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VARYING LEVELS OF IMPORTANCE ATTRIBUTED TO MARKETING OUTCOMES FOR THE PURPOSES OF EVALUATIONS OF ORGANIZATIONAL EFFECTIVENESS IN THE LIGHT OF A STUDY INVOLVING COMPANY MANAGERS

Organizational evaluations are something obvious. Company effectiveness may be the subject of such an evaluation. Most often, effectiveness is associated with the accomplishment of goals. The development of marketing concepts has demonstrated numerous relationships between the results representing a firm's principal goals and its marketing outcomes. This paper aims to examine the differences in importance attached to the results of various marketing activities for the purposes of organizational assessment. Therefore, it would seem justified to expect a growing impact of marketing outcomes on the evaluation of organisational effectiveness. The results of the study proved that an increase in the significance attributed to effectiveness as a criterion for organisational evaluation was accompanied by a corresponding increase in the significance attributed to the results representing a company's principal goals. The same tendency could be observed only in respect of small number of marketing outcomes.

Key words: organizational evaluation, effectiveness, organizational goals, marketing outcomes (effects)

Introduction

For decades, marketing has been developing as a philosophy of market activity of businesses. The above development is manifested in diverse theoretical concepts of marketing. The idea behind the development of the above marketing concepts is to improve organizational effectiveness. As a consequence, a growing number of results of marketing activities have been identified which are seen as expressing the relationship between marketing actions and financial results of an organization. This paper aims to examine the differences in importance attached to the results of various marketing activities for the purposes of organizational assessment. The above problem was the focus of a research project titled "Emotional, behavioural and financial effects in the evaluation of efficiency of the business organisation" (Project No. 2012/05/B/HS4/02414), implemented in 2013-2015 with financing from the National Science Centre in Krakow. The present paper supplements the results presented in other publications¹

¹ See W. Kowal, *Synthetic Organizational Evaluation. Emotional, Behavioural and Financial Effects of Marketing Activities in Effectiveness and Efficiency Evaluation*, Publishing House of Wrocław University of Economics, Wrocław 2015

Source material and research methods

A review of the literature of the subject suggests the existence of two approaches to a firm's raison d'être. They relate to the characteristics of the outcomes of various activities performed within the organization and to their contribution to the organization's goals as well as to the criteria for organizational evaluation (including the interpretation of effectiveness as a criterion for synthetic organizational evaluation).

There have been numerous attempts at identifying and classifying the results of marketing activities. A wealth of various classifications of marketing outcomes may be found in the literature on advertising², brand management³ and in publications on various marketing concepts⁴. The characterizations of the effects of marketing activities found in the above publications are relatively selective although they point out to certain coherent interrelationships between individual outcomes (results). The underlying idea behind the above research projects was the search for a relationship between marketing activities and organizational goals. Over time, the outcomes of marketing activities became the subject of theoretical investigations in their own right. The above outcomes were classified as part of characterising the categories of marketing performance and marketing productivity⁵. The above studies have led to the division of the outcomes of marketing activities into "financial results" and "marketing outcomes". The latter ones may be classified as "behavioural results", "consumer mental results" and "market results".

As a result of the analysis of the body of theoretical work, a model (chain) of marketing productivity has been prepared which shows interdependencies between nine fundamental outcomes associated with marketing actions (see Figure 1).

Two of the above results (financial result and company value) reflect the principal goals of a firm. They are the only forms of company goals with which marketing was or is trying to establish a relationship as part of the formulated marketing concepts. Under the so-called managerial theories of the firm, sales are regarded as the principal goal of an organization⁶. On the other hand, the body of theoretical marketing research very

² See T.E. Barry, D.J. Howard *A review and critique of the hierarchy of effects in advertising*, "International Journal of Advertising" 1990, no. 9, pp. 121-135; J. Woźniczka, *Efekty reklamy w systemie komunikacji marketingowej*, Seria: Monografie i Opracowania nr 190, Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu nr 45, Wydawnictwo Uniwersytetu Ekonomicznego, Wrocław 2009

³ See D.A. Aaker, *Managing Brand Equity*, Free Press, New York 1991; K.L. Keller, *Strategic Brand Management. Building, Measuring, and Managing Brand Equity*, Prentice Hall, Upper Saddle River 1998; R.T. Rust, V.A. Zeithaml, K. N. Lemon, *Driving Customer Equity. How Customer Lifetime Value Is Reshaping Corporate Strategy*, Free Press, New York 2000

⁴ See K. Storbacka, T. Strandvik, C. Gronroos, *Managing customer relationship for profit: The dynamics of relationship quality*, "International Journal of Service Industry Management" 1994, vol. 5, no. 5, pp. 21-38; J. Egan, *Relationship Marketing*, Prentice Hall, Harlow 2001; P. Doyle, *Marketing wartości*, Felberg SJA, Warszawa 2003

⁵ See B.H. Clark., *Marketing performance measures: History and interrelationships*, "Journal of Marketing Management" 1999, vol. 15, pp. 711-732; D.V. Vorhies, N.A. Morgan, *A configuration theory assessment of marketing organization fit with business strategy and its relationship with marketing performance*, "Journal of Marketing", January 2003, vol. 67, pp. 100-115; T. Ambler, F. Kokkinaki, S. Puntoni, *Assessing marketing performance: Reasons for metrics selection*, "Journal of Marketing Management" 2004, vol. 20, pp. 475-498; R.T. Rust, T. Ambler, G.S. Carpenter, V. Kumar, R.K. Srivastava, *Measuring marketing productivity: Current knowledge and future directions*, "Journal of Marketing", October 2004, vol. 68, pp. 76-89; L. Gronholdt, A. Martensen, *Key marketing performance measures*, "The Marketing Review" 2006, no. 6, pp. 243-252

⁶ See E. Domańska, *Kapitalizm menedżerski*, PWE, Warszawa 1986

rarely puts sales among a firm's goals. It seems that managerial theories of the firm are disregarded or are not accepted by marketing.

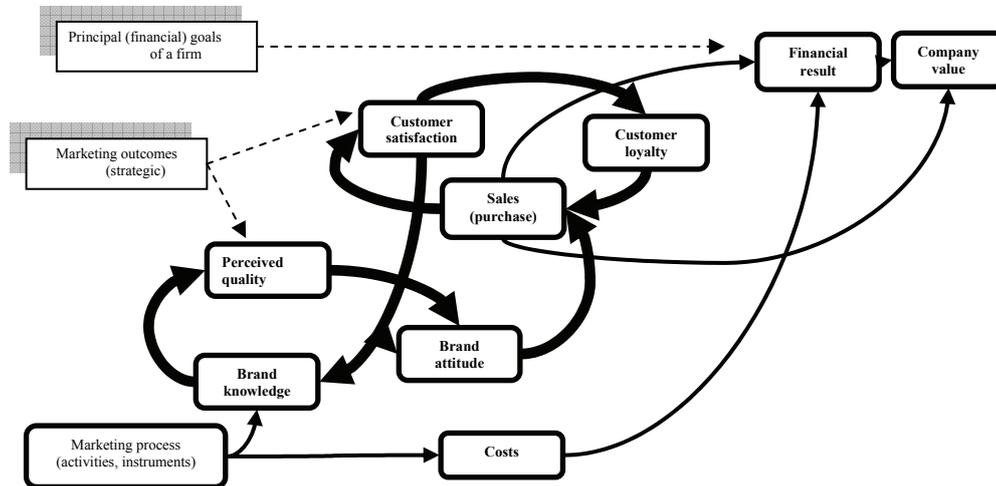


Figure 1. Model (chain) of marketing productivity

Source: W. Kowal, *Synthetic Organizational Evaluation. Emotional, Behavioural and Financial Effects of Marketing Activities in Effectiveness and Efficiency Evaluation*, Publishing House of Wrocław University of Economics, Wrocław 2015, p. 96

Source: Own work

In the formulated model (chain) of marketing productivity, the predominant marketing outcomes are those that determine the results constituting the firm's goals. These outcomes include customer loyalty, customer satisfaction, and brand attitude, perceived quality and brand knowledge. The literature of the subject offers a number of examples of interpretations of the relationships between the above outcomes and the outcomes being the organization's goals.

The criteria for organizational evaluations are another quite popular area of theoretical research in economics and management. In Poland, these problems have been studied in connection with synthetic organizational evaluation (*sprawność*). The literature of the subject includes an abundance of examples of various criteria (concepts), but most often organizational evaluations are associated with the categories of efficiency and effectiveness. The analysis of numerous examples of definitions of the above criteria made it possible to identify various approaches to their interpretation. One of the possible divisions is the division into an outcome-based approach (based on a single or multiple criteria) and behavioural⁷. The first one is adopted by the biggest number of scholars and is connected with evaluations made in the context of comparisons of outcomes. In this case, the type of outcomes to be the focus of the evaluations is the subject of debate.

⁷ W. Kowal, *op. cit.*, pp. 57-61

The most obvious alternative is to compare organizational outcomes against organizational goals or against costs (that is, to assess effectiveness or efficiency). Still another dilemma in the interpretation of the essence of outcome-based approaches to organizational evaluations is the number of criteria for such evaluations. The problem is especially apparent in the body of research on the interpretation of organizational effectiveness⁸. Ultimately, one may differentiate three basic results-based assessment criteria, i.e. effectiveness from the point of view of goals, effectiveness based on multiple criteria and economic effectiveness⁹.

Another approach worth mentioning is the behavioural approach to organizational assessments. Its essence was presented by P. Drucker (1988) as part of his interpretations of effectiveness and efficiency. The above approach is particularly evident in marketing and its examples include studies of marketing orientation or of marketing effectiveness¹⁰. However, it is worth noting that the behavioural approach is less results-based.

The problem being at the focus of the present paper is analysed in the context of the above-outlined development tendencies of the body of theoretical economic research. It concerns the changeability of the perceived significance of marketing results for organizational assessments (in this case for the evaluations of effectiveness). If the role of marketing is to serve the accomplishment of a firm's goals (effectiveness), it seems justified to identify the importance of various outcomes for the purposes of such evaluations. As could be noticed, effectiveness may be evaluated using a single or multiple criteria. It then seems reasonable to consider whether a preference for effectiveness as a criterion for organizational assessment is associated with an increase in the perceived significance of only these outcomes that represent organizational goals or maybe it is also accompanied by an increase in the perceived significance of marketing outcomes. In light of the literature review it is justified to expect a dependence between a higher importance attributed to effectiveness (as a criterion for organizational assessment) and the firm's outcomes representing the company's goals (such as financial results, company value and even sales). The question of the impact of marketing results remains more open for debate. The literature of the subjects abounds in examples of relationships between marketing outcomes and the firm's principal goals, which should justify the increased significance of marketing results for the evaluation of organizational effectiveness.

Results and discussion

The above-formulated problem was analysed on the basis of measurements based on a series of CATI interviews. The interviews were conducted on a group of respondents including CEOs/directors of companies, marketing managers and employees investing in shares. The sample consisted of 575 respondents. The respondents represented compa-

⁸ See R.M. Steers, *Problems in the measurement of organizational effectiveness*, "Administrative Science Quarterly" 1975, vol. 20, no. 4, pp. 546-568; P. Chelladurai *Multidimensionality and Multiple Perspectives of Organizational Effectiveness*, "Journal of Sport Management" 1987, 1, pp. 37-47

⁹ See W. Kowal, *op. cit.*, p.59

¹⁰ See P. Kotler, *From sales obsession to marketing effectiveness*, "Harvard Business Review", November-December 1977, vol. 55, no 6, pp. 67-75

nies with employment exceeding 250 whose core business was in the consumer products market. The above sample selection made it possible to observe the differences in organizational evaluations within a relatively coherent respondent group. The measurements of preferences for various criteria of synthetic organizational evaluation were made using rank scales and descriptions (definitions) of various organizational assessment criteria (the names of these criteria were not presented to the respondents). On the other hand, the measurement of the impact of various outcomes on synthetic organizational evaluation (*sprawność*) was made using a 7-degree interval scale.

Firstly, the general results relating to the significance of various outcomes for synthetic organizational evaluation should be presented. Figure 2 shows the mean impact scores for the above variables and their coefficients of variation for all the respondents.

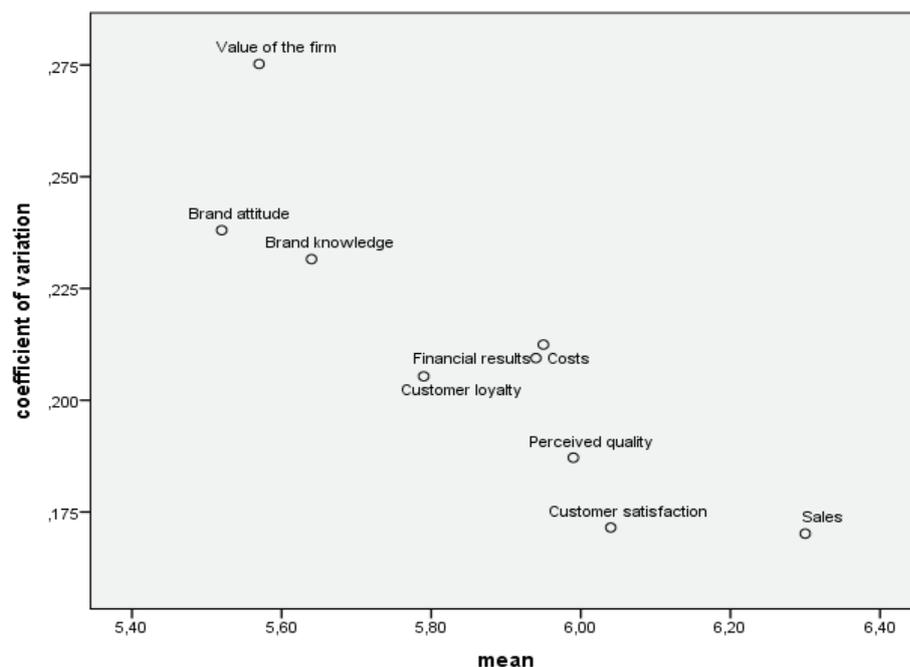


Figure 2. Map of mean impact scores and coefficient of variation for marketing and financial outcomes in synthetic organizational evaluation – overall results

Source: W. Kowal, *Synthetic Organizational Evaluation. Emotional, Behavioural and Financial Effects of Marketing Activities in Effectiveness and Efficiency Evaluation*, Publishing House of Wrocław University of Economics, Wrocław 2015, p. 122

The results of the study showed that sales and customer satisfaction had the highest mean value but first of all a low coefficient of variation. The above may suggest their relatively stable impact on organizational evaluation. The outcomes representing the firm's principal goals (financial results and company value) were characterised by lower mean values and a higher variation. The above was particularly evident for company value. The above variable had one of the lowest mean values (next to two other

variables, i.e. brand attitude and brand knowledge), and it also had the highest coefficient of variation. Such a high coefficient of variation for the above variable (company value) indicates that it has a varying importance for organizational evaluations. Therefore, it will be interesting to discover whether a higher perceived significance of effectiveness as a criterion for organizational evaluation will explain the observed variation. The analysis of the variability of the mean impact scores of the above marketing and financial outcomes of a firm depending on the perception of effectiveness as a criterion for organizational evaluation would exclude or not exclude the above-mentioned relationship.

In order to identify the expected interdependence, respondents were divided into those showing a higher preference for effectiveness as a criterion for organizational evaluation and those showing a higher preference for other criteria (such as economic efficiency and behaviour-based evaluations). The above classification was made on the basis of ranks assigned to individual criteria for organizational evaluation. The obtained rank distribution made it possible to make unambiguous classification of the preferences for 326 respondents (other cases were excluded from the analysis). It should also be pointed out that two forms of effectiveness were considered: effectiveness as an evaluation based on comparisons with goals and as a multi-criteria evaluation. Table 1 presents the t-test results for the analysed variables broken down into the above-mentioned two groups.

Table 1. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable: effectiveness vs. other criteria for organizational assessment

		Levene's test homogeneity of variances		T-test for equality of means		
		F	Significance	t	df	Significance (double-sided)
Customer loyalty	Assumed equality of variances	,162	,688	2,117	324	,035
	No assumed equality of variances			2,176	243,425	,031
Customer satisfaction	Assumed equality of variances	,205	,651	2,281	324	,023
	No assumed equality of variances			2,330	239,200	,021
Brand attitude	Assumed equality of variances	5,184	,023	,201	324	,841
	No assumed equality of variances			,220	285,242	,826
Perceived quality	Assumed equality of variances	2,365	,125	1,358	324	,175
	No assumed equality of variances			1,406	248,134	,161
Brand knowledge	Assumed equality of variances	,255	,614	1,154	324	,249
	No assumed equality of variances			1,223	264,323	,222
Financial result	Assumed equality of variances	,226	,635	2,170	324	,031
	No assumed equality of variances			2,227	242,280	,027
Costs	Assumed equality of variances	,155	,694	2,364	324	,019
	No assumed equality of variances			2,450	249,066	,015
Value of the firm	Assumed equality of variances	,686	,408	2,322	324	,021
	No assumed equality of variances			2,402	247,662	,017
Sales	Assumed equality of variances	,931	,335	1,212	324	,227
	No assumed equality of variances			1,324	285,443	,187

Source: elaboration based on own research

The results obtained show an increase in mean values for the group with a preference for effectiveness as the criterion for organizational evaluation. The test result indicates that the observed differences are statistically significant only for five variables (outcomes), i.e. for the financial result, company value, costs, customer loyalty and customer satisfaction. Two of the above variables represent outcomes classified as the firm's principal goal (financial result and company value) and the growth of their mean values was expected. Among marketing outcomes, only two (customer loyalty and customer satisfaction) had a noticeable increase in the impact on the evaluation (increase in mean values). The above means that the results of the study do not exclude a scenario where an improvement in these outcomes may increase the evaluation of the firm's effectiveness. The remaining variables (marketing outcomes) did not demonstrate any statistically significant increase in mean values. Sales were observed to have a stable significance for organizational evaluation (no significant change in mean value). In each of the groups covered by the research, this variable had the highest mean value. Surprisingly, an increase was observed in the impact of costs as a criterion for organizational evaluation. Although, the "opposition" group had a mixed character (showed a preference for either economic effectiveness or for behaviour-based evaluation), but other analyses carried out under the study did not show other dependencies relating to costs¹¹.

Conclusions

The results obtained justify a suggestion that a preference for effectiveness as a criterion for organizational evaluation is associated with higher perceived importance of outcomes representing the firm's principal goals. The observed growth in the importance (impact) of these outcomes has its theoretical justification and therefore it is obvious. Among other variables, only two marketing outcomes demonstrated a significant covariance. Improved customer satisfaction and customer loyalty covaried with a preference for effectiveness as a criterion for organizational evaluation. In light of the results of the study, the remaining outcomes (their improvement) do not necessarily have to be associated with improved organizational effectiveness.

Further research might examine the role of other marketing outcomes (effects) in evaluating an organization. It is important to understand the role of marketing for organization.

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Zmienność wpływu efektów marketingowych na ocenę skuteczności przedsiębiorstwa w świetle wyników badań menedżerów przedsiębiorstw

Streszczenie

Ocena przedsiębiorstwa jest czymś oczywistym. Skuteczność przedsiębiorstwa jest przykładem jednej z takich ocen. Najczęściej jest ona kojarzona z realizacją celów. Rozwój koncepcji marketingowych uzasadnia liczne związki między efektami reprezentującymi cele podstawowe przedsiębiorstwa a efektami marketingowymi. Celem artykułu jest próba rozpoznania zmienności znaczenia różnych efektów działań marketingowych dla ocenę przedsiębiorstwa. Zasadne wydaje się oczekiwanie wzrostu wpływu efektów marketingowych na ocenę skuteczności przedsiębiorstwa. Wyniki przeprowadzonego wykazały, iż wzrostowi percepcji znaczenia skuteczności jako kryterium oceny przedsiębiorstwa towarzyszył wzrost percepcji znaczenia efektów reprezentujących cele podstawowe przedsiębiorstwa. Taką samą tendencję dało się zauważyć jedynie w odniesieniu do nielicznych efektów marketingowych.

Słowa kluczowe: ocean przedsiębiorstwa, skuteczność, cele przedsiębiorstwa, efekty działań marketingowych

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