the comprehensive market orientation and by market orientation herein this paper, it refers to both responsive and proactive market orientation.

Theory on antecedents to market orientation
Theories on antecedents to market orientation can be classified in two groups. First, theories that focus on people as barriers to market orientation. They can be traced back to works by Felton (1959), Changati and Sambharya (1987) and Robertson (1995) whereby they argued that barriers to developing market orientation originate from employees’ imperfections due to disintegration of functions, managerial inability as well as power related problems. In a similar vein, Marjorie and Brunning (2008) suggest that a firm’s market orientation depends on commitment and ability of top management. Philemon (2016) argues that top management perception of environmental turbulence influences on the firm’s market orientation. The second group of theories focus on organizational culture, systems and structures as barriers to market orientation. Such theories can be traced back to Lear (1963) who observed that complicated structures required by customer-centred organizations were barriers to firms attaining market orientation. Philemon (2003) observed that organizational culture influences on firms’ market orientation. Popular to this group is the theory on antecedents and consequences of market orientation.

Theory of antecedents and consequences of market orientation
This theory focuses on systems and structures as barriers to market orientation. Kohli and Jaworski (1990) drew upon literature in marketing and related disciplines whereby they developed this theory in 1990. Using findings from extensive interviews with executives and managers, Kohli and Jaworski (1990) described contents of market orientation and offered a foundation for the theory of market orientation. According to them (ibid.), market orientation consists of intelligence generation, intelligence dissemination and responsiveness. Consequently, they (ibid.) defined market orientation as an organization wide generation, dissemination and
responsiveness to market intelligence. According to them (ibid.), intelligence includes both current and future needs of customers together with exogenous factors such as competition and regulations that affect customer needs and preferences. This theory grouped antecedents to market orientation into three (ibid.). The top management factors, which include top management emphasis on market orientation risk aversion (ibid.). The second group of factors are interdepartmental dynamics, which include interdepartmental conflict and connectedness, while the third group of antecedents to market orientation are organizational structures and systems (ibid.). The latter includes formalization, centralization, departmentalization and reward systems (ibid.). This study was guided by the theory of antecedents and consequences of market orientation.

Several studies have been conducted to empirically test the asserted factors influencing the firm’s market orientation. Findings indicated that market orientation is influenced by perceived environmental turbulence, namely, competitive intensity, technological turbulence and market turbulence (Philemon, 2016), organizational culture (Philemon, 2003; Mavondo and Ferrell, 2003) and organizational commitment to market orientation (David, Marjorie and Bruning, 2008). Others include government policies (Qu and Ennew, 2005), top management risk aversion (Cheleriu, Ouattarra and Dadzie, 2003), top management emphasis on market orientation (Jaworski and Kohli, 1993) and reward systems (Cheleriu, Ouattarra and Dadzie, 2003; Jaworski and Kohli, 1993). A handful studies have been conducted to investigate influence of interdepartmental dynamics on interdepartmental conflicts and connectedness. Such studies produced mixed results. In their study, Jaworski and Kohli (1993) observed that Interdepartmental conflicts negatively influence on market orientation, while interdepartmental connectedness was observed to positively influence on market orientation. In another study, Cheleriu, Ouattarra and Dadzie (2003), contrary to Jaworski and Kohli (1993), observed that interdepartmental conflict had no influence on market orientation of business firms. Likewise, in his study, Harris (2000) observed that interdepartmental connectedness did not influence on market orientation. The literature review reveals few studies that were conducted to investigate influence of interdepartmental dynamics on market orientation. The few studies conducted further produced mixed findings. Therefore, this new study was conducted to shed more light in the nature of relationship between the two variables.

Conceptual framework and empirical formulations
Interdepartmental dynamics and market orientation
Kohli and Jaworski (1993) define interdepartmental dynamics as formal and informal interactions as well as relationship among organization’s departments. Interdepartmental dynamics comprise of interdepartmental conflicts and interdepartmental connectedness. Interdepartmental dynamics have been posited to influence on implementation of market orientation. The duo components of interdepartmental dynamics are interrelated. Interdepartmental conflict constraint communication among departments making them less connected and thwart team building among departments. As a result, information sharing and collective response to changing customer needs are hampered. Day (1997) argued that since market orientation is an organizational wide phenomenon, it is likely to be rooted in cross functional dynamics. It is further argued that a firm is likely to implement market orientation if it has a strong marketing department, which manages to advocate to other departments on importance of market orientation (Verhoef and Leeflang, 2009; Gebhardt, Carpenter and Sherry, 2006).
The existing literature posits that market orientation is affected by interdepartmental dynamics. Interdepartmental conflict is posited to inhibit market orientation of the firm because it hinders communication across departments. Therefore, it influences on degree of market intelligence dissemination. Likewise, tension among departments is likely to affect concerted firm’s response to changing market needs, tastes and preferences thereby hindering market orientation. However, market intelligence generation, which is done at departmental level is not likely to be affected by conflicts among departments. Therefore, this study hypothesizes that:

**There exists a relationship between interdepartmental dynamics and market orientation of service firms in Tanzania.**

**Interdepartmental conflict and market orientation**

Interdepartmental conflict refers to tension between two or more departments that arises from incompatibility of actual or desired responses (Gaski, 1984). It entails extent to which actual and perceived incompatibility of goals among departments within the organization results in tension between departments (Jaworski and Kohli, 1990; Jaworski and Kohli, 1993; Smiths, 2011). Interdepartmental conflict can be a result of empire building, unhealthy competition between or among departments and culture fit problems. Whichever source, interdepartmental conflict is expected to negatively influence on implementation of market orientation in the organization. It is assumed that departments that are in tension would not work towards generating information, sharing it and designing collective response to address emerging needs (responsive market orientation) and using intelligence generated to feed the organizational innovation process (proactive market orientation). Alternatively, employees in the organization with high degree of interdepartmental conflict may maintain a relatively high degree of complacency and consider the source of their problem as well as misunderstanding to be outside the organization (Day, 1999). Therefore, departments will continue to share information and craft collective response to the changing market situation. In such situation, there will be no relationship between interdepartmental conflict and market orientation. Therefore, it is hypothesized that:

H1a: Interdepartmental conflict negatively influences on intelligence generation of the organization

H1b: Interdepartmental conflict negatively influences on intelligence dissemination of the organization

H1c: Interdepartmental conflict negatively influences on market responsiveness of the organization

**Interdepartmental connectedness and market orientation**

Interdepartmental connectedness is another form of interdepartmental dynamics factor posited to influence on market orientation of the organization. It entails ease of formal and informal direct contacts among employees across departments (Kohli and Jaworski, 1990; Oswald, Blettel and Engelen, 2012). Interdepartmental connectedness is said to facilitate information sharing and utilization (Deshpande and Zaltman, 1982). Therefore, it is expected that the degree of connectedness among employees in various departments is likely to influence on degree of market intelligence dissemination and responsiveness of the organization. Specifically, if employees in the organization are connected, regardless of their departments, they are likely to exchange market intelligence generated and they are likely to collectively respond to the changing market situation. Thus, it is hypothesized that:
H2a: Interdepartmental connectedness positively influences on intelligence generation of the organization
H2b: Interdepartmental connectedness positively influences on intelligence dissemination of the organization
H2c: Interdepartmental connectedness positively influences on responsiveness of the organization
The presented asserted relationships are summarized in Figure 1.

Fig1: Conceptual framework

![Conceptual Framework Diagram]

**Methodology**

**Materials and Methods**

This was a cross-sectional research that involved survey of 177 service firms from Tanzania. The firms were drawn from a list of hotels (56.2%), insurance agencies (18.5%) and tours as well as travel agencies (25.3%). Several aspects were considered to determine sample size, which included desired statistical power, accepted degree of precision and overall solution propriety (Wolf *et. al.*, 2013). The study desired statistical power $\alpha=.5$, with 95 percent degree of precision and number of factors as well as indicators could render a sample size of 120 to be appropriate for the study. However, providing for degree of bias, missing variables and overall solution propriety, the sample size of 190 firms was considered to be appropriate for the study. Complex random sampling was used to select 190 service firms that constituted the sample.

Existing scales were used to measure variables under the study. MARKOR, a scale developed by Kohli, Jaworski and Kumar (1993) measured market orientation of service firms in Tanzania, while Jaworski and Kohli’s (1993) scale measured interdepartmental dynamics of service firms in Tanzania. These scales were tested for reliability. The two scales scored reliability coefficient alphas above the acceptable level, which is 0.7 (Malhota, 1993) and thus, it indicates high internal reliability of scales used in the study. Prior to data collection, the two scales were pre-tested to ensure content validity and further discriminate validity test was performed. No correlation coefficient was higher than the coefficient alpha of the scale, a pattern, which implied that the scales used in the study exhibited discriminant validity. Electronic mails (e-mails) requesting firms to participate in the study were sent out to 190 firms whereby 177 firms responded indicating their readiness to participate in the study, yielding a response rate of 93 percent. To test for the asserted relationships, Analysis of Moment Structures (AMOS) was used to estimate the Structural Equation Model (SEM) using Maximum Likelihood Method.
Data analysis and results

General characteristics of the sample

The study involved 177 firms from seven regions in Tanzania, namely, Arusha (10.7%), Kilimanjaro (16.9%), Mbeya (7.3%), Mwanza (17.4), Dar es Salaam (26.4%), Morogoro (2.8%) and Unguja (18.5). In terms of size, 9.6 percent of the firms were micro, 76.4 percent were small, 10.6 percent were medium and 3.4 percent were large firms. Furthermore, 42.7 percent entities had duration in operation up to 5 years, 21.3 percent were in operation between 6 and 10 years, 22.5 percent between 11 and 15 years, 2.8 percent from 16 to 20 years and 10.7 percent were above 20 years.

Model evaluation

Prior to testing the asserted relationships, model evaluation was performed. Goodness of fit measures, incremental fit measures and parsimonious fit measures were used to evaluate the model. The results are presented in Tables 1, 2 and 3.

Table 1: Absolute measures of fit

<table>
<thead>
<tr>
<th>Model</th>
<th>RMSEA</th>
<th>ECVI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default</td>
<td>0.057</td>
<td>10.226</td>
</tr>
<tr>
<td>Saturated</td>
<td>-</td>
<td>11.176</td>
</tr>
<tr>
<td>Independence</td>
<td>0.479</td>
<td>143.787</td>
</tr>
</tbody>
</table>

The RMSEA value for model is 0.057. This value is within the accepted range of 0.05 and 0.08 (Browne and Cudeck, 1993). The model Expected Cross Validation Index (ECVI) is closer to saturated model than to the independence model and therefore, the model has a good fit to the data.

Table 2: Incremental measures of fit

<table>
<thead>
<tr>
<th>Model</th>
<th>RFI</th>
<th>NFI</th>
<th>IFI</th>
<th>TLI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement model</td>
<td>0.941</td>
<td>0.923</td>
<td>0.985</td>
<td>0.956</td>
<td>0.985</td>
</tr>
<tr>
<td>Saturated model</td>
<td>1.000</td>
<td>-</td>
<td>1.000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Independence model</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The values for the Relative Fit Index (RFI), Normed Fit Index (NFI), Incremental Fit Index (IFI), Tucker Lewis Index (TLI) and Comparative Fit Index (CFI) exceed the recommended level of 0.90, a pattern, which suggests a good fit of the model and hence, leads to its acceptance.

Table 3: Measures of parsimonious

<table>
<thead>
<tr>
<th>Model</th>
<th>PNFI</th>
<th>PCFI</th>
<th>AGFI</th>
<th>Normed Chi square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement model</td>
<td>0.835</td>
<td>0.870</td>
<td>-</td>
<td>1.201</td>
</tr>
<tr>
<td>Saturated model</td>
<td>0.000</td>
<td>0.000</td>
<td>-</td>
<td>0.000</td>
</tr>
<tr>
<td>Independence model</td>
<td>0.000</td>
<td>0.000</td>
<td>-</td>
<td>0.000</td>
</tr>
</tbody>
</table>
All values are within the stipulated range of 0 to 1. The Normed chi-square fits within accepted range of 1 to 2 (James et. al., 1982). Overall, the goodness of fit measures lends sufficient support for acceptance of results as representation of the hypothesized constructs. It implies that the observed variables measured well the latent constructs.

**Hypotheses testing**
The first step in the inferential analysis involved testing existence of the relationship between interdepartmental dynamics and market orientation of service firms. To achieve this, Analysis of Moment Structures was performed to estimate the structural equation model and squared multiple correlations were observed. The results are shown in Table 4.

**Table 4: Interdepartmental dynamics and market orientation**

<table>
<thead>
<tr>
<th>MO component</th>
<th>Squared R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligence generation</td>
<td>.729</td>
</tr>
<tr>
<td>Intelligence dissemination</td>
<td>.806</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.925</td>
</tr>
</tbody>
</table>

Findings in Table 4 suggest existence of a very strong relationship between interdepartmental dynamics and market orientation of service firms. Specifically, findings indicate a very strong relationship between interdepartmental dynamics and responsiveness component of market orientation, intelligence dissemination and intelligence generation. *Therefore, the null hypothesis is rejected and alternative hypothesis accepted.*

Having established existence of relationship between interdepartmental dynamic and market orientation, tests for specific hypotheses were performed.

**Interdepartmental conflict and market orientation**

It was hypothesized that interdepartmental conflict is negatively related to the three components of market orientation. To test this, regression weights among variables were observed and the results are presented in Table 5.

**Table 5: Interdepartmental conflict and market orientation**

<table>
<thead>
<tr>
<th>MO components</th>
<th>Estimate</th>
<th>S. E</th>
<th>C.R</th>
<th>Regression weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligence generation</td>
<td>-0.046</td>
<td>0.068</td>
<td>-0.676</td>
<td>0.053</td>
</tr>
<tr>
<td>Intelligence dissemination</td>
<td>-0.305</td>
<td>0.091</td>
<td>-3.342</td>
<td>0.263</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>-0.414</td>
<td>0.082</td>
<td>-5.026</td>
<td>0.434</td>
</tr>
</tbody>
</table>

Findings in Table 5 indicate that interdepartmental conflict influence negatively on intelligence dissemination with C.R value of 3.3 and regression weight of 26.3 percent at $\alpha<.50$, and responsiveness components of market orientation with C.R value of 5.0 and regression weight of 43.4 percent at $\alpha<.50$, but has no influence on intelligence generation. Therefore, hypotheses 1b and 1c are supported at $\alpha<.50$, while hypothesis 1a is not supported. These results support the existing theory that argues that departments that are not in harmony will neither share intelligence generated nor work together to design and implement the response. However, intelligence generation, which is conducted at departmental level is not likely to be affected by conflicts among departments (Kohli and Jaworski, 1990).
Interdepartmental connectedness and Market orientation

Interdepartmental connectedness is another form of interdepartmental dynamics factor that was asserted to relate with three components of market orientation. To test for the existing causal relationship, regression weights were observed and the results are presented in Table 6.

<table>
<thead>
<tr>
<th>MO component</th>
<th>Estimate</th>
<th>S. E</th>
<th>C.R</th>
<th>Regression weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligence generation</td>
<td>.060</td>
<td>.035</td>
<td>1.728</td>
<td>.123</td>
</tr>
<tr>
<td>Intelligence dissemination</td>
<td>.118</td>
<td>.044</td>
<td>2.667</td>
<td>.434</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.122</td>
<td>.035</td>
<td>3.495</td>
<td>.227</td>
</tr>
</tbody>
</table>

Findings in Table 6 indicate that interdepartmental connectedness is positively related to intelligence dissemination component of MO with CR value 2.7 and regression weights of 43.45 percent at $\alpha<.50$. The results also indicate a positive influence of interdepartmental connectedness on responsiveness component of MO with CR value of 3.5 and regression weights of 22.7 percent at $\alpha<.50$. However, findings indicate that there is no relationship between interdepartmental connectedness and intelligence generation of service firms in Tanzania. Therefore, hypotheses 2b and 2c are supported at $\alpha<.50$, while hypothesis 2a is not supported.

Discussions of findings and managerial implications

Generally, findings from the study suggest that interdepartmental dynamics relate to market orientation of services firms in Tanzania. Specifically, interdepartmental conflict negatively influences on intelligence dissemination and responsiveness but does not influence on intelligence generation component of market orientation. These results are in line with the existing theory, which asserts that departments that are not in harmony, will neither share the generated information among them nor work together to design and implement the response. However, intelligence generation done at departmental level is not likely to be affected by conflicts among departments (Kohli and Jaworski, 1990). The findings are also similar to those from studies by Bulent and Sigyoung (2008); Harris (2001); and Jaworski and Kohli (1993). However, they do not support results from a study by Chelariu, Quattarra and Dadzie (2003) who observed interdepartmental conflicts not to be related to any of the three components of market orientation. This implies that departments that are in harmony are likely to favour information sharing and can work as a team to design as well as implement response to address changes taking place in the market and customer needs including use intelligence generated to innovate new products and new competitive strategies. This further implies the need for managers to manage interdepartmental conflicts at earliest possible stage since no matter how constructive the conflict is if not well managed, it could become destructive.

The findings further reveal that interdepartmental connectedness is positively related to MO. Specifically, interdepartmental connectedness positively influences on intelligence dissemination and responsiveness component of market orientation, but does not influence on intelligence generation. These results are in line with pronounced assumptions and the existing theory on relationship between interdepartmental connectedness and firm’s market orientation. This implies that departments, which are close to one another are likely to share information and work.
together to design as well as implement appropriate strategies to address changes taking place in the business environment and use information to anticipate market changes and innovate new products including competitive strategy. However, intelligence generation done at departmental level may not be affected by interdepartmental connectedness. These findings corroborate with those from a study by Harris (2001) and partly with Jaworski and Kohli (1993) who found a positive relationship between connectedness and market orientation. Consistent with these findings, Wong, Saunders and Doyle (1989) observed lack of cooperation and coordination among functional organizational units to be a barrier to developing market orientation. Results from this study are in line with findings by Lichtenthal and Wilson (1992) who suggested that structural distance among units influences on potential and speed of market-oriented change. These findings imply that managers should promote teamwork among units/departments to inculcate strong desires among members to share intelligence so as to improve overall organizational performance.

Organizations characterized by teamwork and personnel with high commitment to each other are said to be high in group dimension of organization culture. Philemon (2003) observed service firms that are high in group dimension to be more market oriented than those with observed hierarchies and distances among organizational units. Day (1999) argued that excellent implementation of market orientation is based on shared understanding, continuing communication among all units at all levels (Felcman, 2012). and teamwork that encourage personal motivation. Team spirit can only be achieved when organizational units are in harmony.

**Conclusions, recommendations and managerial implications**

First, on the basis of findings from this study, it is concluded that interdepartmental conflict negatively influences on two components of responsive market orientation of service firms, namely, intelligence dissemination and responsiveness. However, it does not influence on intelligence generation. Second, the study concludes that interdepartmental connectedness positively influences on the two components of responsive market orientation, namely, intelligence dissemination and responsiveness. However, it does not influence on intelligence generation component of market orientation.

Therefore, it is recommended to managers of service firms to manage conflicts among departments at the earliest possible stage. Since if left unresolved, they are likely to be destructive and will negatively affect firm’s performance because they will affect the firm’s market orientation. Instead, firms should cultivate team work and harmony among departments for them to share information and work together to designing response to changing customer needs and innovate new products on the basis of information generated and design new competitive strategy on the basis of anticipated competitors’ moves. Managers can use cross-training strategies that can always enhance interdepartmental connectedness. Moreover, they can use interdepartmental problem-solving teams to remove potential conflicts. Managers should also focus on organizational wide achievement rather than departmental achievement. This will minimize or eliminate unhealthy competition among departments and hence, promote team work among them. Given different structures and processes between service oriented firms and manufacturing firms, future studies could examine interdepartmental dynamics and market orientation.
References


