A FIVE-COUNTRY STUDY ON THE CURVILINEAR PERFORMANCE CONSEQUENCES OF RESPONSIVE AND PROACTIVE MARKET ORIENTATION

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ABSTRACT

Recent research addresses one of the shortcomings of the traditional market orientation (MO) conceptualization – the missing inclusion of proactive search for latent customer needs – by adding the dimension of proactive MO (Narver, Slater, & MacLachlan, 2004). Extant empirical research on proactive MO validates its positive relationship with new product success (Narver et al., 2004; Atuahene-Gima, Slater, & Olson, 2005; Tsai, Chou, & Kuo, 2008) and from a customers' perspective with superior value (Blocker, Flint, Myers, & Slater, 2010). However, the positive perception of responsive and proactive MO's linear relationship with new product success might neglect the potential costs associated with each dimension of market orientation and contradictory results concerning the non-linearity of these effects remain (Atuahene-Gima et al., 2005; Tsai et al., 2008).

Therefore the present study poses the research questions: Does the combination of responsive and proactive market orientation lead to superior performance? How are the curvilinear relationships of both facets of MO with firm performance? And are these relationships influenced by different cultural contexts? A theoretical model that integrates responsive MO, proactive MO and firm performance is developed and empirically tested for interaction and curvilinear consequences of responsive and proactive MO.

Survey data was generated in five national contexts — Austria, Switzerland, Germany, Thailand, and the US — with strong differences in the major cultural dimensions from Hofstede (2001), to examine cross-cultural generalizability. Overall, 737 usable answers were generated: 51 from Austria, 98 from Switzerland, 183 from Germany, 257 from Thailand, and 148 from the US.

Hierarchical regression analysis reveals that both MO facets are positively related with firm performance. But beyond a certain level responsive MO may become detrimental to firm performance (inverse u-shaped relationship), while a substantial level of proactive MO may be necessary to contribute to performance (u-shaped relationship). Contrary to the presented arguments, the combination of both orientations is not positively related to firm performance. Results indicate that these relationships are not subject to national cultural influences.

References available upon request