

Marketing Research

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*How to Decide Which Way to Go in a
Rapidly Changing World?*

*Market Orientation Moderating the
Effects of Reflexivity on Committee
Decision-Making*

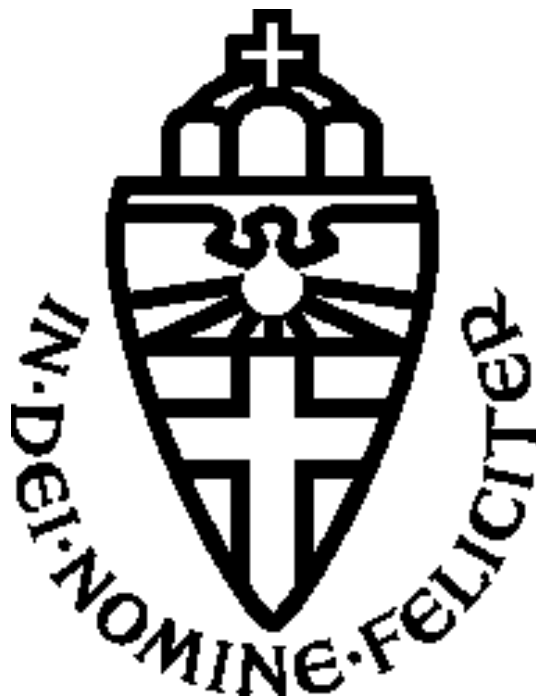
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How to Decide Which Way to Go in a Rapidly Changing World?

*Market Orientation Moderating the Effects of Reflexivity on Committee
Decision-Making*



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Keywords: Committees, Decision-Making Performance, Reflexivity, Market Orientation, Uncertainty

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Abstract

Purpose - The purpose of this research is the empirical investigation of the influence of market orientation as a strategic stance on effectiveness and efficiency of a decision-making process under varying project environmental conditions.

Market orientation is defined as: the organization wide generation of market information mainly pertaining to customers and competitors, dissemination of this information across the business and the organization wide responsiveness with coordinated efforts to it. Market orientation refers to the idea of openness to the world outside and it is a strategic stance on organizational level. Reflexivity is a 'stop and think attitude' and a dynamic capability on committee level. We investigate the moderating role of market orientation on the relationship between reflexivity and the screening decision-making performance of committees.

Design/methodology/approach – Since it is very difficult to capture the complex project environment in an experiment, a field research is developed. The added value of this methodological approach is measuring a decision-making process in the reality of the complex project environment.

Findings – Market orientation is thought to moderate the relationship between reflexivity and decision-making effectiveness and efficiency. The moderation is supported for information gathering and a customer orientation on organizational level. Besides, it shows to be negative. This result means a weakening of the positive relationship between reflexivity and decision-making effectiveness. When the organization embraces market orientation as a strategic stance, reflexivity becomes a real challenge. More information is generated, meaning that it needs to be dosed and prioritized by the committee. The committee members need to get the screening task done in same available time, so the efforts need to be allocated in a good way. Reflexivity is supposed to be limited, because no extra time is available and more actions are required. Moreover, open committee climate affects reflexivity and transformational chairman leadership.

Implications – This exploratory field research combines a dynamic capability and market orientation perspective. On the one hand, market orientation as a strategic stance embraced by the organization creates benefits. On the other hand, it creates new challenges with regard to prioritizing information and prevention of an information overload and myopia.

Practical implications – Effectiveness of decision-making could be improved by embracing market orientation as a strategic stance on organizational level. This situation leads to benefits in terms of the availability of information. However, because committees are performing under high levels of complexity and uncertainty, it is important that the committee (chairman) prevent an information overload by dosing and prioritizing the information. An open committee climate and transformational chairman leadership enhance reflexivity and processing the information gathered.

Social Implications – A more efficient decision-making process directly means a reduction of the waste of meeting time. A more effective decision-making process indirectly means a reduction of the amount of money spent on bad investment projects.

Originality/value – The study is thought to be unique because it is a field study. Moreover, in recent research the dynamic capability perspective is assessed to be an important viewpoint to look at decisions. Finally, the combination of a market orientation and dynamic capability perspective is new.

Keywords: Committees, Decision-Making Performance, Reflexivity, Market Orientation, Uncertainty.

Executive Summary

Purpose

Market orientation is defined as: the organization wide generation of market information mainly pertaining to customers and competitors, dissemination of this information across the business and the organization wide responsiveness with coordinated efforts to it. Market orientation refers to the idea of a strategic stance and openness to the world outside. The purpose of this research is the empirical investigation of the influence of market orientation on the effectiveness and efficiency of the decision-making process of committees under varying project environmental conditions. New knowledge is created by combining a dynamic capability and market orientation perspective. This research will contribute to the innovation and decision-making literature by addressing the gap of the relationship between the strategic stance market orientation, reflexivity and committee decision-making performance on an under researched (committee) level.

Research

This field research investigates how the effectiveness and efficiency of the decision-making process can be better understood. Good decision-making is a challenging task, because committee members do not necessarily work and make decisions together. Moreover, they do not know each other and each others' expertise very well and their interests might be conflicting. Furthermore, performing under dynamic and uncertain conditions is a real challenge for these committees. Information plays a role in the decision-making process. Therefore, it is impossible to neglect information processing in committees. This research focuses on a specific case wherein decisions are made regarding innovation and investments project proposals. In evaluating these project proposals go/no-go decisions and decisions regarding allocation of budgets are made.

These decisions are referred to as screening decisions. With respect to these challenges and importance of information processing in committees, the following *research question* is formulated: *What is the influence of market orientation as a strategic stance on organizational level on the relationship between reflexivity and committee decision-making performance?*

Conclusions

With the aim of answering our research question, the (online) survey results are analyzed with partial regression analyses. The answer to the research question is that when an organization has embedded a strategic stance of being market oriented, this provides the benefit of gathering much information. This information directly facilitates the screening decision-making process for committees. However, the interaction of reflexivity and market orientation on organizational level seems to have a negative effect on the relationship between reflexivity and decision-making effectiveness. With regard to decision-making effectiveness, too much information collected by market orientation on organizational level, and besides too much customer orientation, could lead to an information overload, myopia and expense of large amounts of money on bad investment projects.

Therefore, when information about the technology, customer and competitor is gathered, the committee and chairman need to process, prioritize and dose information in a delicate way to prevent an information overload. Furthermore, when the organization is customer-oriented, attention should be paid to prevent myopia. For instance about competitors or the complex, (un)certain and stable or dynamic project environment. When not doing this, reflexivity becomes a real challenge.

In this whole process the committee chairman has a prominent role, because (s)he has to encourage the committee members to evaluate, discuss and adapt the way of making use of tools, information and decisions. Committee members should have a feeling of trust, freedom of discussing, evaluating and listening to each other. In such an environment knowledge sharing will be enhanced, what improves information processing and by that decision-making performance.

Conclusively, the current innovation and decision-making literature is expanded by new created knowledge about the limitations of reflexivity. Market orientation as a strategic stance embraced by the organization creates benefits, but also new challenges with regard to prioritizing information and prevention of an information overload and myopia.

Limitations of this research are, firstly single informants were used as a source of information. Moreover, the cross-sectional design and small sample size restrict the researchers somewhat in making representative and generalizable conclusions. Therefore, a longitudinal design compared with a larger sample size is desirable. In addition, there are future research opportunities with respect to extending the framework. For instance, by investigating the differences between market orientation on committee and organizational level, or the moderating influence of market orientation as a strategic stance on the relationships between possible antecedents of reflexivity and reflexivity itself.