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INTERNAL BARRIERS OF MARKET ORIENTATION APPLICATION

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Abstract

The paper is focused on the determination of internal market orientation barriers. Market orientation is very important and topical, because of its influence on business performance. A lot of companies would like to adapt market orientation approach, but adaptation of market orientation is not easy. It could be some specific barriers to impede of application market orientation. These barriers are divided in three elements along to managers' influence in internal, branch and external environment. A lot of barriers are connected with internal environment. The objective of the paper is to summarise and analyse internal barriers of market orientation. The first results from the analysis show that important internal barriers are attitude of top management and knowledge and skills of top management. Firm culture is the next one of the most often mentioned element connected with internal barriers of market orientation. Plan is to verify these barriers in recent research project "Research on implementation on market orientation in Hi-Tech Firms" supported by Grant Agency of the Czech Republic (GA 402/07/1493).

Keywords: market orientation, internal barriers, firm culture, management.

Introduction

The paper is focused on the determination of internal market orientation barriers. Market orientation comes back in 90^{th} of 20th century by works Kohli & Jaworski (1990) and Narver and Slater (1990). It is described as a method to contribute better managing of company by many researchers. These research studies involved definition of market orientation, impact market orientation on business performance, methods of measuring of market orientation and implementation the market orientation into managing of companies. There are a lot of definitions of market orientation. The last attitude (Tomášková, 2005; Šimberová, 2008) towards market orientation agree that market orientation enables managers to focus on external and internal elements and activities, which influence the activity of an organization leading to its performance increase.

The problem is how to implement market orientation into firms. A lot of companies would like to adapt market orientation approach, but adaptation of market orientation is not easy. It could be some specific barriers to impede of application market orientation. These barriers are divided in three parts along to managers' influence in internal, branch and external environment.

Nowadays, the level of problem investigation is aimed into determination of all market orientation barriers and to determination which barriers are the most significant. Barriers named in selected research studies or works are specific. Barriers often were determined from analysis in two or three countries, from selected branches, with different size of companies or with different structure of researches. Previous researches were pointed to determination of types barriers market orientation connected with interfunctional coordination (Slater & Narver, 1995; Harris, 1996; Lafferty & Hult, 2001; Maydeu-Olivares & Lado, 2003; Trueman, 2004). This paper includes all barriers of market orientation named in research studies and of whole type of internal barriers.

The objective of the paper is to summarise and analyse recent internal barriers of market orientation. These barriers noticed in this paper will be completed and filled about research verified new barriers. Research methods of this paper are fundamental scientific approaches as description, analysis, comparison and synthesis. Description and analysis is used with determination barriers of secondary resources. Comparison is used to confrontation results from different studies. Synthesis is used to creation Figures and to formation results of this paper.

Barriers of market orientation

Barriers of market orientation can be divided into three areas. There are barriers of internal environment, barriers of sectoral environment and barriers of external environment. Elements of external environment can be further divided to the state, economy and technologies. These elements could be very difficult influenced by firms. Elements of sectoral environments are final customers, distributors, competitors and suppliers. Relationships play the main role in branch environment. Firms build relationships with other business subjects from other branch and form strategic alliances, see Koprlová (2008). This paper is aimed to

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internal barriers of market orientation. The internal environment of market orientation is influenced by the following elements: opinions and approach of top management, interfunctional coordination and employees, (Figure 1).

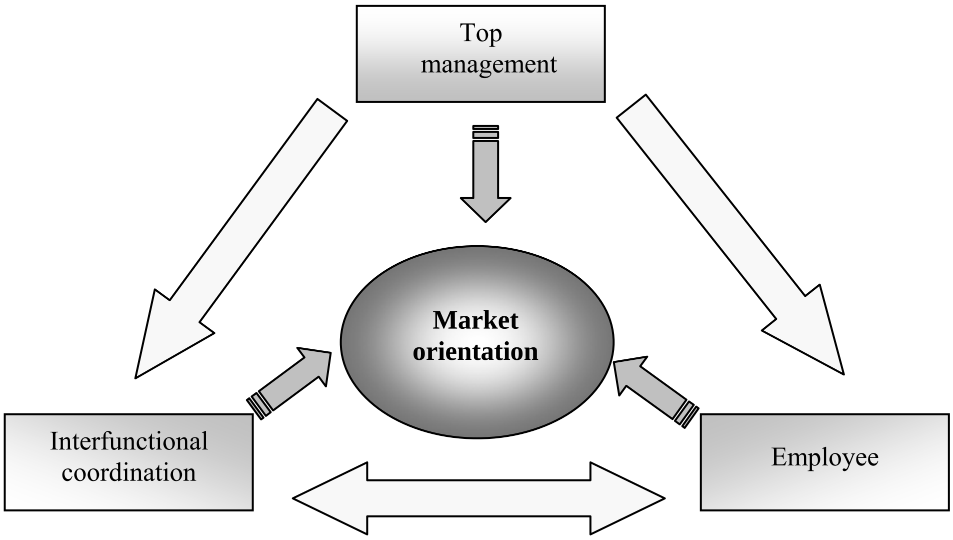

Figure 1. Elements of market orientation internal barriers

Top management

Top management is influenced by the following elements: personality and perception of market orientation by top management and knowledge, skills and commitment. These elements influence management style and mission, goals and strategy. It can be stated that there are seven prerequisites for market orientation – creativity, sense of risk, competence, responsibility, long-term horizon, planning and monitoring filling of goals (Figure 2).

A lot of barriers could be noticed with top management. Perception of market orientation by top management is the first of that. This barrier is possible to be noticed as the largest barrier of all. This first barrier is named by fathers of market orientation by Kohli & Jaworski (1990) and Narver & Slater (1990). The perception could be very high; managers could be disappointed by the results.

The second barrier is connected with top management knowledge, skills and commitment. Harris and Ogbonna (2001) stressed this barrier. Managers should to have a lot of skills and, but it is impossible to have whole skills. Every branch, every situation need more share of specific skills and commitment, so it is difficult to state ideal share and universal of whole skills and commitment. The same is with knowledge. It is better to have a lot of knowledge, but quantity of knowledge change along to business. Every manager has to have a positive attitude toward education and gaining new information. Farrell (2000) has noticed that managers should have a high learning orientation. The other question can be connected with experience. These unknowingness and inexperience could be reason for ending of the business. Harris (1998) sees a great in weak management support. It is obvious that without management support is very difficult to be market oriented and to be successful in market.

The next barrier "management style" is very narrow with the second barrier. Management style of management has impact on all functions of firm. The best one is leadership style. Leadership style may importantly influence on employee motivation an ultimately company performance. Pumphrey (2004) show positive effects of leadership.

Mission, goals and strategy could be the other barrier. Every firm should have determined clear conception of its mission. Firms without mission are not market oriented; they do not realize systematically activities. The next step is to choose the goals and strategy leads to the goals (Fonfara, 2001).

Barriers of implementation market orientation could be lack of creativity. Creativity is significant competitive advantage. Creativity should be a one of essential skills by managers. Risk aversion is the next barrier of market orientation. Some shorts about positive relation between risk aversion and market orientation is written in study by Jaworski & Kohli (1993). To be not risk aversion is to be proactive. To be proactive reaction is very necessary for business. Lafferty & Hult (2001) specify that firms should to have appropriate action. Trueman (2004) talk about avoid risk aversion and attitude towards change as types of

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Institutional Setting. The next barrier connected with top managers' talk about quality and competence (Homburg & Pflesser, 2000). It could be difficult to have the same best quality at all of products, but it should be our vision. Some managers have problems with delegation of power and responsibility to their employees. This rigid attitude could be the brake of disincentive of other development of firm.

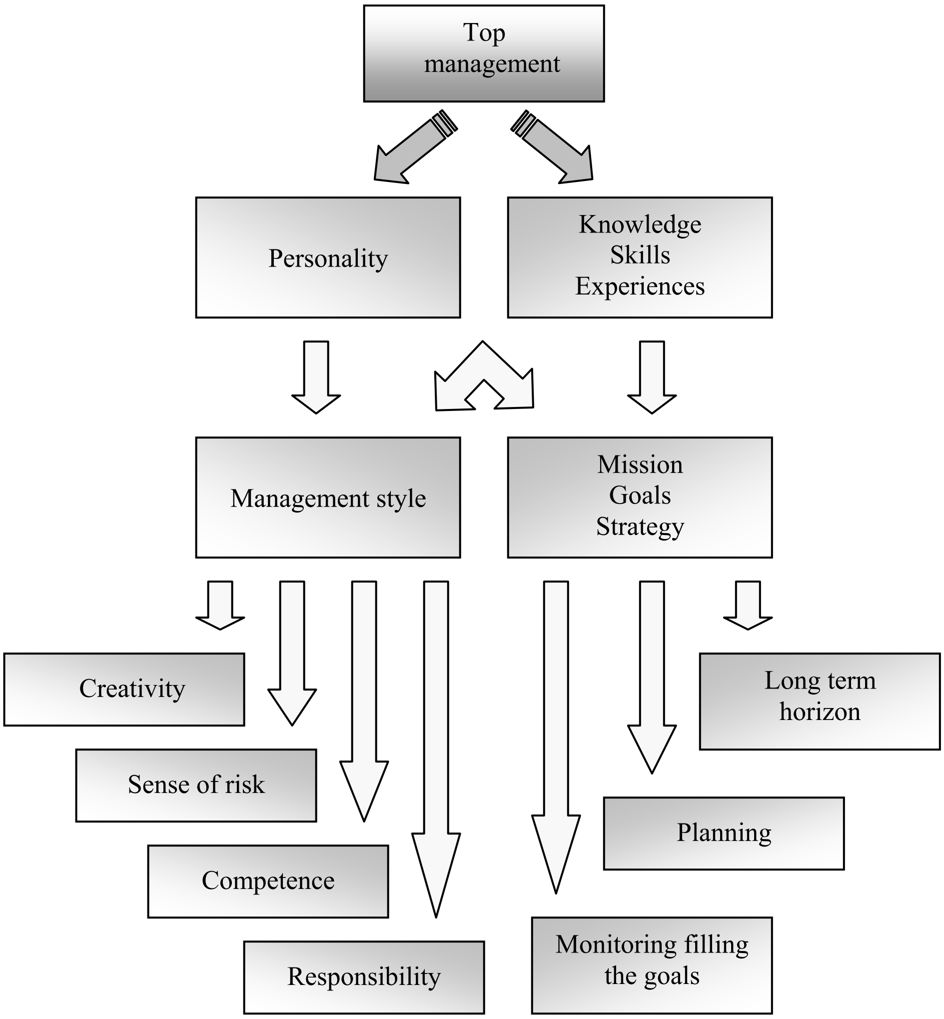

Figure 2. Top management connected barriers

The other group of barriers is connected with strategy. A lot of firms could have only short-term horizon. This barrier is mentioned by e.g. Harris, 1998. Market orientation highlight long-term horizon. Planning is a part of strategy and has the same importance as other factors. A high quality planning system has the potential leading to enhance market orientation (Pulendran, Speed & Widing, 2000). The last prerequisite "monitoring filling the goals and analyzing new advantages" closes the whole cycle.

Interfunctional coordination

Interfunctional coordination is bride barrier of implementation of market orientation named a lot of authors, e. g. Slater & Narver (1995), Harris (1996), Lafferty & Hult (2001). This barrier could be divided into several barriers (Figure 3).

Firm culture and organizational system in firm is one of these groups of barriers. It is necessary to have attention to cultural framework that is appropriate core as for appropriate implementation of market orientation (Šimberová, 2007). Firm culture is connected with system, structural and procedural barriers. This barrier is eliminated flexible and prompt replay at the new situation in the market. The other barrier of firm culture is communication (Slater & Narver, 1995). All employees have to have all necessary information for production goods and services along the customers' requests and wishes. Communication is necessary for telling experiences or inexperience of employee to each other. It helps not only to produce

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goods with high quality, but it is very important tool for developing good relationships among workers. If there are some weak sides in system, structure, procedure or communication, barriers as too high centralization, formalization or departmentalization will be expand. Centralization could have a negative impact on innovation, speed and flexible realization new decision in managing of firms (Trueman, 2004). Maydeu-Olivares & Lado (2003) investigate that application innovation has positive effect on market orientation. Centralization is connected with formalization, conflict and politically motivated management behaviour very often. Some researchers show that high level of centralization is often connected with high level of formalization. Centralization has the same negative effects on market orientation as centralization, e. g. Pulendran, Speed & Widing (2000). Departmentalization can lead to formation of competition into one firm. Result of this situation could be decreasing quantity or quality of production, leaving experts and whole destruction of the firm. The lack in communication and integration are market as some of systematic barriers by Harris (2000). Fonfara (2001) emphasizes cooperation between various business units and levels of management as one a key factor of doing business.

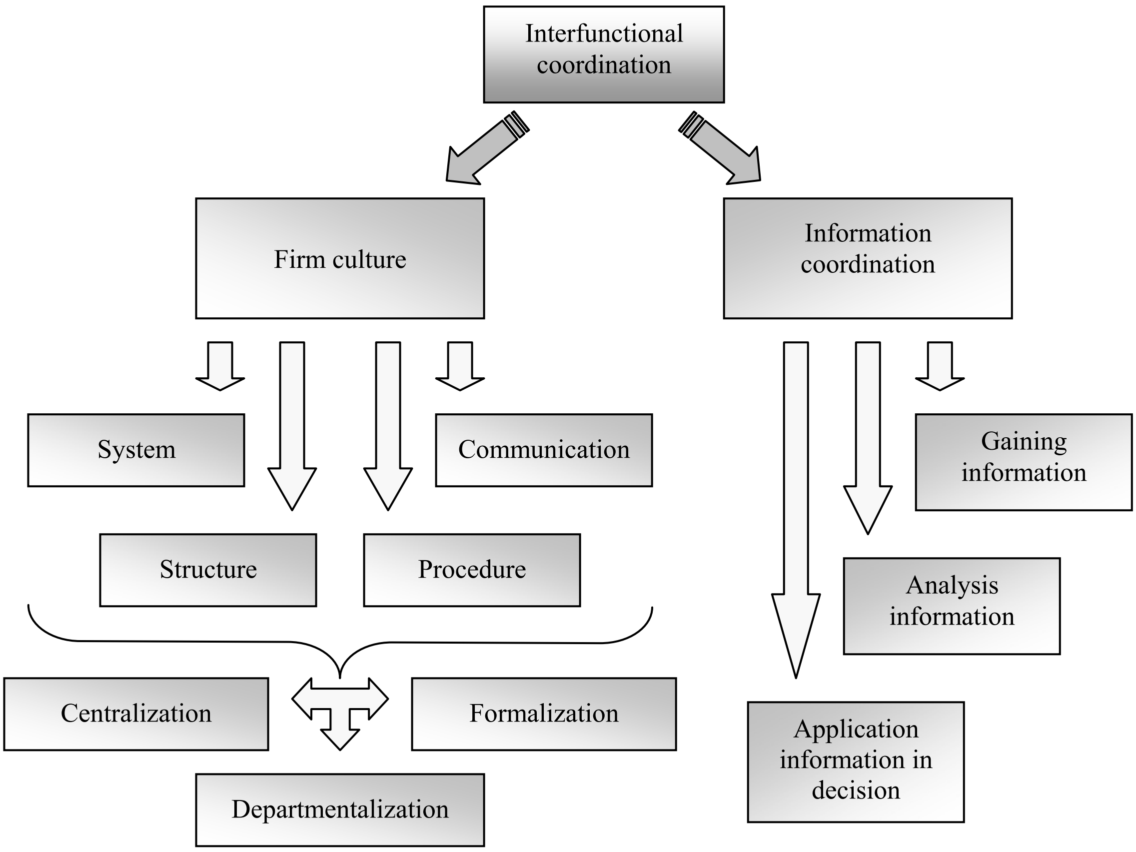

Figure 3. Interfunctional coordination connected barriers

Second barrier of interfunctional coordination is connected with information coordination. It is necessary to gain information, analysis this information and application results in decision process.

Employees

Employee could introduce the last great elements of barriers market orientation (Picture 4). Behaviour of every worker is one of factor which effect cost efficiencies. As at managers, the first barriers could come out from the personality of workers. Any employee could not be acceptable for the specific work (towards) and any worker could be not good team worker. Every worker should be openness and responsiveness to others, only this way leads to good relations each other. Lack experiences or personal skills are second barrier connected with employees. All employees should have high qualification profile.

The last barrier could cause reward system (Pulendran, Speed & Widing, 2000; Trueman, 2004) connected with dissatisfaction of employee. We can talk about internal customer orientation (Harris & Ogbonna, 2001; Homburg & Pflesser, 2000). Every employee should know what he or she can expect for his

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or her work. Ruekert (1992) notices not only reward system orientation but recruiting and training of personal is necessary for market orientation.

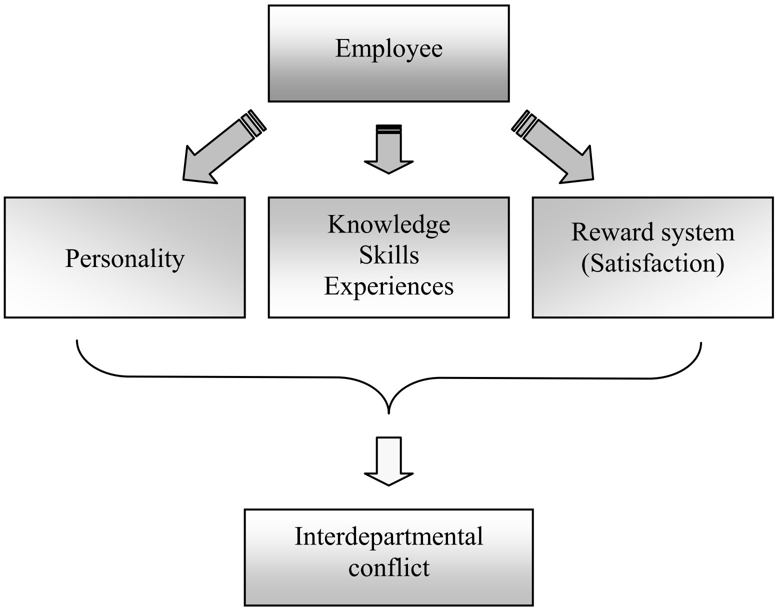

Figure 4. Employee connected barriers

The named barriers above could cause interdepartmental conflict. Interdepartmental conflict is originated by some groups of employees with different and own interests. These groups can have own intention with the firm or they can have their own vision of business.

Discussion and conclusion

Internal barriers of market orientation are closely connected to three elements, i.e. top management, interfunctional coordination and employees. These elements influence the implementation of market orientation in the firm as well as they influence each other. Only top management has special position; from above elements, the top management has the main impact on market orientation. Managers are the spirit of the company; their weak sides are weak sides of whole company. The main barriers are connected with the top management and its skills such as the perception of market orientation, personality, knowledge and experiences. The main barriers connected with top management are their perception of market orientation, personality, knowledge, skills and experiences.

It is supposed that the firm culture falls into the second group of important elements connected with internal barriers of market orientation. It is supposed that firm culture is the second important element connected with internal barriers of market orientation. Barriers connected with firm culture are mentioned in a lot of researches and studies. Firm culture influences system, structure, procedure and communication in a firm. Firm culture has a great influence on other internal element – on employee. Employees are the third element of market orientation barriers. Employees are the most important asset of whole company, but employee can cause some barriers of market orientation. They can lead to interdepartmental conflict. The goal should be to have high qualified and satisfied employees with the sense for team working and to have the flexible and a less formalization, centralization and departmentalization system.

Verification of these barriers will be realized in the recent research project “Research on implementation on market orientation in Hi-Tech Firms” supported by Grant Agency of the Czech Republic (GA 402/07/1493).

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