Engendering a Market Orientation:  
Exploring the Invisible Role of Leaders’ Personal Values

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ABSTRACT

With the emergence of a ‘second generation of market orientation’, the topic has become a rich field for researchers to cultivate. Though marketing scholars have turned their attention to the critical role top leaders play in shaping and creating a market oriented organization, no research to date has considered the impact of leaders’ personal values in the process of engendering a market orientation. We argue that personal values, the primary driver of motivation, fundamentally determine human behavior. The objective of this study is to fill the gap in the current literature by systematically exploring the relationship between the two constructs. In this paper, a series of propositions is derived which suggests that leaders with different sets of personal values tend to emphasize different dynamics of market orientation. Consequently, we postulate that personal values play an invisible yet powerful role in impeding or facilitating the development of a market orientation. This research leads to an important implication for managers: a more balanced market-orientated approach can be achieved if managers become more aware of the personal values they possess.

KEYWORDS: Personal values; market orientation; business performance
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INTRODUCTION
Market orientation, the implementation of the marketing concept, is considered as a cornerstone of the marketing discipline (Kohli and Jaworski, 1990). Researchers have been relentless in their pursuit of an understanding of the nature of a market orientation (e.g. Kohli and Jaworski, 1990; Narver and Slater, 1990; Shapiro, 1988), to illustrate a direct causal link between market orientation and performance (e.g. Narver and Slater, 1990; Cano, Carrillat and Jaramillo, 2004), and even to investigate a moderated relationship (e.g. Slater and Narver, 1994; Deshpande and Farley, 2004; Deshpande, Farley and Webster, 1993; Han, Kim and Srivastava, 1998). Moreover, a stream of research has turned its attention to the critical role senior managers play in shaping and developing a market oriented organization. For example, Kohli and Jaworski (1990) assert that the commitment of top managers is an essential prerequisite to a market orientation. Likewise, Webster (1988) reports that a market orientation appears to be facilitated by the amount of emphasis senior managers place on market orientation.

According to Slater and Narver (1995, p. 456), “a market oriented culture can achieve maximum effectiveness only if it is complemented by a spirit of entrepreneurship and an appropriate organizational climate”. While there is no shortage of research which provides evidence of the link between senior management behavior and market orientation (e.g. Felton, 1959; Hambrick and Mason, 1984; Harris and Ogbonna, 2001; Harris and Piercy, 1999; Webster, 1988; Payne, 1988; Kohli and Jaworski, 1990; Locander et al., 2002), no existing study has focused
specifically on the impact of leaders’ personal values in the process of engendering a market orientation.

People and their personal values reflect differentiation and provide enduring sources of competitive advantage for the firm (Dalton, 2005; Pfeffer, 2002). Organizational research has indicated that leaders’ personal values can exert a profound impact on their attitudes and decision making (England, 1975). Leaders with articulated sets of personal values make choices more easily and tend to build lasting results. In contrast, leaders lacking a clear set of personal values, rudderless leaders, constantly shift from goal to goal (Ulrich, Zenger and Smallwood, 1999). It is believed that organizational outcomes – both strategies and effectiveness – are reflections of the personal values and cognitive bases of powerful leaders in the organization (Hambrick and Mason, 1984). Personal values, the primary driver of motivation, provide a reference point for deciding whether actions are good or bad, appropriate or inappropriate, right or wrong (Sullivan, 2002). Individuals constantly assess what they and other people do and use personal values as the yardstick (Sullivan, 2002). As Rokeach (1973) concludes, personal values are significantly related to all kinds of behavior.

We argue that a better understanding of leaders’ personal values can provide us with a deeper insight into their attitude towards market orientation. The objective of this research is, therefore, to fill the gap in the current marketing literature by exploring the following question: what role do leaders’ personal values play in the process of developing a market orientation? The paper is organized as follows: first, we provide a brief review of the literature on personal values and market orientation. Second, we systematically examine the impact of personal values on market orientation and the market orientation - business performance relationship. A conceptual
framework is then presented. Third, conclusions and managerial implications are discussed and finally suggestions for future research are indicated.

THEORETICAL BACKGROUND

Personal values

The concept of personal values holds a central position across all the social sciences (Kluckhohn, 1951; Williams, 1968). Personal values have been defined as “desirable goals, varying in importance, that serve as guiding principles in people’s lives” (Schwartz and Sagiv, 1995, p.93). Personal values are used to predict various kinds of behavior (Kamadura and Jose, 1991) and are viewed as criteria or standards people use to select and justify actions and to evaluate people and events (Kluckhohn, 1951). They are key to the formation of the human character (Cowan and Todorovic, 2000). The priorities that individuals attribute to different values reflect their temperaments, personalities, socialization experiences, unique life experiences and surrounding culture (Rokeach, 1973; Smith and Schwartz, 1997).

Following Rokeach’s (1973) work, Schwartz derived ten motivationally distinct types of values based on three universal human requirements to which all individuals and societies must be responsive: the needs of individuals as biological organisms, the requisites of coordinated social interaction, and the requirements for the smooth functioning and survival of groups. For example, the need for control and mastery may be transformed into values for independence and freedom; requirements for coordinating resource exchange may be transformed into values for honesty; and demands for group survival transformed into values for national security (Schwartz, 1990). In total 57 values were selected to represent the 10 value types (Power, Achievement, Hedonism, Stimulation, Self-Direction, Universalism, Benevolence, Tradition, Conformity, Security). Each
defined in terms of its central goal. For instance, the motivational goal of *Power* is social status and prestige, control of people and resources, whereas the motivational goal of *Security* is safety, harmony and stability of society and of relationships. The ten motivational value types can be organized in four higher order value domains that form two bipolar dimensions, reflecting: **Openness to change** (*self-direction* and *stimulation*) versus **Conservation** (*security*, *conformity* and *tradition*) and **Self-transcendence** (*universalism* and *benevolence*) versus **Self-enhancement** (*power* and *achievement*). *Hedonism* is related both to Openness to change and Self-enhancement (Figure 1).

<insert Figure 1 here>

**Market orientation**

Market orientation is considered to include activities involved in the implementation of the marketing concept (Kohli and Jaworski, 1990), which has been defined as the firm’s willingness to recognize and understand consumers’ needs and wants, and a willingness to adjust any of the marketing mix elements to satisfy those needs and wants (Houston, 1986). The marketing concept holds that the key to achieving organizational goals is to be more effective and efficient than competitors in identifying and in satisfying the needs of target markets (Narver, Slater and MacLachlan, 2004).

There has been a significant amount of research on market orientation since the early 1990s. Market orientation has been mainly conceptualized from two perspectives in the literature: a behavioral (Kohli and Jaworski, 1990) and a cultural perspective (Narver and Slater, 1990). Kohli and Jaworski (1990) define a market orientation as composed of three sets of activities:
organization-wide generating, disseminating and responding to market intelligence. Market intelligence refers to data not only about customers, but also about competitors and other constituencies. This behavioral view of market orientation focuses on specific behaviors and therefore facilitates operationalizing the market orientation construct. In parallel with Kohli and Jaworski’s conceptualization, Narver and Slater (1990) view market orientation as the form of organizational culture which consists of three components (customer orientation, competitor orientation and interfunctional coordination) and two decision-making criteria (a long-term focus and a profit focus). Each component involves intelligence generation, dissemination, and responsiveness to the collected information. The two conceptualizations share something in common: they generally mean “learning about market developments, sharing this information with appropriate personnel, and adapting offerings to a changing market” (Jaworski, Kohli and Sahay, 2000, p.45). In this paper, the cultural perspective of market orientation is adopted.

EXPLORING THE ROLE OF LEADERS’ PERSONAL VALUES IN THE PROCESS OF ENGENDERING A MARKET ORIENTATION

In this study, we examine each domain of personal values (i.e. Openness to change, Conservation, Self-enhancement, Self-transcendence) and its influence on each dynamic of a market orientation (i.e. Customer orientation, Competitor orientation and Interfunctional coordination) - a componentwise approach suggested by Greenly (1995). By looking at each domain of personal values rather than looking at two dimensions i.e. Openness to change versus Conservation and Self-enhancement versus Self-transcendence as carried out by Steenkamp, Hofstede and Wedel (1999), we are able to emphasize the uniqueness of each type of manager and his/her unique perception on market orientation.
Openness to change

The Openness to change dimension consists of self-direction, stimulation and hedonism value types. People with strong Openness to change values tend to have independent thought and action and choose excitement, novelty and creation in their lives (Schwartz 1992). It is expected that leaders with such a set of personal values are more likely to be open to new ideas and be more willing to accept changes – critical managerial factors for engendering a market orientation (Kohli and Jaworski, 1990). The rationale behind this view is that customer orientation, which has been considered the most fundamental aspect of an organizational culture (e.g. Deshpande, Farley and Webster, 1993), places the highest priority on the interests of customers. Specifically, customer orientation is the sufficient understanding of target customers and continuously finding ways to provide superior value for them (Narver and Slater, 1990). It involves being responsive to changing customer needs with innovative marketing programme and strategies, which can be viewed as continuous innovative behaviour (Kohli and Jaworski, 1990). A positive attitude toward change and a willingness to innovate, therefore, are likely to facilitate a customer orientation (Rogers, 1983; Kohli and Jaworski, 1990).

Moreover, leaders with such a set of values are often driven by stimulation. Intellectual stimulation from the leader encourages followers to find creative ways to improve their performance (Podsakoff et al., 1990). It is believed that employees’ creativity is essential because successful market-driving strategies often come from breakthrough innovations that have the potential to improve the value proposition to customers (Kumar, Scheer and Kotler, 2000; Carrillat, Jaramillo and Locander, 2004). The Openness to change managers often have a creativity system installed (Kao, 1997). For instance, Marissa Mayer, director of consumer Web products at Google always ‘keeps her ears open’ and has become a powerful force of innovation
inside the fast growing company. As the gatekeeper for new products, Mayer helps to figure out how to make sure good ideas get the attention they need. The sophisticated satellite images of the world Google offers is just one example (Elgin, 2005).

Meanwhile creative and open-minded leaders are also expected to be alert to the moves made by competitors. Competitor orientation mainly focuses on three questions: (1) Who are the competitors? (2) What technologies do they offer? (3) Do they represent an attractive alternative from the perspective of the target customers? (Slater and Narver, 1994). We suspect that Openness to change leaders very often adapt such strategies that can facilitate them to anticipate and come out with solutions better and sooner than their competitors. For example, Google introduced its desktop search two months earlier than its big rival, Microsoft. In addition, Openness to changes leaders tend to be open to different opinions and are likely to be frequent and effective communicators, which can promote a learning environment thus encourage market intelligence dissemination within the organization (Sinkula, 1994; Slater and Narver, 1995).

Furthermore, as leaders with strong Openness to change values are inclined to seek challenges in life, they tend to have a high tolerance for risk (Schwartz, 1992). Kohli and Jaworski (1990) report that the greater the risk aversion of top leaders, the lower the market orientation of the organization. In sum, we expect that:

**Proposition 1:** The stronger the Openness to change values held by leaders, the more likely will the development of a market orientation be fostered.

More specifically, Openness to change is

(a) positively related to customer orientation
(b) positively related to competitor orientation
(c) positively related to interfunctional coordination.
Conservation

Three values types form the Conservation dimension of personal values, namely security, conformity, and tradition. Specifically, security values emphasize safety and stability of society, while conformity values emphasize self-restraint in everyday interaction. The motivational goal of tradition values is respect, commitment and acceptance of the customs and ideas that one’s culture or religion imposes on the individual (Schwartz, 1992). In contrast with people who hold strong Openness to change values, people with dominant Conservation values try to avoid changes in life and try to restrain actions (Schwartz, 1992). They tend to accept ideas that tradition provides, thus lack creativity. Leaders with such a bundle of personal values are inclined to develop an ‘inner-directed’ orientation that pays little attention to what competitors are doing or what customers believe (Day and Nedungadi, 1994). As a result, this self-centered orientation is associated with low use of external information and an unsure view of competitive strategy (Day and Nedungadi, 1994). Such an attitude can be the potential impediment that restricts market orientation development. Furthermore, we suspect that leaders with strong Conservation values are more likely to stress regulations and formal structures. Formalization concerns the degree to which employee actions and job requirements are made explicit in the form of rules, procedures, policies and regulations (Goebel, Marshall and Locande, 2004; cf. Hall, 1967; Aiken and Hage, 1966; Pugh et al., 1968). Both organizational behaviour (e.g. Hage and Aiken, 1970) and marketing research (e.g. Deshpande and Zaltman, 1982) disciplines have shown that fewer formalized procedures provide employees with greater flexibility to carry out their tasks. In these circumstances employees tend to make extensive use of market research information whereas firms which are more formalized are likely to make less use of market information. We also suspect that managers with such value sets are more likely to develop a culture of hierarchy. Previous research demonstrates that decision making leaders at the upper levels of the hierarchy
may feel inclined to communicate less with leaders in other functional departments (Hage, Aiken and Marrett, 1971; Goebel, Marshall and Locande, 2004) We thus propose the following proposition:

**Proposition 2:** The stronger the Conservation values leaders hold, the more likely will the development of a market orientation be hindered.

More specifically, Conservation is:

(a) negatively related to customer orientation (b) negatively related to competitor orientation and (c) negatively related to interfunctional coordination.

**Self-enhancement**

People with dominant Self-enhancement values, which include *hedonism, achievement* and *power* value types, will be inclined to attempt to control people and to seek personal success through demonstrating competence according to social standards and prestige (Schwartz, 1992). Self-enhancement leaders are characterized as ambitious, successful, capable, and influential (Schwartz, 1992). We suspect that such leaders inherently have a competitive nature, i.e. they pay considerable attention to the strengths, weaknesses, and capabilities of competitors (Narver and Slater 1990) and their strategic actions are likely to be based on activities of competitors (Day and Nedungadi, 1994). Driven by success, Self-enhancement leaders, while watching out for their competitors, also tend to seek every potential growth opportunities by continuously introducing new products to satisfy the apparent and potential customer needs. On the other hand, as the motivational goal of power is to control over people and resources, and to enhance their personal interests (even at the expense of others) (Schwartz, 1992), such leaders consciously or unconsciously may cause conflicts within the organization. Interdepartmental conflict inhibits
communication across departments and therefore, hinders the development of a market orientation (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993). We now suggest that:

**Proposition 3:** The Self-enhancement values have a mixed impact on market orientation. More specifically, Self-enhancement is:

(a) positively related to customer orientation (b) positively related to competitor orientation and (c) negatively related to interfunctional coordination

**Self-transcendence**

The Self-transcendence dimension consists of two value types: *Universalism*, the motivational goal of which is understanding, appreciation, tolerance, and protection for the welfare of all people and for nature itself, and *Benevolence* which emphasizes preservation and enhancement of the welfare of others in close proximity in everyday interaction (Schwartz, 1992). Leaders with strong Self-transcendence values are more concerned for the benefits of others which leads us to expect that they are more sensitive to the needs of customers. However, because of the ‘soft’ nature of Self-transcendent people, they tend to be less competitively orientated.

These people tend to be supportive leaders, however, who can be viewed as sympathetic, amicable and considerate of subordinate needs, which has been found to be positively associated with a market orientation (Harris and Ogbonna, 2001). Additionally, leaders with such a set of personal values tend to avoid conflicts within the organization. By avoiding conflicts, leaders are able to encourage market intelligence dissemination by smooth interfunctional coordination (Narver and Slater, 1990). We now suggest that:
Proposition 4: The Self-transcendence values have a mixed impact on market orientation. More specifically, Self-transcendence is:
(a) positively related to customer orientation (b) negatively related to competitor orientation and (c) positively related to interfunctional coordination.

Market orientation and business performance

A significant number of studies indicate a positive association between market orientation and business performance (e.g. Kirca, Jayachandran and Bearden, 2005; Narver and Slater, 1990; Jaworski and Kohli, 1993). We, therefore, anticipate that:

Proposition 5: The greater the market orientation is facilitated within the organization, the better the business performance.

CONCEPTUAL FRAMEWORK

The conceptual framework is illustrated in Figure 2. This research indicates that leaders with Openness to change values are inclined to encourage market orientation development. Conversely, leaders with Conservation values are likely to impede market orientation. On the other hand leaders holding dominant Self-enhancement and Self-transcendence values have a mixed emphasis on different dynamics of a market orientation. Business performance can by enhanced by a greater market orientation.

<insert Figure 2 here>
CONCLUSIONS AND MANAGERIAL IMPLICATIONS

A market orientation has been and should continue to be a source of competitive advantage for any organization (Slater, 2001). The marketing literature has acknowledged the critical role leaders play in creating and shaping a market oriented culture. However, to truly understand the significant impact of leaders on the development of a market orientation, we argue that a reflection on leaders’ personal values is strongly needed as personal values inherently determine human behaviour. No research to date, however, has been specifically devoted to this important topic. In this paper, we take the first steps by including the effect of personal values into the study of market orientation. Propositions have been derived which suggest that leaders with different sets of personal values are inclined to emphasize different dynamics of market orientation. We postulate that personal values play an invisible yet powerful role in either hindering or facilitating the market orientation development in an organization. In addition, this study covers psychological, anthropological and marketing literature, a multi-disciplinary approach, which has been encouraged by marketing scholars (e.g. Verbeke, Belschak, and Bagozzi, 2004). Such an approach provides a new perspective for market orientation research.

Apart from its theoretical contributions, this study also offers some important insights for managers. Only if managers know themselves better can they understand their behaviour and decisions better. As organizations are driving to become more market-focused, managers need to recognize that the ‘soft’ variables, the personal values they hold, can have a profound impact on the development of a market orientation. If managers can be aware of the particular dominant personal values they possess, they will be able to pursue a more balanced market-oriented strategy by intentionally overcoming their own ‘weaknesses’. Leaders with strong Conservation values, for example, can improve their market-orientated approach by hiring or working closely
with open minded people to be ‘stimulated’ by new ideas. Self-enhancement leaders can minimize conflicts arising from their strong selfinterested-driven behaviour by employing a Self-transcendent assistant, who may be more sensitive to other people and environment. Meanwhile, Self-transcendent leaders can certainly enhance their customer and competitor focused attitudes by observing and absorbing the good quality of Openness to change and Self-enhancement employees. If leaders recognize the invisible role that personal values play, they may be able to create a more balanced market-orientated organization and, hence, create competitive advantage for the firm. But such balance can only be achieved if leaders know themselves or as the ancient Chinese war strategist Sun Tzu said ‘know yourself and your opponent to be guaranteed victory’.

LIMITATIONS AND FURTHER RESEARCH

The limitations of this study offer some opportunities for future research. Firstly, the impact of personal values on other organizational variables known to drive market orientation, such as organizational culture (Deshpande and Farley, 2004), organizational learning (Slater and Narver, 1995; Sinkula, 1994), organizational innovativeness (Han, Kim and Srivastava, 1998) needs to be further explored. Secondly, environmental characteristics, which have been found to have a mediation effect in a number of studies (e.g. Slater and Narver, 1994; Han, Kim and Srivastava, 1998), have not been considered in this paper. A study that would include environmental conditions to examine the contingencies for the relationship between personal values and market orientation is recommended. Thirdly, the objective of this research is theory building rather than theory testing, giving rise to the obvious need for future study to validate our research propositions empirically.
FIGURE 1: Schwartz’s Theoretical Structure of Ten Motivational Types of Values

Source: Adapted from Schwartz (1992); modified by Sousa and Bradley (2002)
FIGURE 2: The Role of Leaders’ Personal Values in Engendering a Market Orientation

Personal Values

- Openness to change
  - $P_{1a}$ (+)
  - $P_{1b}$ (+)
  - $P_{1c}$ (+)

- Conservation
  - $P_{2a}$ (-)
  - $P_{2b}$ (-)
  - $P_{2c}$ (-)

- Self-enhancement
  - $P_{3a}$ (+)
  - $P_{3b}$ (+)
  - $P_{3c}$ (-)

- Self-transcendence
  - $P_{4a}$ (+)
  - $P_{4b}$ (-)
  - $P_{4c}$ (+)

Market Orientation

- Customer Orientation
- Competitor Orientation
- Interfunctional Coordination

Business Performance

$P_5$ (+)
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