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**IMPACTS OF PROCESS AND BEHAVIORAL
PLANNING FACTORS ON THE QUALITY OF
MARKETING PLAN IN CHINA**

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Ph.D

**The Hong Kong
Polytechnic University**

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**IMPACTS OF PROCESS AND BEHAVIORAL
PLANNING FACTORS ON THE QUALITY OF
MARKETING PLAN IN CHINA**

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A thesis submitted in partial fulfilment of the requirements for
the degree

of

Doctor of Philosophy

January, 2009

CERTIFICATE OF ORIGINALITY

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Wu Keming

ABSTRACT

Abstract of thesis entitled “IMPACTS OF PROCESS AND BEHAVIORAL PLANNING FACTORS ON THE QUALITY OF MARKETING PLAN IN CHINA” submitted by Wu Keming for the degree of Doctor of Philosophy at the Hong Kong Polytechnic University in January, 2009.

A marketing plan involves aligning marketing goals with the organization’s mission and overall goals and serves as the basis for all marketing strategies. Although there has been much academic discussion on the procedures and format for marketing planning both in China and abroad, comparatively little attention has been focused on the antecedents to and consequences of effecting marketing planning. The aim of the present study is to understand some the impacts of process and behavioral planning factors on the quality of marketing planning in China.

The present study utilizes data collected from China to validate a set of scales and other critical constructs rooted and developed in the western context in order to understand not only the immediate construct itself, but also what affects its intensity as well as its effects on other variables in a integrated model of marketing planning.

The work is being undertaken in four phases. Phase one concentrated on the current practice of strategic marketing planning in China. A discovery-oriented

multiple-case study method was adopted. In phase two, key informants from 91 enterprises, which currently marketed their products in the China market, were recruited purposefully from Shenzhen (Southern China), Wuhu (Central China) and Xi'an (Western China) to ensure the specificity and precision of the questionnaire and to identify that will affect the administration of questionnaire survey. In phase three, self-administered questionnaires with a covered letter were distributed in three representative regions across China in order to enhance the generalisability of the findings regarding the antecedents and consequences of marketing planning. In phase four, another round of survey interviews in the same sampled cities with an extended questionnaire were taken to test the level of government support obtained when executing the selected marketing plan.

Work on the scales has demonstrated that those concepts and measurement instruments rooted and developed in the western culture cannot be simply applied into China owing to the enormous differences between East and West, although they were proved to possess some reliability as well as validity in the west.

In summary, this study represents an initial step toward resolving the properties of marketing planning, its antecedents and consequences. It also highlights the importance of empirical study in this subject.

Keywords: Process and behavioral planning factors, marketing plan, China

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CHAPTER 1 INTRODUCTION

1.1 Introduction

It has been postulated that marketing-based capabilities are key drivers of a firm's excellent performance (Morgan et al., 2009; Srivastava et al., 1998; Vorhies et al., 2005). According to Slotegraaf and Dickson (2004), amongst various types of marketing capabilities, marketing planning capability is perhaps the most important one, as good marketing planning capability plays a significant role in the development of high quality marketing strategy, which determines the marketing actions crucial for accomplishment of the desired marketing and business objectives.

Conceptually, the Resource-Based View refers marketing capabilities to a set of resources and skills crucial for superior performance of marketing tasks and they are developed through accumulation of experience and collective learning derived from organizational processes (Day, 1994; Tuominen et al., 1997). Day (1994) identified three building blocks of marketing capability: inside-out capabilities, outside-in capabilities, and spanning capabilities. Obviously these capabilities are important at tactical/operation level but not at strategic level, clearly reflecting the ignorance of higher level marketing capabilities. Tsai and Shih (2004) classified five types of marketing capabilities: pricing, promotion, product development,

distribution channels, and marketing research development, but these are mainly tactical capabilities and not closely related to strategy planning activities. Other marketing scholars thus attempted to add organizational culture and strategy formulation to build construct a hierarchical model of marketing processes and capabilities (Hooley et al., 1999). Vorhies and Morgan have also advocated strategic marketing planning capability a major dimension of marketing capability.

Advances in the conceptual understanding of marketing capability have led to the empirical studies specifically designed to test the relationship between different types of marketing capabilities and financial performance (eg. Hooley et al., 1999; Fahy et al., 2000). But many studies of this kind either report a positive but weak association, or a negative relationship, between marketing capability and firm performance that is measured by a mix of financial and non-financial indicators (Cruz-Ros et al., 2010).

An extensive review on studies on the relationships between strategic marketing planning capability and business performance reveals that the inconsistent findings could be attributed to other factors. Firstly, some marketing scholars attributed this problem to poor implementation of the formulated marketing strategy (Noble and Mokwa, 1999; White, Conant, and Echambadi, 2005). Although it has been widely recognized that even a sound marketing strategy will not lead to the desired performance outcomes unless it is properly implemented (Heide, Gronhaug, and

Johnnessen, 2002; Hane, 2010; Noble, 1999), the difficulties associated with implementation of marketing plan have been under-estimated (Speculand, 2006) and researchers have paid scant attention to the role of implementation in strategic planning success (El-Ansary, 2006; Khalil, Kim and Shin, 2006; Tsai, Fan, Leu, Chou and Yang, 2007).

Much of the research on marketing strategy has extensively investigated various content issues (eg. Bharadwaj et al., 1993; Day and Wensley, 1983; Menon et al., 1999), however, the research on how process issues affect the development of marketing strategy is less established (John and Martin, 1994; Piercy and Morgan, 1994). The behavioral issues during strategic marketing planning process have also been under-researched (Piercy and Morgan, 1994) and this calls for research effort into the behavioral factors within an organizational context to uncover how the planning behavior of decision makers would influence the execution of strategic marketing planning activities throughout the process (Menon et al., 1996). As a response, the Marketing Science Institute called for more research contributions to improve our understanding of the process of implementing marketing strategy in its 2002-2004 Research Priorities Guides.

Thirdly, recent studies have found that implementation capability is important to the achievement of superior performance (Crittenden and Crittenden, 2008; Singer, 2008), but the relationships among strategy formulation, quality of the

strategy/plan and implementation are under-researched (Day and Wensley, 1983; Heracleous, 2000; White, 2008). The pioneer work in this area reveals that a high quality strategic plan is significantly associated with high performance, but strategic plans of low quality will not result in good performance (Burt, 1978). This discovery warrants the incorporation of quality of the strategic marketing plan as a mediator to the relationship between strategic marketing planning and business performance in future studies.

Fourthly, the meta-analysis of 34 studies (Miller and Cardinal, 1994) in this research stream shows that the inconsistent findings are attributed to methodological differences. For instance, the existing measurement scales for quality of marketing plan and the level of formalization of strategic marketing planning process respectively are treated as first-order model in previous studies, though treating them as second-order models gains sound theoretical justification. Besides, some studies employed secondary data and archive information for investigation, but Hahn (2010) has advocated the importance of employing field study method, including in-depth interviews, to collect information to validate the relationship between strategic plan quality and implementation capability.

Finally, most studies in this research stream followed the line of thinking suggested by the normative theory of strategic marketing planning. The lack of consensus on their conclusions seems to suggest the relationship between strategy and

performance “may be more complex than a simple main-effects-only relationship” (Wiklund and Shepherd, 2005, p73). As argued by Cruz-Ros et al. (2010), business performance depends not only on the firm’s capabilities but also on other contextual circumstances such as industry characteristics and macroeconomic factors. If this is true, the use of a single theoretical perspective will be unable to adequately explain the relationship between strategic marketing planning and business performance (Dess et al., 1997). Instead, an integrated approach that brings together various theories will have better explanation power (Wright et al., 2005). For example, as suggested by the Institutional School, the true relationship between marketing/business strategy and business performance can hardly be interpreted and explained accurately if taking institutional contexts in isolation. Deeper understanding of the relationship between strategic marketing planning capability and firm performance will be impossible if one ignores the potential moderator effects of the contextual factors in the marketing environment (Cruz-Ros et al., 2010).

According to the Institutional School, important contextual factors of individual markets contribute to explanations of strategic decisions of domestic firms. Emerging economies are different from developed market economies in terms of a number of institutional factors like frequent use of policies and promulgation of regulations to change the business environment, transition from centrally planned economies to liberalized ones (Hoskisson et al., 2000), the development of market

institutions, high level of government involvement, and ownership patterns (Filatotchev et al., 2003; Khanna and Palepu, 2000; Peng, 2000, 2003). Findings pertaining to the relationship between strategic marketing planning capabilities and business performance from developed economies can not be generalized directly to transition economies (London and Hart, 2004). This view is echoed by Wright et al. (2005) who have stressed the need to consider the extent to which theories and methodologies used to study strategy in developed economies can be applied in emerging economies without creating unexpected validity issues. Peng and Heath (1996) firmly believed business firms' strategy making behavior in emerging economies would provide opportunities to validate and extend existing theories and even develop new ones.

The aforesaid limitations reveal at least four knowledge gaps in the research stream of strategic marketing planning and business performance:

- a) There is inadequate knowledge on business firms' implementation behavior of strategic marketing planning activities, particularly in emerging economies. To what extent the normative model of strategic marketing planning can be applied effectively in emerging economies is not yet answered, though this kind of knowledge will help refine the existing theory on strategic marketing planning.
- b) How will the marketing planning behavior of participants in the planning process affect the quality of the marketing plan and the achievement of desired business goals is not clearly understood. What kinds of opportunistic planning

behavior and marketing myopia are more common in emerging economies have not yet been explored.

c) Do we need to improve the existing measurement models for strategic marketing planning process and behavior and the quality of marketing plan respectively? To what extent such improvements can help validate the relationships among strategic marketing planning process, quality of marketing plan, and business performance?

d) Even a high quality marketing plan must be implemented properly in order to accomplish the intended objectives. But how the plan is implemented could be affected by a number of institutional factors. Whether institutional factors can moderate the relationship between the quality of marketing plan and business performance is unknown! So far no empirical studies have been designed to close this knowledge gap in this research arena.

This study attempts to close the aforementioned knowledge gaps through integrating the suggestions from normative theory of strategic marketing planning and theory of marketing capabilities and, in addition, the institutional-based view of firm behavior in transition economies, to explain the relationship between firm performance and the quality of marketing plan, an output subject to the firm's marketing planning capability. China is a typical example of emerging economies and is used for investigation here. Since the adoption of the Economic Open Door Policy, China has been undergoing institutional transitions that led to in

fundamental and comprehensive changes in the country's business environment in which new rules of the game have emerged. Replication of strategic marketing planning and business performance research in an emerging economies like China can serve "the fundamental role of protecting against the uncritical acceptance of empirical results" (Singh, Ang and Leong, 2003, p533).

The following sections of this chapter will explain more details the background of the present study, the research questions and objectives, significance of research, and map out the organization of the thesis.

1.2 Background of the Study

Marketing planning capabilities refer to the firm's ability to anticipate and respond to the market environment in order to align its resources with the environment in a more effective fashion and direct the related actions to achieve the desired marketing and financial objectives (Slotegraaf and Dickson, 2004). Embedded in this definition are three key tasks pertaining to marketing planning, including analyzing and forecasting changes in the market, making decisions to cope with the identified and predicted changes, and implementing the decisions. Within normative strategic marketing models, the former two are the major activities under the "strategy/plan formulation" phase whereas the later is considered the "implementation" phase. Both phases thus make up a complete strategic marketing planning process.

In addition to the process dimension, three more dimensions are embedded in strategic marketing planning activities - technical, behavioral dimension, and organizational (Piercy, 1998). The focus of technical aspect of strategic marketing planning is on information gathering, operation systems, and the logistics for value delivery. The organizational dimension covers contextual factors like administrative mechanism (eg. Govindarajan, 1988), configuration of structure, systems, and rewards (Galbraith and Kazanjian, 1986), organizational learning abilities, and strategic orientation (Piercy, 1998); whereas the behavioral aspect refers to the abilities of individual staff to plan and understand the marketing plan and the motivation, commitment, and behavior of management staff to execute the plan. On this ground, marketing planning and implementation capabilities should be a function of process, technical, organizational, and behavioral variables. However, researchers in strategic marketing planning have for long time only focused on the former three factors (Piercy, 1998; Sashittal and Jassawalla, 2001) but ignored the behavioral aspect of strategy implementation.

In the context of these four dimensions, several limitations are observed in former studies on strategic marketing planning. First, though it has been widely recognized that strategic marketing planning is composed of formulation and implementation process, So far research interests in this research stream have skewed towards the formulation of marketing plan/strategy, though implementation is an integral part

of strategic marketing planning process.

Second, the majority of empirical studies on strategy formulation tend to place emphasis on planning techniques and strategy content (Varadarajan, 1999), strategic marketing planning process factors and the quality of such a process remain relatively under-researched (Franwick, Ward, Hutt and Reingen, 1994; Hunt, Reingen and Ronchetto, 1988).

Third, the institutional context guides and governs economic exchanges (Blau, 1964). Today, investigation of the potential impact of institutional factors on business performance in emerging economy is one of the major research trends in International Business (eg. Clercq, Danis and Dakhli, 2010). Much of the empirical work has been done in the business context of the Western countries and only a few were undertaken in emerging markets (Ball et al., 2007; Fahy et al., 2000; Luo et al., 2005). In line with the globalization process, today many multi-national firms have been expanding operations in emerging markets like India and China. There are more institutional constraints but fewer market factors and changes in the marketing environment are more rapid and dynamic as emerging economies are in transition toward more market oriented institutions. All these may impose constraints on firms' strategy choice behavior. Given the differences in social, political, and economic contexts as well as firm characteristics of emerging economies, whether the findings from developed economies can be generalized

directly to transition economies is open to debate (London and Hart, 2004). Replication studies in emerging economies can not only help refine, or extend, the existing theories but also provide insights for practice. A good knowledge of the characteristics of local managers' marketing planning behavior will enable the firm to have a better feel of the nature of competition and to design management training programs to enhance local staff's marketing planning capabilities.

1.3 Research on Strategic Marketing Planning Activities in China

Since its opening to the world in 1978, China's economy has been growing at an average rate of 9% annually and has just advanced to be the second biggest economy in the world since mid-2010. The country is currently in the transition from a planned economy towards a market economy, which means many regulations on marketing practices associated with the centrally planned economy will no longer exist and local enterprises have to learn to be customer-oriented, or market-oriented, in order to achieve sustainable competitive advantage (Deshpande et al., 1993; Day, 1992, 1994; Harris and Ogbonna, 2001; Kohli and Jaworski, 1990; Kohli et al., 1993; Narver and Slater, 1990; Webb et al., 2000). A key challenge to managers is how to overcome the barriers to acquire the needed resources and management and marketing skills/capabilities so as to sustain competitive strengths crucial for implementation of the chosen marketing

strategy/plan that will lead to the accomplishment of the desired business outcomes.

Recent experience of Sino-foreign joint ventures and foreign wholly owned firms has already reflected that sales and marketing functions are increasingly more critical to effective promotion of products in China (Liu and Pak, 1999; Luo, 1998). In order to operate in line with market mechanism and international business norms, local Chinese enterprises have started to learn marketing know-how, to apply strategic marketing planning techniques to develop marketing plans, and to implant market orientation. A number of forces are accounted for this change, including a more volatile domestic market, organizational diversification, societal performance demands on organizations, and, more recently, convergence of different industries as driven by advancement in information technology (Hussey, 1979; McDonald, 1982, 1996; Moorman and Rust, 1999; Homburg and Workman, 2000).

However, many strategic marketing planning techniques and concepts are developed based on the experience in Western countries, where the local economy is dominated by a market mechanism. Whether these market-economy-based marketing planning theories and techniques can be applied equally well in an economy dominated by planned economic system represents a challenge to marketing scholars who are interested in this research area. For example, Siu, Fang and Lin (2004) investigated 218 small and medium-sized enterprises in Taiwan and found that many firms preferred to give high priorities to marketing than to other

business functions in corporate planning. But it is interesting to observe that these firms were by and large selling-oriented. Though many senior managers claimed that they had learnt various kinds of strategic planning tools and models, they in fact had rarely adopted the tools and models in practice. Siu et al. (2004) explained that marketing planning practice of local firms in emerging markets would be different from that of their Western counterparts owing to the influence of local culture and unique environmental factors.

Recently some research has been designed to investigate the potential influences of market orientation on business performance in the business context of China (Tse et al., 2003; Liu et al., 2003), but some limitations common to these studies are observed. Firstly, the findings were based on small samples from selected industries mainly in Hong Kong or Taiwan and could hardly be generalized to affect the practice in the mainland. Au and Tse (1995), for example, interviewed only 41 hotels in Hong Kong. The study by Chan and Ellis (1998) employed a small sample of 73 Hong-Kong-based textile firms, but not the firms from mainland China. Secondly, the study by Horng and Chen (1998) used only 76 small companies sampled from Taiwan. These studies neither provided a sample adequate enough for sophisticate statistical tests nor represented local enterprises in mainland China.

Liu et al. (2003) studied the business performance of market-oriented firms in

China. Their study is the only one based on the data collected in mainland China to test the applicability of the scale of market orientation and its effects on entrepreneurship and learning orientation of business firms in an emerging economy. The findings indicated that a considerable number of state-owned enterprises in China had started to adopt both market-oriented strategies, with an emphasis on corporate entrepreneurship. In addition, those with a higher level of market orientation were more learning-oriented, placed greater emphasis on entrepreneurship and development of management capabilities, and tended to achieve better organizational performance than their competitors characterized with lower level of market orientation. Overall, this study contributes to the extant literature by simultaneously exploring the relationships between market orientation and other critical constructs, like learning organization, entrepreneurship, and organizational performance. It also attempts to validate the market orientation scale in the context of China market.

The study by Luo et al. (2005) sampled firms in mainland China and found a positive relationship between application of marketing resources and market performance. They also found such a relationship could be moderated by a set of globalization activities and doubted other internal factors might have similar effects and thus urged for future research effort to investigate the characteristics of Chinese firms' strategic marketing planning activities

More limitations of previous studies on strategic marketing planning and/or strategy research can be identified from both conceptual and methodological perspective. First, most studies investigated either the relationship between planning and business performance or the relationship between implementation of marketing plan and performance. There is scant attention to the linkage among planning, implementation, and business performance. Second, many studies on strategic marketing planning assumed a direct impact of strategic marketing planning on performance, but ignored that it could be the output of planning activity, like the quality of the marketing plan, but not the activity itself, had direct impact on business performance. In other word, the effect of marketing planning on business performance could be mediated by the output of planning. Third, many researchers believed following normative models to organize the strategic marketing planning process and application of sophisticated analytical and planning techniques/tools would lead to the formulation of high quality marketing plans; but they overlook that the planning behavior of those involved in the planning process would determine the implementation of planning activities and application of planning the tool. Therefore, planning behavior can determine the quality of marketing plan (Nigel and Percy, 1994) but there has been inadequate research effort on exploring the potential impact of implementation of planning activities on planning success (Chebot, 1999; El-Ansary, 2006; Khalil, Kim and Shin, 2006). Fourth, formalization and sophistication are the two process factors commonly incorporated to test strategic marketing planning effect on business

outcome but the definition of these two constructs have never been come to a consensus. They are sometimes conceptualized as two distinct constructs but sometimes formalization is considered an aspect of sophistication to refer to how close the development of a marketing plan actually follows well-documented steps (Bracker and Pearson, 1986; Robinson and Pearce, 1983). Moreover, sometimes sophistication is operationalized either as “effort spent in planning” (Bracker and Pearson, 1986; Gordon and Sussman, 1997; Rue and Ibrahim, 1998) or to what extent planning and analytical tools and techniques are adopted (Phillips, 2000; Piercy and Morgan, 1994). Hence, it is not surprised to obtain mixed results in previous empirical studies regarding the effect of sophistication on business performance. Some of the research questions here are hence designed to overcome the above limitations.

Cuthbert (1996) pointed out that new forms of marketing and management theory are beginning to emerge in developing economies through the modification of Western marketing techniques and adaptation of these tools to suit their own culture. As aforementioned, there has been inadequate empirical work designed to investigate strategic marketing planning activities in the context of China’s business environment so far. Chinese managers have operated business under the planned economy for long time. In general, they do not have adequate knowledge in marketing management know-how, they are still influenced by the traditional planning mindset that was prevailing under the planned economy and characterized

with oligopolistic and a sellers' viewpoint (Sadri and Williamson, 1989; Okoroafo and Russow, 1993). The mindset often leads to failure in formulating and executing effective marketing plan. Given this rigid and administration-oriented mindset and inadequate knowledge of marketing know-how, it is reasonable to assume that Chinese managers may practice strategic marketing planning in ways quite different from their counterparts in the West. Although the existing theories of marketing planning and their applications in western countries could provide a reference for Chinese companies to create a marketing planning and evaluation system, the application of western-based marketing planning techniques in China would provide significant feedback to and enrich the marketing planning theory. As such, "studies on marketing practices of enterprises in a Chinese context introduce challenges to existing marketing theories that are largely derived from research in the West" (Sin et al., 2003, p60). We believe the findings from this kind of research would provide insights to refine, and extend the current theories on strategic marketing planning that are derived based on the experience in the West.

1.4 Research Scope

Therefore, the proposed study can be considered a timely response to the aforesaid research needs and the findings should bridge the four knowledge gaps in strategic marketing planning. The investigation will focus on the effect of the quality of strategic marketing planning process and associated planning behaviour of the

managers and their impact on the quality of marketing plan, and consequential impact on firm performance from an empirical perspective. In addition, whether the hypothetical relationships between the quality of marketing plan and business performance can be moderated by institutional factors like government support will also be examined.

In particular, this study attempts to answer the following research questions:

- a) How do Chinese enterprises develop strategic marketing plans to promote their products/services? What are the characteristics of their marketing planning behaviour?
- b) To what extent do Chinese managers follow prescriptive procedures to develop marketing plan/strategy? What determines the quality of strategic marketing planning process in emerging countries like China?
- c) What types of behavioural problems have been commonly experienced by Chinese managers in the marketing planning process and what are their effects on the quality of the marketing plan?
- d) Whether a high quality and well-documented planning process will be able to reduce problematic/opportunistic marketing planning behaviour?

- e) Will there be a positive relationship between quality of marketing plan and business performance? And will this relationship be influenced by specific institutional factors?

The present study will utilize data collected from China to validate a set of measurement scales on the quality of strategic marketing planning process, on problematic marketing planning behavior, and on the quality of marketing plan. This study will extend, synthesize and develop the existing research on marketing strategy choice behavior into the above-mentioned areas by performing an empirical investigation in China and a holistic analysis of the factors that influence the quality of marketing plan.

1.5 Research Objectives and Academic Value of the Research

Much of the extant literature on strategic marketing planning focuses on prescriptive marketing planning models which treat strategic marketing planning a logical and sequential decision making process, incorporating objectives, strategies, tactics, implementation and control (Ferrell et al., 1999; Jain, 1999; Lambin, 2000; McDonald, 1996). However, there has been a serious concern in the literature about the adequacy of these conventional models in relation to planning and execution

behavior. A major weakness common to many conventional strategic marketing planning models is their failure to adequately consider how the planning activities are implemented and managed during the strategic marketing planning process (Dunn et al., 1994; John and Martin, 1984; Martin, 1987; McDonald and Leppard, 1991).

Besides, despite a number of studies on the relationship between strategic marketing planning and business performance, the findings however have been inconsistent, with some confirming a positive relationship (Ansoff, 1969; McDonald, 1989), but others indicating insignificant or negative impact (Cruz-Ros et al., 2010; Lindsay et al., 1981; Wood and La Forge, 1979). For instance, Greenley and Bayus (1993) carried out a cross-country study to compare strategic marketing planning practice in the United States and the United Kingdom but the findings revealed that marketing managers in these countries indeed perceived marketing decision-making techniques of little value in making good marketing decisions. Whether adoption of systematic marketing planning process will consequently lead to improvement in market performance is still a controversial issue. In particular, no empirical study has employed an integrated view to examine the possible effects of process and behavioral factors on marketing planning activities and the quality of the resultant marketing plans.

Another problem common to previous studies on marketing planning is the ignorance of planning practice in emerging economies like China. China is a transitional economy moving from a centrally-planned economy to a market-driven economy. So far many researchers interested in this area have only used transitional economies in the formerly Eastern Bloc countries for investigations (eg. Huddleston and Good, 1999), empirical work has been rarely conducted in the context of the Chinese economy (for notable exceptions, see Deng and Dart, 1999; Sin et al., 2000). Therefore, “the extent to which the marketing concept has been adopted and is now practiced by enterprises in China is unknown” (Sin et al., 2003, p58).

By answering the aforesaid questions, we aim to achieve the following objectives:

- a) To improve our understanding of firms’ strategic marketing planning process and behavior in emerging economies.
- b) To understand the similarities and differences in the content of the marketing plans formulated by Chinese enterprises and that has been reported in developing economies in the West.
- c) To trace the path along which strategic marketing planning determines business performance in terms of a set of market-based measures.

- d) To identify and measure the possible impact of the quality of strategic marketing planning process and planning behavioral factors upon the quality of marketing plan.
- e) To understand the relationship between quality of marketing plan and business performance.
- f) To uncover the moderating effect of a number of firm-specific characteristics and institutional factors on the relationships among quality of strategic marketing planning, planning behavior, the quality of the market plan, and business performance.

Our expectation is, based on the findings, to suggest a well-functioning strategic marketing planning system suitable for Chinese enterprises, which can help improve marketing efficiency and effectiveness in China. We envision that the findings could provide general guidelines for different types of business unit in China to establish an efficient strategic marketing planning framework. All these help facilitate mutual understanding and the business relationship between local Chinese firms and their overseas partners.

1.6 Organization of the Thesis

This dissertation is organized into eight chapters. The first chapter provides an introduction on the background and research objectives of the study. Chapter 2 is

the literature review pertinent to the theme and scope of the present study. It will discuss important theoretical concepts crucial for better understanding of strategic marketing planning behaviors of local Chinese firms in the China market. Chapter 3 focuses on the proposed model which outlines the hypothetical relationships among all the constructs. Chapter 4 describes the research design and explains the development of the hypotheses. Chapter 5 presents the results from the exploratory in-depth interview as well as from the pilot study. The findings from the large scale survey conducted in Phase I will be described and analyzed in details in Chapter 6. Chapter 7 describes the follow-up study that was designed to test the moderator effect of institutional factors on the relationship between quality of marketing plan and business performance and compare the findings with those obtained in Phase I. The last Chapter discusses and explains the important findings from the study and their implications for future research and marketing practice in China. The academic contributions as well as the limitations of the study will also be highlighted.

1.7 Chapter Summary

This chapter explains the background and the significance of the research. It addresses the research questions and the research objectives, and describes the research scope and how the study will be carried out.

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

This chapter provides an extensive review on the theories pertaining to strategic marketing planning, with a focus on the factors critical to the quality of strategic marketing planning process, problematic planning behavior and their potential influences on the quality of the formulated marketing plan and the ultimate impact on business performance. Therefore, exploring hypothetical moderating effect of government support, an institutional factor on the relationship between quality of marketing plan and business performance, will also be discussed. The purpose is to provide theoretical foundation to the proposed conceptual framework which delineates the hypothetical relationships among quality of strategic marketing planning process, and planning behavior, quality of marketing plan, business performance, and government support.

2.2 Strategic marketing planning as marketing capability

According to the resource-based theory, resources and capabilities are major determinants to variations in inter-firm performance (Braney, 1991; Wernerfelt, 1984). The RBV perspective thus draws marketers' attention to organization-wide resources which are more influential in deployment and leveraging of resources

that enables firms to perform better than others (Grant, 1996; Teece, Pisano and Shuen, 1997). Resources include tangible and intangible assets possessed by the firm and they could be physical assets, skills, knowledge, organizational systems and processes, information and management capabilities (Wernerfelt, 1984). Marketing capability is a subset of management capabilities. It is a combination of physical, human and organizational resources that enable the firm to deal with the market-related needs of the business in a more effective way than competitors (Day, 1994).

Recent studies by Vorhies and Morgan (2005, 2009) has classified marketing capabilities into eight categories, among them strategic marketing planning and marketing implementation are two specific types of marketing capability which have greater explanation power to variations in firms' overall business performance that is measured with market-based and/or financial metrics like customer satisfaction, profitability and market effectiveness.

Furthermore, strategic marketing planning capability is a function-based management capability through which the firm can strengthen market-based and customer-based competitive advantages. It represents a disciplined effort to determine the future growth of the firm in selected markets and develop corresponding operational steps to achieve the intended marketing and business objectives. It requires effective use of both internal resources and external

resources created by the firm's value chain such as suppliers and advertising agencies (Hoeffler and Keller, 2003; Orth and Marchi, 2007; Stotegraf and Dickson, 2004; Teece, Pisano and Shuen 1997; Weerawardena, 2003). By doing so the firm is able to achieve desired business objectives like establishing a favorable corporate/product image (Ortega and Villaverda, 2008), gaining more market share, profit, and sales revenue (Dutta et al., 1999), and a good match between available resources and environmental requirements.

2.3 Theory of Strategic Marketing Planning

Day and Wensley (1983) have stressed that a priority for theory development in marketing is the study of strategic marketing planning process, from determination of purpose and action, appraisal of environmental challenges, implementation, assessment of the progress and results, to the control of actions in line with the plan. Strategic marketing planning is critical to the success in the market, particularly in the one characterized by an increasingly hostile and complex environment (McDonald, 1992). Planning and managing the strategic marketing planning process have been advocated as a means of coping with turbulent and complex business environment since early 1960s (Drucker, 1964; Hussey, 1979).

Strategic marketing planning is the mechanism firms adopt to align their efforts with the expectations of their customers (McKee et al., 1990). Successful business

must plan ahead (Page and Jones, 1990). Business will grow healthily only if there is a clear sense of growth direction and co-ordination of supporting actions across various functional units within the organization. The primary purpose of strategic marketing planning is to ensure a perfect alignment of capabilities and resources in line with market opportunities so as to achieve the desired objectives in an efficient and effective way. A good marketing strategy must elaborate effective use of marketing mix variables, an implementation plan and budget that can be adapted to the market conditions (Kotler, 2004).

Strategic marketing planning involves the use of a set of techniques and analytical tools to allow for making marketing decisions that are more comprehensive, rational, and objective, leading to a more appropriate alignment between external environment and internal resources and capabilities. Strategic marketing planning can also be viewed as “a systematic process of assessing marketing opportunities and resources, determining marketing objectives and developing a thorough plan for implementation and control” (Dibb, 2003, p.691). The normative theory of strategic marketing planning stresses the definition of company mission, the setting of objectives, and the implementation of strategies and control systems to ensure the achievement of the objectives (Greenley, 1987).

Conventional marketing wisdom suggests strategic marketing planning as the process of developing and maintaining a strategic fit between the organization’s goals and capabilities and its changing marketing opportunities (Kotler and Fox,

1995). Saunders et al. (1996) have added that strategic marketing planning refers to the rational, incremental and intuitive processes that guide a firm's marketing activities to its future. Weerawardena (2003) has conceptualized strategic marketing planning as "an integrative process designed to apply the collective knowledge, skills, and resources of the firm to the market-related needs of the business, enabling the business to add value to its goods and services and meet competitive demands" (p.16). Strategic marketing planning thus involves a series of activities in a logical sequence leading to the setting of marketing objectives and the formulation of plans for achieving the desired organizational goals (McDonald, 1990).

A formal and sophisticated strategic marketing planning approach can help improve the quality of marketing plan and the resultant business performance in several ways: First it provides managers with clear guidelines to develop a written marketing plan to avoid unnecessary confusion and mis-interpretation and facilitate communication. Second, it forces managers to analyse, and think more in-depth to identify issues and assess opportunities/risks. Third, it provides control mechanisms that enable managers to closely monitor the performance. Finally, "formal planning calls for an explicit procedure for gaining commitment to the plan" (Armstrong, 1982, p200) and helps achieve consensus on the decision amongst all members who are involved in the planning process, ultimately,

facilitating the development of strong team spirit and resource allocation to support the plan.

Another research stream in strategic marketing planning is to examine the relationship between strategic marketing planning behaviour and business performance (eg. Mintzberg, 1990; Slotegraaf and Dickson, 2004). Good planning behaviour is characterised with stickness to formal and sequential procedures and effective application of robust analytical tools and techniques that are well identified and recommended by strategy scholars to develop marketing plans (Cravens, 2000; Gilligan and Wilson, 2004; Jain, 2000; McDonald, 1999). Formalization means the marketer follows a series of logically structured and planned activities to formulate marketing strategies (Hetherington, 1991). Formalization ensures that the strategic marketing planning process is better managed to enhance the quality of the formulated plan (Pearce et al., 1987). Completeness and closely following formal planning procedures are the central requirements of planning formality (Armstrong, 1982; Chae and Hill, 2000; Sapp and Seiler, 1981). The process view of planning formality stresses the importance of following the prescribed steps in strategic marketing planning; for instance, as suggested by Armstrong (1982), these include identification of objectives, strategy formulation, strategy evaluation, and performance monitoring. In a similar vein, Chae and Hills (2000) have suggested the inclusion of the following steps to ascertain a formal strategic marketing planning process: formulation of objectives,

external environmental analysis, internal environmental analysis, and strategy generation, selection of recommended strategy, and implementation and control. Consequently, major outputs from strategic marketing planning will be “a clear institutional mission, supporting goals and objectives, a sound strategy, and appropriate implementation” (Kotler and Fox, 1995, p3) that are documented in a marketing plan. In this sense, a marketing plan involves the alignment of marketing resources, activities, and objectives with the organization’s vision and mission. It normally contains the following elements: executive summary, current marketing situation, threats and opportunities, objectives and issues, marketing strategies, action programs, budgets, and controls.

Although marketing planning helps address the challenges the firm will face when operating in a turbulent market, some marketing managers may have difficulty in planning for various reasons like inadequate marketing knowledge, lack of market information, and contextual and behavioural problems (Cespedes and Piercy, 1996; Greenley, 1988). To help solve these problems marketing scholars and consultants have proposed a number of normative strategic marketing planning models documenting prescriptive procedures and formats for effective strategic marketing planning. Table (2-1) summarizes the sequential steps suggested by various normative models. Common to these models are the five stages a firm should follow through systematically in order to develop effective marketing plans/strategies (Figure 2.1).

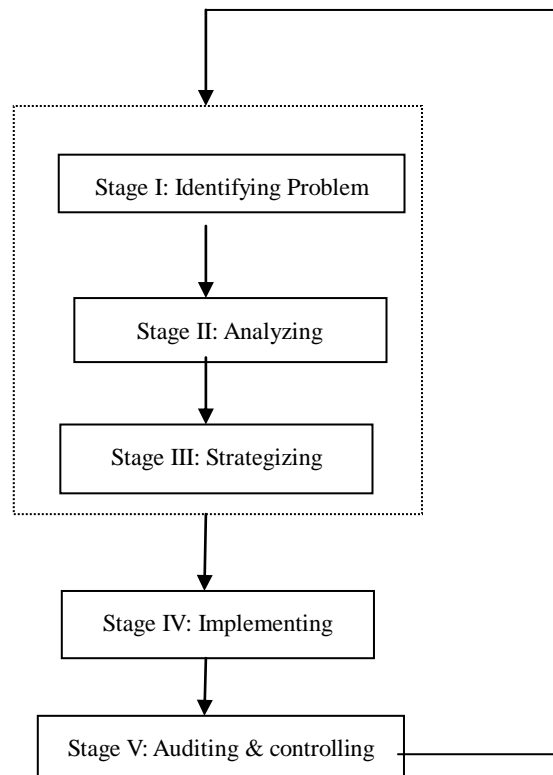


Figure 2-1 A Normative Strategic Marketing Planning Process

Source: Kotler, P. (2007) Marketing Management.

The first three stages form the strategy formulation process whereas stage 4 and 5 represent the implementation process. According to Sashittal and Tankersley (1997), the marketing planning and implementation processes are closely interrelated in practice and the synergies resulted from their interactions will positively influence the outcomes.

Table 2-1 Marketing Planning Models Proposed in the Literature

Author	Environment analysis and strategic mission	Marketing capability and objectives analysis	Market analysis and strategic vision analysis	Formation of marketing strategy and target market	Strategic implementation and results	Budgeting, implementation and control	Strategic revision and improvement
Campomar(1983)	Internal and external situation analysis	Objectives	Restructuring of action programme Segmentation Positioning Promotion Product Point of sale Expected marketing margin Scheduling			Control	
Day, George S(1993)	Diagnosis of current capabilities	Anticipation of future needs for capabilities in light of the strategy for creating customer value	Bottom-up redesign, based on the formation responsible for continuous improvement or radical redesign of underlying processes	top-down direction from senior managers, who demonstrate a clear, continuing commitment to putting customers first	Use of information technology to enable the organization to do things it could not do before	Monitoring of progress toward improvement targets	
Westwood(1995)	Set corporate objectives	External marketing research	Internal marketing research SWOT analysis	Marketing objectives and expected results	Develop marketing strategies and action plan Programmes that include advertising and promotion plans	Budgeting Write down the plan Communication of the plan	Control system Revision and updating

Cooper and Lane(1997)	Present position	Internal audit	External audit Marketing mix strategies	Objectives	Marketing plan preparation Monitoring and revision		
Las Casas(1999)	External data	Internal data	Determine future development	Objectives and goals	Marketing strategies and budgeting Projection of gains and losses	Control	
Lambin(2000)	Strategic mission	External audit	Internal audit	Set objectives	Choice of strategic direction	Marketing budget Test of robustness Analysis of vulnerability and risk	Contingency
Wright et al.(2000)	Analysis of opportunities and threat in the external environment	Analysis of the internal environment		Formulation of strategies	Implementation of strategies	Control	
Kotler(2000)	Executive summary	Current marketing situation	Opportunity analysis Goals	Marketing strategy	Action programme Demonstration of results	Control	
Jain(2000)	Strategic analysis (external and internal environment)		Analysis of strategic skills and directions	Formulation of strategies	Strategy of implementation and control Marketing strategies		
Myung-Su Chae(2000)	Formulation of goals/objectives	External environmental analysis	Internal environmental analysis	Generation of global marketing strategies	Marketing strategies' selection	Implementation and control	
McDonald(2002)	Mission	Objectives	Marketing audit SWOT analysis	Assumed conditions	Marketing objectives and strategies Expected results	Alternative plans Budgeting Implementation of the plan	

Gilligan and Wilson(2002)	Executive summary	Background and context of plan	Organizational vision, mission and aspirations Market and situation analysis	Internal analysis	External analysis and marketing audit Critical aspects and positioning	Main assumptions Characteristics of the target market Preliminary objectives by market Products line and brand	Positioning Competitive and marketing strategies Management of seven Ps Brand development Budget Revision and reformulation of objectives
Wood (2004)	Executive summary	Current marketing situation	Objectives and key-drivers	Target market	Marketing strategy Marketing programme	Financial plans Implementation and control	
Neves(2007)	Introduction Environmental analysis Competitor and internal situation analysis Objectives Key strategies	Product and services	Communications	Channels	Sales force	Pricing Budgeting	Management

(Source: Adapted from Marcos Fava Neves. (2007). Strategic marketing plans and collaborative networks. Marketing Intelligence and Planning, 25(2):175-192)

Previous empirical studies reveal that about one-fifth of companies practice strategic marketing planning in the prescribed way as suggested in conventional marketing planning models (Cosse and Swan, 1983; Greenley, 1987; Hooley et al., 1984; McDonald, 1982). Nevertheless, the domain of strategic marketing planning has not yet been defined clearly. Piercy and Morgan (1990, 1994) have proposed that conventional strategic marketing planning models should be extended to include managerial behaviour and organizational dimensions, such as corporate culture, informative systems and communications. Some researchers have suggested that a good understanding of such dimensions is required (Greenley and Bayus, 1994; Piercy and Morgan, 1994; Dunn et al., 1994; John and Martin, 1984; Martin, 1987; McDonald and Leppard, 1991; Greenley and Oktemgil, 1996; Speed, 1994). For example, conventional models fail to adequately consider management processes that are inherent in marketing planning and to investigate the organisational context of marketing planning processes adequately. All these reflect two major limitations on the studies on strategic marketing planning. The first is the separation of implementation from strategy formulation process and the second is the over-emphasis on analytical dimension but little attention to both process and behavioral dimension when planning and executing marketing strategies.

2.4 Process factors

Normative strategic marketing planning models map out the domain of strategic marketing activities. However, closely following the guidelines to perform the required planning tasks in a prescribed way only allow the planner to understand what must be done and this represents one of the conditions for the development of high quality marketing plans. How to perform the planning tasks better and when to perform also determine the quality of the formulated marketing plan. Therefore some marketing scholars believed, additional to the domain issue, another critical issue in developing high quality marketing plans should be *the quality of the strategic marketing planning process*.

Classical studies seem to focus on the synoptic aspect of strategic marketing planning (eg. Aaker, 1984; Cravens, 1982; Jain, 1990) and assume the planning process very rational and formal. Synoptic and incremental marketing planning can be distinguished based on the level of comprehensiveness which is defined as “the extent to which an organization attempts to be exhaustive or inclusive in integrating strategic decisions” (Fredrickson and Mitchell, 1984, p402). Comprehensiveness refers to maximum use of all available information and fully analysis of objectives, opportunities, threats, alternative strategies and their possible outcomes in the strategic marketing planning process (Pulendran et al., 2003). A well-defined and

high quality strategic marketing planning process must enable the planner to meet the requirement of comprehensiveness.

Fredrickson (1984, 1989) stressed the importance of following a comprehensive planning process to produce business strategies, including marketing strategy. To him, comprehensiveness is the degree to which a planning process encourages the maximum level of information utilization and response options. Comprehensiveness requires a firm to fully analyze objectives, alternative strategies, and their consequences.

Comprehensiveness in the content of a marketing plan requires the decision maker to cover both alternatives for competitive advantage, marketing programs and situation factors as exhaustive as possible. Many concepts and techniques pertaining to strategic marketing planning are developed in the discipline of strategic management (Brownlie, 1989). Hence, it is not surprised to observe that many normative models on strategic marketing planning incorporate industry and competition analysis (Henderson and Mitchell, 1997; Mckee, Varadarajan and Vassar, 1990), external environmental analysis and SWOT analysis (Hill and Westbrook, 1997) as key elements of a strategic marketing plan.

The latest work by Neves (2007) adopted participation-observation case study and focus group technique to investigate the procedures management staff would

follow when formulating market plans in a sophisticated environment. The findings identify a number of components of a good marketing plan, including environmental analysis, competitor and internal situation analysis, marketing objectives, key strategies, product and services, communications, channels, sales force, pricing, budgeting, and management control.

Though there is a tendency to believe that comprehensiveness should have positive effect on the quality of marketing plan, empirical findings so far are inconclusive (eg. Fredrickson, 1984). Some scholars believe this phenomenon could be attributed to the lack of operational definition of comprehensiveness. As a response, Piercy and Morgan (1994) have suggested “formalization” and sophistication” are the two dimensions of a complete strategic marketing planning process that ensures the development of a comprehensive marketing plan.

The first and widely accepted definition of “formalization” is given by Pugh, Hickson, Hinnings, and Turner (1968) who refer formalization to the degree to which the role of all those involved in the strategic planning process are clearly defined and the rules, procedures, instructions, and communications that they have to follow during the planning process are standardized and succinctly written. Hetherington (1991) defined formalization as the degree to which the final decision results from a series of logically planned activities that are tightly controlled. Piercy and Morgan (1994) have operationalised formalization as the use of a set of

analytical techniques, the extent of market analysis and the completeness of the plan components and found a positive impact of formalization on planning effectiveness.

A case can be made for formalization having both positive and negative effects on the quality of marketing plan. Positive benefits are increased structure to the planning process and a framework through which the decision making process can be managed better (Pearce et al., 1987). Normative planning models suggest that effective strategic marketing planning would become impossible given the lack of a systematic approach to marketing planning. Business organizations are encouraged to establish effective planning systems, both formal and informal ones, to facilitate strategic marketing planning activities.

However, firms good in marketing planning capability normally produce marketing plans that are more comprehensive in content and alternative actions to cope with predicted changes in the market; as such, they rely less frequently on post-plan improvisation than their less capable rivals (Slotegraaf and Dickson, 2004). John and Martin (1984) found that the formality of the planning process influenced perceptions of the usefulness of the plan. Experience has shown that, if managed and planned, strategic marketing planning can indeed lead to better utilization of resources. If the process is well conceived as well as carefully executed, there will be significant benefits to the organization like more efficient cross-functional

cooperation and communications for greater synergy effect.

Greenley et al (1995) have suggested a model on strategic marketing planning which include different kinds of management processes for exploiting dynamic market opportunities and argued the proposed processes should contribute to better understanding of how companies could influence market dynamics through strategic marketing planning. If strategic marketing planning is seen to be a process and how this process is managed is of great concern to senior management (Pearson and Proctor, 1994). Day (1994) has also argued that strategic marketing planning process represents a firm's marketing capabilities that can become distinctive competitive advantage which is difficult for competitors to imitate.

However, it has been debated that formalization could have negative impact on planning quality (Neill and Rose, 2006). For instance, excessive formalization will restrict creative thinking and the depth of the decision and delay the response to changing market needs (Deshpande and Zaaltman, 1982), thus leading to substandard performance. As formalization refers to formal structure and procedures existed within the organization for marketing planning activities, excessive formalization might lead to firm adherence to a framework that discourages creative thinking and reduces the depth and thought in analysis during planning. In a similar vein, Brown and Eisenhardt (1997) found that to those firms operating in a rapidly changing and volatile market environment, formalization

would have a negative impact on performance because it imposed constraints on the speed to respond to changes in the market.

Sophistication represents another aspect of strategic marketing process and has been conceptualized in various ways. Accordingly previous studies operationalized the construct in different ways to investigate the relationship between sophistication in strategic marketing planning and firm performance and, as pointed out by Miller and Cardinal (1994), such methodological differences led to mix results.

One group of researchers have defined sophistication in strategic marketing planning as how details the firm will follow normative planning process to formulate marketing strategies and plans, including mission statement, internal and external analysis, strategy formulation, implementation and control mechanism/measures (Baker and Leidecker, 2001; Bracker and Pearson, 1986; Robinson and Pearce, 1983). In this regard, sophistication seems to overlap with the domain of formalization in strategic marketing planning.

Another group of researchers have conceptualized sophistication as the total effort spent in strategic marketing planning. Firms spent minimal effort in strategic marketing planning are classified as low level of sophistication whereas those followed closely the formal planning process with great effort as high level of

sophistication (Gordon and Sussman, 1997; Rue and Ibrahim, 1998). However, this approach has two methodological flaws. Firstly, spending very minimal effort on planning can be interpreted as no planning and this creates a measurement issue that makes the validity of the findings in doubt. Secondly, if spending much effort to develop strategy/plan along a normative strategic marketing planning process is interpreted as sophistication, and the distinction between sophistication and formalization will thus be blurred. In addition, empirical studies that operationalized sophistication in this manner in fact have reported inconsistent findings. Hence, it is not surprised to observe that this definition of sophistication has not gained much support in previous studies in this stream.

The last group of scholars has advocated that sophistication is determined by how many types of planning tools and techniques are employed by managers during the strategic marketing planning process. McKee et al. (1990) found firms would perform company analysis, environmental analysis, competition analysis, and internal analysis during the strategic marketing planning process. Lumpkin et al. (1998) incorporated market/industry analysis, competition analysis, and financial forecast to study firm's planning behavior. McDonald and Wilson (1999) have advocated the use of perceptual map, critical success factor, Directional Policy Matrix, BCG Portfolio Model, Ansoff's Matrix, Porter's Five-Force Model, Market Attractiveness Analysis, Gap Analysis, PLC, Cost/Experience Curve, SWOT analysis, and marketing audit in strategic marketing planning. McDonald (1989b)

states that without an understanding of some of the basic tools of marketing the chance of coming up with strategy is slim. As marketing planning is a process, using a particular set of techniques such as experience curve analysis, PIMS, portfolio analysis... and so on, enables managers in designing and implementing the chosen plan.

Though strategic marketing scholars have long advocated the use of analytical and planning techniques to facilitate marketing planning, the reality in fact makes them feel disappointed. For instance, Cosse and Swan (1983) found 59% of British firms employed forecasting technique when developing a marketing plan. Greenley (1986) found less than two third of the sampled firms would refer to market share and segmentation outputs for marketing planning. McColl-Kennedy et al. (1989) did not find the situation was significantly better in Australia whereas Reid and Hinkey (1989) reported a low level of awareness of many marketing planning tools like BCG matrix, Directional Policy Matrix, PIM, and Experience Curve in a UK sample.

Piercy and Morgan (1994) conducted an exploratory study of strategic marketing planning in UK organizations starting from October, 1988 to February 1989. This study sampled 900 medium and large companies from the directory of Key British Enterprises and the chief marketing executive answered the mailed questionnaire. All respondents were asked to indicate the level of using various types of analytical

technique and formal aspects of planning, including PIMS, SWOT, Experience Curve Analysis...and so on. Then, they conducted an exploratory factor analysis and revealed a three-factor structure: the perceived level of use of analytical techniques in strategic marketing planning; the practice of explicit market analysis; and, the incorporation of various conventional plan components in the marketing plans. Next, they explored the relationship between formalization and sophistication and marketing planning credibility and found that the strongest direct predictors to the credibility of the marketing plan would be formalization and sophistication of the planning process, in terms of the use of analytical planning and market analysis techniques and planning thoroughness. However, due to the fact that the response rate was low as reported, the researchers warned that such discoveries might not be generalisable to organizations without formal marketing planning process.

2.5 Implementation of strategic marketing planning activities

One should note that strategic marketing planning is a behavioural phenomenon (Pulendran et al., 2003) but the study on planning behavior so far has received little attention. Today much of the planning literature places emphasis on procedural and technical factors, ignoring that it is the marketing manager who applies various

planning techniques to analyze and formulate marketing strategy/plan throughout the planning process. In particular, the role and behaviour of senior managers in marketing strategy development process has been overlooked by researchers (Hart and Banbury, 1994). Many researchers ignored that selection of marketing strategies is not solely based on the results of analysis but grasped in the hands of management staff whose experience plays a role in decision making (Hart, 1992).

Limited research has been designed to explore the role and effect of implementation of strategic marketing planning activities in strategic marketing planning process and the resultant impact on the quality of marketing plan and business performance (Chebot, 1999; El-Ansary, 2006). However, recent studies have disclosed a positive association between implementation capability and business performance (Crittenden and Crittenden, 2008; Singer, 2008).

Today there is a consensus that marketing managers have to manage the strategic marketing planning process which not only involves not only formal tasks, but also covers behavioural and organizational issues, but how will managers' implementation behaviour in strategic marketing planning process affect the quality of marketing plan is still under-researched. Martin (1987) has emphasized the impact of the "human element" on the effectiveness of marketing planning systems. His view is echoed by other scholars as well (Wrapp, 1967; Ewing, 1969; Madden, 1980; Lenz and Lyles, 1982). Some even pointed out the need of

investigating psychological problems in marketing planning.

Recently, it has been argued that the critical issue in effective marketing practice is the need to integrate better planning and execution processes (Cespedes and Piercy, 1996; Greenley et al., 2004; Piercy, 1994; Piercy and Lane, 1996; Sashittal and Tankersley, 1997). Banonma (1992) even asked strategy scholars to change their mindset of assuming strategy-formulation always a problematic task, while execution would not be. Perhaps, the empirical work by Stasch and Lanktree (1980) represents the first attempt to investigate the key events and activities of an effective and thorough planning process. Their qualitative work focused on the procedural elements and the identification of the staff who was involved in the planning process, without any attempt to explore and analyze the staff's marketing planning behavior. It was nearly fifteen years later, Piercy and Morgan (1994) performed an empirical test to confirm the existence of a number of planning behavior problems that could influence the quality of marketing plan.

Despite the aforesaid research effort, so far, there has been no consensus on the definition of implementation. Wind and Rebertson (1983) considered controlling and monitoring the two major facets of marketing implementation whereas Kotler (2003) treated marketing implementation a process turning marketing plans into actions. Farjoun (2002) holds a similar view and refers implementation as the executive strategy of the marketing plan. White et al. (2003) attempt to sum up all

these ideas to define implementation as “the organization’s competence in executing, controlling, and evaluating its marketing strategy” (p115). In a similar vein, Noble and Mokwa (1999) have postulated implementation as “a critical link between the formulation of marketing strategies and the achievement of superior organizational performance” (p57).

Menon et al. (1999) have criticized that most studies on strategic marketing planning ignore the fact that one of objectives of the strategy development process is to improve implementation capability that is vital to the achievement of superior performance (Farjoun, 2002; Ramanujam et al., 1986; Sinha, 1990). With good marketing capability, a firm will be more effective in execution as well (Cadogan et al., 2002; Vorhies and Morgan, 2005).

The implementation perspective helps explain the inconsistent findings on the relationship between strategic marketing planning and performance. Capon et al. (1994) found that strategic planning could improve performance but it was not a necessary condition. White et al. (2003) have contended that inclusion of implementation capability as a mediating variable would allow researchers to investigate strategic marketing planning in a more comprehensive nomological framework. However, a limitation common to these studies is that they focused on “implementation of the marketing plan” but not “implementation of marketing planning activities”!

2.6 Problematic marketing planning behavior

The study of marketing implementation issues has been dominated by the process view which addresses the importance of organizational contextual factors like administration mechanism, structure, strategic orientation, learning capabilities to effective implementation of planning activities and marketing strategies (Piercy, 1998). However, strategic marketing planning process can be analyzed along four dimensions, including process, analytical/technical, behavioral, and organizational or contextual (Piercy and Morgan, 1994). Evaluating implementation as a multidimensional process uncovers the importance of frequently covert behavioral and organizational process dimensions to implementation effectiveness, and the issue of managing for process consistency (Piercy, 1998, p232). Apart from process factors, certain planning and implementation behavior might jeopardize the planning and/or execution process and consequently have negative impact on the basic outcome.

Implementation behavioral factors determine how well planning and associated execution activities are carried out. In a simple sense, implementation behavioral factors determine what is actually done. The implementation behavior of management staff during the strategic marketing planning process has little connection with planning tools and techniques, but do affect what can be achieved in practice. As well as strategic planning for corporate strategy, the success of

strategic marketing planning hinges on the commitment, involvement, and ability of senior executives to make appropriate strategic decisions (Naidish, 1988; Langley, 1988; Pearce et al., 1987). This calls for the need to assess and manage staff's attitudes and resistance to the formal marketing planning system from the participants (Marx, 1991).

Managers' perceptions, attitudes, expectations and managerial capabilities can affect their behaviour and approach to acquire resources crucial for the development and implementation of marketing plans (Bromily, 1991). Lyndon and Simkin (1996) provided a detailed explanation on the ways how managers' attitudes can affect strategic marketing planning activities. Managers' pre-conceived views of and attitudes towards strategic marketing planning, their level of participation in planning and the assumptions held by relevant line and senior managers about what the business could and should achieve, are important considerations that must be given to these concerns prior to marketing planning activity (Lyndon Simkin, 1996).

Early studies in this research stream identified a number of forms of resistance to strategic marketing planning activities (Steiner and Schollhammer, 1975; Steiner, 1979). Among them, withdrawal or nominal participation in planning, gaming behaviors, and lack of acceptance of the outputs of the planning have been found to have negative influence on planning effectiveness.

Some studies have identified several behavioral problems accounted for poor implementation of strategic marketing planning activities and the resultant strategy. First, organizational inertia may de-motivate management staff to commit to marketing planning activities and the execution of the marketing plan (Cespedes, Corey and Rangan, 1988). And the avoidance behavior of management staff may lead to conflicting and convert behavior in the implementation process (Pfeffer, 1992). Second, differences in information flows and measurement approaches adopted by different functional departments within the same organization can impede implementation of planning assignments and the marketing plan (Cespedes, 1993). Third, the senior management may under-estimate the influence of the political and negotiating infrastructure within the organization on the process of gaining commitment of organizational members who are involved in the decision making phase (Pfeffer, 1992; Piercy and Morgan, 1991). Fourth, McDonald (1992) has identified people and the related role factor as potential impediments to effective planning and implementation. In fact, it has been found that no one can afford to ignore the potential for middle management “counter-implementation” efforts (Guth and MacMillan, 1986, p313).

Recently, some marketing scholars have endeavored to identify strategic marketing planning behavior problems so as to test their impact on the quality of marketing plans. Perhaps the study by Piercy and Morgan (1994) represents the most comprehensive one which suggests three sets of planning behavior problems based

on an extensive literature review and empirical findings, including planning recalcitrance, politics and myopia, and planning avoidance. Their findings can be considered a synthesis of many previous studies of the same kind. Kwaka and Satyendra (2000) have identified a similar set of problems including inadequate understanding of the marketing concept, the values and priorities of top management concerning the importance of the customers, the conflict between short-term and long-term goals (Webster, 1988; Noble, 1999). Similar kind of planning behavior was observed among Japanese companies (Kosaka, 2004).

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The above review therefore suggests that conventional models on strategic marketing planning should be extended to include the behavioral dimension (Greenley et al., 2004). So far only a few studies have made such an endeavour (John and Martin, 1984; Martin, 1987). Harrigan and Dalmia (1991) emphasize that strategic marketing planning models have yet to fully incorporate or exploit the potential of the decision maker to be a source of competitive advantage in the planning process. Bonoma (1984) and Bonoma and Crittenden (1988) have

identified a range of behavioral factors that influence the implementation of marketing strategies, such as the skills of the decision maker in terms of bargaining and negotiation, resource allocation, and the ability to develop informal organizational structures effectively.

2.7 Quality of marketing plan

Previous researches have suggested that the quality of strategic marketing planning process would improve the quality of the produced marketing plan. However, the conclusions have so far inconsistent. Some researchers have attributed these phenomena to planning style, market turbulence, and inadequate marketing know-how (eg. Jaworski and Kohli, 1993; Vorhies and Morgan, 2005) and continued to advocate a positive link between normative strategic planning process and the quality of marketing plan.

Common to previous empirical studies on strategic marketing planning is the use of single measures, like speed of decision making process (Forbe, 2000), comprehensiveness of the plan, assessment methods and monitoring (eg. Fernandez, 2009; Phillips and Moutinho, 2000), to investigate the effect of strategic marketing planning practice on the quality of marketing plan, ignoring that there could be many facets of planning effectiveness and a broader approach to defining and measuring planning effectiveness is warranted (Piercy and Morgan, 1994). In

addition, whether some of these measures should be an antecedent to, or a criterion of, the quality of marketing plan is still open to debate. For example, it has been suggested that formality and comprehensiveness are process-related factor and should not be used as evaluative criteria for quality of marketing plan. Some researchers have thus suggested that the quality of marketing plan developed through strategic planning process should be determined by rationality (Dean and Sharfman, 1993; Elbanna and Naguid, 2009) and perceived credibility (Martin, 1982; John and Martin, 1984; Piercy and Morgan, 1994).

Rationality suggests an analytical and objective approach to decision making and it should best be interpreted as a procedural factor embedded in formal strategic marketing planning process, instead of being treated as a plan quality factor. Perceived credibility, perhaps the most commonly adopted measure for quality of marketing plan, refers to the extent the marketing plan is perceived as realistic, practical, based on good information, and providing a good basis to guide actions leading to the achievement of the desired goals (John and Martin, 1984; Piercy and Morgan, 1994). Being consistent with the emerging views of adopting multiple criteria to measure planning effectiveness in the strategy literature (e.g., Ramanujam et al., 1986) and that this approach is conceptually and methodologically preferred, we therefore also base on perceived credibility to determine the quality of the produced marketing plan in the present study.

2.8 Business performance

How to measure business performance has long been an unresolved measurement issue in strategic and marketing management literature. The conventional approach to business performance assessment has considered the measures purely in accounting terms, such as return on investment, which is widely regarded as the ultimate “bottom line” test of success (Reese and Cool, 1978). However, Jacobsen (1987), among others, have criticized the validity of return on investment as the sole indicator of business performance.

While alternative financial indices and ratios have been used as indicators of business performance, many studies have adopted single-item measures, which can only serve as a proxy for the underlying phenomenon. However, business performance construct is truly multifaceted and accounting measures may be misleading because of “their inadequate handling of intangibles and of improper valuation of sources of competitive advantage (Bharadwaj et al., 1993, p. 87). Therefore, strategic management and strategic marketing researchers have proposed to measure business performance with a wide array of indicators so as to allow for the derivation of rich performance implications (Capon et al., 1994; Venkatraman and Ramanujam, 1986).

Following this line of thinking some researchers designed their survey to identify

the major weaknesses in marketing planning-performance relationship studies. The most notable one is by Boyd (1991) who reported the following limitations:

- Several studies only used small samples and one should interpret the findings cautiously.
- Many studies collected data via mail survey for complicate corporate planning and strategic marketing planning activities. The choices provided in the questionnaire might not be able to capture the various facets of strategic marketing planning and the complexity of planning behavior. To supplement questionnaire survey with in-depth qualitative interview was uncommon.
- The majority of studies classified the respondent firms as planner versus non-planner, or adoption of formal strategic marketing planning versus use of informal approach to strategic marketing planning. Very few actually measured the quality of the planning process though it might be more critical to the outcome.
- Only a few used multiple indicators to measure business performance.

As a result, some researchers have suggested that accounting-based metrics need to be combined with market-based measures in order to generate a more composite assessment of business performance attributes (Srivastava et al., 1998; Otley and Pollanen, 2000). Although there is an inherent likelihood that accounting- and market-based performance objectives may be in conflict with each other (Barwise

et al., 1989), the incorporation of metrics both on and off the balance sheet facilitates a more generic view of business performance (Kaplan and Norton, 1996). As a consequence, there has been a tendency toward suggesting that financial performance is at the core of the business performance domain. Beyond this core are market-based performance measures, such as market share, loyalty... and so on. All these reflect “a broader conceptualization of business performance by focusing on factors that ultimately lead to financial performance” (Murphy et al., 1996, p16). Other non-financial terms such as employee satisfaction, product quality, customer satisfaction, is on the increase in use as well. The introduction of these measures finally leads to the use of subjective measure for business performance, including relationship with customer and brand reputation ... and so on (eg. Kohli and Jaworski, 1993).

Finally, another related measurement issue is the use of objective measures versus subjective measures for business performance. Recent studies have reported a strong and positive correlation between objective and subjective measures for business performance. But today, the trend is to employ both subjective and objective measures of business performance and we will discuss this issue in a more detailed manner and link it to the research design of the present study under the Research Methodology section.

2.9 Strategic marketing planning and business performance

Despite the many operational difficulties that have been documented in relation to effective strategic marketing planning (Greenly and Bayus, 1993; Hooley et al., 1990; McDonald, 1992), still many scholars have advocated the value of strategic marketing planning for business growth and development (Bracker et al., 1988; Claycomb et al., 2000; McColl-Kennedy et al., 1990; Piercy, 1991; Phillips, 2000; Weinrauch et al., 1991). Strategic marketing planning is a fundamental means through which the firm learns about its market and environment (de Geus, 1988). Formulating marketing plans with a strategic perspective and along a systematic process enables the firm to collect market and environment data for the identification of threats and opportunities and subsequently align the available resources with more promising opportunities (Armstrong, 1982). Ansoff (1987) shares a similar view and stresses that strategic marketing planning helps ensure better alignment than planning based on trial-and-error.

Strategic marketing planning process can also be deemed a learning process that helps improve marketing efficiency. McDonald (1989) in a review of the marketing planning literature has identified better co-ordination of interrelated activities, improved environmental awareness, better communication among management and better use of resources the major benefits resulted from effective strategic

marketing planning activities. All these suggest a positive relationship between marketing planning and commercial success.

However, the relationship between strategic marketing planning and firm performance is not as straightforward as conventional wisdom suggests (Lumpkin, Shrader and Hills, 1998), given the inconsistent findings in previous empirical studies. While some studies have reported a positive link between strategic marketing planning and business performance (eg. Al-Shammari et al., 2007; Mill and cardinal, 1994; Pearce et al., 1987; Schwenk and Shrader, 1993; Lysonski and Pecotich, 1992), other studies have shown either that there is no systematic association between these two constructs (eg. Kulda, 1980; Leontiades and Tezel, 1980), or that strategic marketing planning leads to business failure (Robinson and Pearce, 1983). What makes the case even more complicate is that some studies reported mixed effects (eg. Fredrickson and Mitchell, 1984; Fredrickson and Iaquinto, 1989). Some studies found strategic marketing planning would have greater impact on market performance of large firms but the planning – performance relationship might be tenuous in the case of small firms (Carter, 1990; Schwenk and Shrader 1993). Armstrong (1982) reviewed 15 empirical studies and found only five had disclosed a statistically significant relationship between formal marketing planning and improved performance.

On the other hand, quite a number of studies challenged the effect of strategic

marketing planning on market performance (eg. Lindsay and Rue, 1980; Robinson et al., 1983). Formal marketing planning can enhance business performance in stable but not dynamic market. Formal marketing planning is ineffective in dynamic and volatile business environment (Fredrickson, 1984; Mintzberg, 1994) because it may lead to rigidity and inflexibility in responding and adapting to market changes (Sanchez, 1995). March (1991) provided theoretical explanation to this problem in that as experience and competence in a process develops, cognitive maps and problem-solving processes and solutions can become rigid. Incorporating agility into the strategic marketing planning process is conducive for the firm to respond to promptly to a turbulent business environment.

Nevertheless, Lumpkin et al. (1998) believed the inconsistent findings should be attributed to the fact that many studies on planning-performance relationship were plagued with theoretical, measurement, and methodological issues that unfortunately biased the true relationship. For example, the effect of strategic marketing planning on business performance could be mediated by the output of planning but existing studies assume a direct impact of strategic marketing planning on performance, ignoring that it could be the output of planning activity, like the quality of the marketing plan, but not the activity itself, has direct impact on business performance. Therefore there is a research call for more thought-out and systematic research effort in this area (Boyd, 1991; Schwenk and Shrader, 1993). Following this line of thinking, we incorporated the quality of marketing

plan as a mediating variable for investigation of the true relationship between strategic marketing planning and business performance.

2.10 Moderating role of institutional factors -government support

The strategic importance of emerging markets in global market portfolio triggered research interest in firms' strategy making behavior and its impact on business performance in the past decade (Su et al., 2011; Wright et al., 2005). The institutional context of emerging markets is quite different from that of developed market. For instance, there are more institutional constraints but fewer market factors and changes in the marketing environment are more rapid and dynamic as emerging economies are in transition toward more market oriented institutions. All these may impose constraints on firms' strategy choice behavior and force firms to develop new management and marketing capabilities critical for success in an increasingly more developed market (Wright et al., 2005). Therefore, it is not surprised to observe the investigation of the potential impact of institutional factors on business performance in emerging economy as a recent research trend in IB (eg. Clercq, Danis and Dakhli, 2010).

Previous studies have found the development of market institutions, high level of

government involvement, industry structures, ownership patterns, and enforcement of business laws the important contextual factors that contribute to explanations of strategic decisions of domestic firms in emerging economies (Filatotchev et al., 2003; Khanna and Palepu, 2000; Peng, 2000, 2003). The relationship between firm strategy and business performance cannot be interpreted properly and explained accurately if taking institutional contexts in isolation (Khanna and Palepu, 2000). Experiences of firms in emerging economies will provide empirical evidence to validate and refine existing theories on strategic marketing planning activities and behavior and even develop new ones (Peng and Heath, 1996). Wright et al. (2005) have also advocated that emerging economies provide a new context for examination of existing theories on the relationship between strategy formulation behavior and business performance. For this research purpose, new theoretical perspectives might be needed to explain the specific phenomenon in emerging economies (Hoskisson et al., 2005).

However, most previous studies investigated the effect of strategic marketing planning on business performance based on the experience in developed markets. Given the differences in social, political, and economic contexts as well as firm characteristics of emerging economies, findings from developed economies may not be generalized directly to transition economies (London and Hart, 2004). There is an urgent need for researchers to consider the extent to which theories and methodologies employed to study strategy making behavior in mature, developed

economies can be applied equally well in emerging economies (Wright et al., 2005). The best is to use an integrated framework that takes into account both of institutional constraints and firm strategy (Child and Tsai, 2005).

Institutional Theory

Hoskisson et al. (2000) performed a meta-analysis and accordingly identified rapid economic growth, more frequent use of policies and promulgation of regulations to change the business environment, and transition from centrally planned economies to liberalized ones as the characteristics of emerging economies. Similar studies in this stream have added a legacy of significant governmental and/or political involvement in business affairs another features of emerging economies (Peng, 2000; Wright et al., 2005). China exhibited all the aforesaid characteristics and is thus considered an emerging economy. Replication of strategic marketing planning and business performance research in an emerging economy like China can serve “the fundamental role of protecting against the uncritical acceptance of empirical results (Singh, Ang, and Leong, 2003, p533).

Institutionalists have advocated that economic activities are undertaken within the parameters of a broader institutional context (Anderson et al., 1994; De Clercq et al., 2010; Francis et al., 2009). The institutional context guides and governs economic exchanges (Blau, 1964). Embedded in the institutional context are a

number of institutions, both are political and social agencies, which have strong influences on other organizations through introduction and enforcement of laws, rules and norms (Henrique and Sadorsky, 1996; Lu and Lakanumber, 1997).

Scott (2001) provides a theoretical framework to analyze and delineate the potential influences of institutional factors on business activities in different countries. The framework suggests institutional environments should contain three dimensions, regulatory, cognitive, and normative. Components under the regulatory dimension are mainly laws, rules, and policies that stimulate or constrain certain types of firm behavior. The cognitive dimension includes the shared knowledge that people base on to interpret a particular phenomenon. Finally, the normative dimension of institutional environment refers to the value, beliefs and norms that govern human behavior in a given country. Amongst them, institutional factors under the regulatory dimension are of great relevance to the theme and scope of the present study because of their implications for the implementation of marketing plans.

Since the adoption of the Economic Open Door Policy, China has been undergoing institutional transitions which involve fundamental, dynamic, and comprehensive changes in competition and resource allocation behavior. Rapid social and economic development will lead to environmental uncertainties, economic and political instabilities and call for new market-based management skills. A key

challenge to local managers is how to overcome institutional barriers to acquire the needed resources and marketing skills/capabilities so as to sustain competitive strengths crucial for implementation of the chosen marketing strategy that will lead to the accomplishment of desired business outcomes.

Government support as a nonmarket strategy

Government intervention in business activities is common in transitional economies like China. (De Clercq et al., 2010, p88). In China, governmental institutions influence business practice commonly in the form of offering normative guidelines for and impose regulatory constraints upon the firm (Child and Tasi, 2005). Previous studies have reported the Chinese government adopts, in particular, the following means to intervene business activities in the China market: introducing unpredictable regulations (de Soto, 2003), creating barriers to access to relevant market information (Shane, 2000), suddenly announcing that an existing business is an unacceptable economic activity (Busenitz, Gomex, and Spencer, 2000; Ireland et al., 2008), imposing tax burdens (Estrin et al., 2006), introducing policies and incentives aimed at encouraging the development of new products and innovation projects (Reynolds et al., 2005), issuance of permits and license (Djankov and Murrell, 2002), establishing tedious and inconsistent procedural requirements for approval of business projects and/or just a small marketing campaign (Dana, 1990; Klapper et al., 2006), relegating the dispute to the extra-

legal sector (Djankov et al., 2002), interpreting laws and regulations in inconsistent manner (Danis and Shipilov, 2002; Spencer and Gomez, 2004), and appointment of senior executives to competing firms. All these are institutional burdens to firms operating in China and getting support from government organizations can help overcome these hurdles.

Emerging economies are also characterized with weak institutional infrastructures, inefficient and unpredictable regulatory institutional environments. (Hoskisson et al., 2000) and under these circumstances firms will resort to network relationships to compensate for institutional deficiencies (Batjargal, 2003; Peng, 2003). Business connections, instead of rules and laws, enable firms to access the needed resources, defend their interests, and fight for preferential treatments (Yiu and Lau, 2008). In particular, purposefully managing government relations is a means of shaping and controlling the firm's competitive environment, thereby leading to superior performance compared to competitors (Boddeyn and Brewer, 1994; Hillman, Zardoohi and Bierman, 1999). From the institutional perspective, the use of business relationships to consolidate and enhance the firm's competitive advantage is a nonmarket strategy (eg. Hitt, Lee and Yucel, 2002), which is particularly common in China (eg. Farh et al., 1998; Peng and Zhou, 2005).

Baron (1997) defines a nonmarket strategy as a "concerted pattern of actions taken in the nonmarket environment to create value by improving a firm's overall

performance” (p146). Institutionalists have found three substantive nonmarket strategies, corporate political strategy (eg. Clements, 2001), guanxi-based strategy (eg. Hitt, Lee and Yucel, 2002), and institution-based strategy (eg. Peng and Luo, 2000). Amongst them, guanxi strategy has been the most popular nonmarket strategy employed by Chinese firms and its impact on business performance has been investigated (eg. Farh et al., 1998; Peng and Zhou, 2005).

Traditionally under the planned economy, the Chinese government plays a critical role in allocating all kinds of resources such as land, human and financial resources, subsidies for import, export, and research activities, tax benefits... and so on. The government’s power in these areas provides enough incentives for firms to establish close relationships with various governmental organizations (Li, Sun and Liu, 2006). With the support from the government, local firms can access to others’ resources like business networks, market information, and channels and accordingly figure out a better way to improve competitive edge. Local Chinese firms can influence the business activities of competing firms and facilitating agents through specific social arrangements or relational frameworks which help negotiate for favorable accommodation with institutional regulations or exploit legal loopholes (eg. Leonard, 1988).

Protectionism is perhaps the most common form of intervention by government particularly in countries on transiting from a socialist economy to one based on

market forces like China (Sanyal and Guvenli, 2000). With the support from the government, local firms can overcome institutional barriers like protectionism, regulations issued by various administrative organizations, and communication blocks across different ministerial systems more effectively (Tan, 2001). For instance the local government can apply flexible measures to help the firm to get through the door of protectionism.

Recent changes in China's political environment have also created more opportunities for local firms to establish close relationships with governmental institutions. In line with the transition from planned to market economy, today Chinese firms have more and more opportunities to participate in political processes. For instance, top managers in Chinese firms may be elected as members of Chinese People's Political Consultative Conference and National People's Congress, so that they have rights to influence public policies, making them coincide with their firms' interest. Besides, the use of economic performance indicators, like GNP and FDI as the key measures of governmental performance at all levels has put large firms in an advantageous position because they are often consulted when central and local governments make their public policies.

The move towards a market economy has not led to relaxation of control over business activities in China. In contrast, having observed that there were 20690 laws and regulations introduced by the government in 1999 but the figure increased

to 141,173 in 2005, He, Tian and Chen (2007) concluded in fact “the Chinese business environment is more and more regulated during the process of marketization” (p154). Senior managers thus perceived greater need of maintaining close relationships with government organization in order to ensure smooth implementation of business activities.

To conclude, in most cases, the effective means to remove institutional constraints or to shift them to competitors is through the assistance of governmental organizations at different administration levels. Hence, gaining strong government support is an integral part of the implementation process of marketing plans and on this ground government support can moderate the relationship between marketing plan and business performance.

2.11 Chapter summary

This chapter provides conceptualization of strategic marketing planning and reviews the existing theories pertaining to the definition and potential effect of process and behavioral factors that firms may encountered during the strategic marketing planning process. The quality of marketing plan and related measurement issues are also discussed. And, as guided by the research questions set forth in the first chapter, the operationalization of the business performance

construct and the relationship between strategic marketing planning, the quality of marketing plan and business performance are also reviewed extensively. All these shed light on how the constructs are to be captured when being incorporated to develop a conceptual model for theory testing and on the expected direction of relationships among the constructs. The proposed model focuses on process and behavioral factors and the hypothetical relationships among the constructs and theoretical justifications will be described in the next chapter.

“Given the under-developed nature of marketing implementation research, many questions appear worthy of additional scrutiny” (Sashittal and Tankersley, 1997, p78). Only by including the issues pertaining to implementation of strategic marketing planning behavior and by considering the potential effect of moderating factors will allow us to have a full understanding of the thorough marketing planning process and its potential impact on business performance. Hence, the proposed study can be considered a timely response to this research need.

CHAPTER 3 THE CONCEPTUAL FRAMEWORK AND HYPOTHESES

3.1 Introduction

This chapter introduces the conceptual model that delineates the hypothetical effect, direct and indirect, of process and behavioral factors throughout the strategic marketing planning process on the quality of marketing plan and business performance. In addition, the moderator effect of government support as the institutional factor is also specified. The conceptual model sets up the framework for empirical test of the hypothetical relationships amongst all the constructs. All the hypotheses incorporated in the model are theory-based and mainly developed based on the extensive literature review on relevant theories and inputs from in-depth interviews with senior marketing executives. They also show good face validity and gain sound theoretical justification. Besides, the measurement model of individual constructs is explained in this Chapter.

3.2 The conceptual model

A conceptual model underlying the proposed study is developed based on an extensive review of the extant literature in Chapter 2. As illustrated in Figure 3-1,

the conceptual model incorporates a set of process and planning behavior factors as predictive variables to the quality of marketing plan and business performance. In addition, it includes government support as the institutional factor that moderates the effect of the quality of marketing plan on business performance.

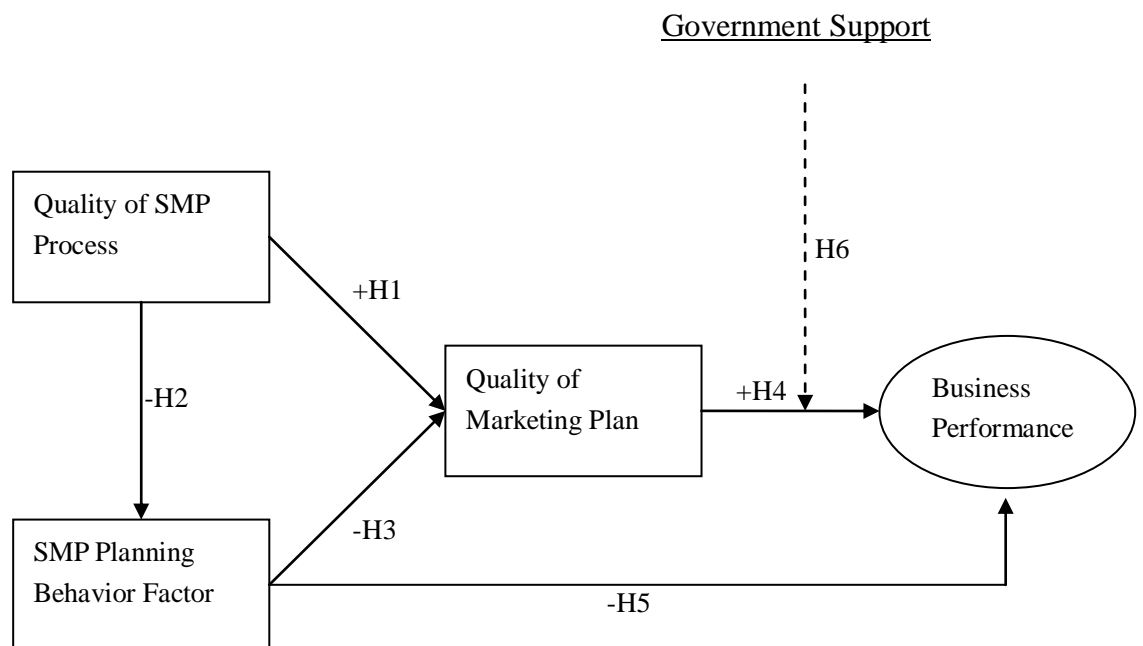


Figure 3-1 Conceptual Model on the Effects of Quality of SMP Process and SMP Planning Behavior Factor on Quality of Marketing Plan and Business Performance

Three of the constructs incorporated in the model are treated as a second-order measurement model. Methodologically, second-order measurement models are potentially applicable under the following conditions:

- Conceptually the theoretical meaning of the higher construct implies that the embedded lower order factors should not be separate and distinctive constructs; instead they all represent the domain of the higher order construct. The higher order factor is hence hypothesized to account for the relations among the lower order factors.
- Being consistent with the conceptualization, the lower order factors are assumed to be correlated with each other and are not theoretically independent.
- The lower-order factors have a similar theme and normally have the same antecedents and consequences (Jarvis et al., 2003).

Three constructs, quality of strategic marketing planning process, problematic planning behavior, and quality of marketing plan, in the proposed model meet the aforesaid requirements and are considered as second-order measurement models. In fact, Piercy and Morgan (1994) have proved problematic marketing planning behavior a second-order measurement model. Since previous studies on the quality of marketing plan adopted a set of items to measure each of these evaluative criteria, the combined use of multiple criteria for quality of marketing plan thus suggests it should be a second-order measurement model as well. Following this line of thinking we employ comprehensiveness, credibility and rationality to measure the quality of marketing plan. This treatment has several advantages. First, it enhances the face validity and captures better the theoretical definition of these

constructs in logical sense. Second, second-order measurement models present a more parsimonious nomological network by reducing the number of causal linkages and provide a mechanism to explain the common variance across first-order dimensions so as to minimize multi-collinearity (Erez and Judge, 2001; Gerbing and Anderson, 1984).

Although previous studies revealed mixed results on the relationship between formalization and business performance, we believe this could be attributed to a) the exclusion of some variables which may have mediate effect on the relationship, b) the inability to capture the domain of formalization because of the use of single measures for the construct, and c) the ignorance of that formalization is not the only factor determining the quality of strategic marketing planning process. As explained in the literature review section, the quality of a strategic marketing planning process is not solely subject to formalization, the sophisticated use of analytical tools and market assessment techniques should also be considered. As the normative school of strategic marketing planning has suggested various types of analyses, techniques, and procedures for strategic marketing planning, this supports the use of both procedural factors and application of various analytical techniques and planning tools to measure the quality of strategic marketing planning process. Such a treatment is considered pioneering in this kind of marketing planning research. However, we argue that the synthesis of existing theories on strategic marketing planning process reveals that the quality of strategic

marketing planning process should be a multi-dimensional construct and each dimension be measured with a number of items. On this ground, we consider this construct a second-order measurement model.

By incorporating a second-order measurement model to capture the domain of the quality of strategic marketing planning process, problematic marketing planning behavior, and quality of marketing plan into the conceptual model, we can accordingly delineate the full model on the relationship amongst all these constructs and business performance as indicated in Figure 3-2 below:

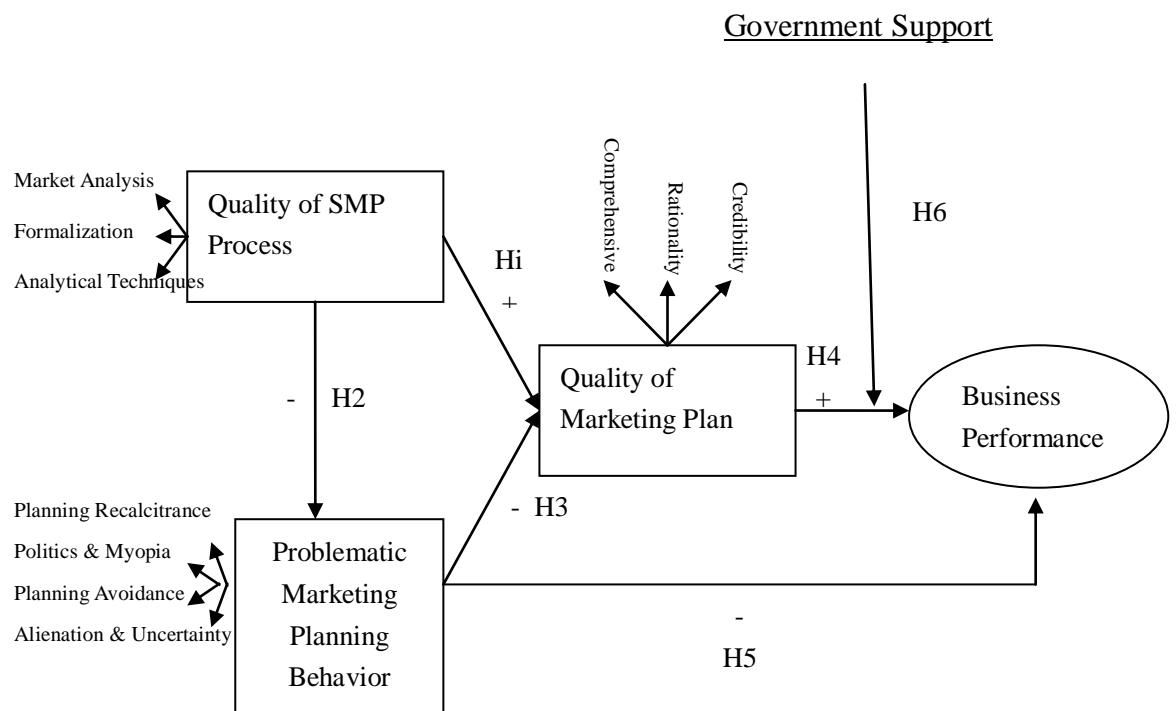


Figure 3-2 Full Model on the Effects of Process and Planning Behavioral Factors on Quality of Marketing Plan and Business Performance

3.3 Hypotheses

Normative models on strategic marketing planning have postulated that the use of strategic marketing planning tools, the comprehensiveness of the planning scope, together with well-defined planning systems and procedures would improve the quality of the produced marketing plan, which ultimately determines business performance. However, Hooley (1984) suggested that, the findings on the aforesaid hypothetical relationships so far have been inconsistent. Piercy and Morgan (1994) believed that, formalization is a strong predictor to the quality of marketing plan in terms of credibility and rationality.

Rationality is characterized by pre-set goals, constant surveillance of the market, and the selection of alternatives with a view to optimizing results (Dean and Sharfman, 1996). Empirical findings support this view by disclosing that rationality is positively related to planning quality (Bourgeois and Eisenhardt, 1988; Dean and Sharfman, 1996). Based on above discussion, we suggest that the situation is not specific in China; therefore, the following hypothesis is postulated:

H1: The quality of strategic marketing planning process will contribute positively to the quality of marketing plan.

Decision makers may play politics or adopt avoidance behavior during the strategic marketing planning process for fear that the decision outcomes may threaten their

personal interests (Eisenhardt and Bourgeois, 1988). They may attempt to satisfy personal needs by influencing the strategic marketing planning process. However, this kind of planning and implementation behavior will be restricted to some extent under a formal planning process which normally has some built-in conflict resolution mechanisms (Papadakis, 1998). Besides, a well defined strategic marketing planning process will enable those managers who are involved to understand better their role and the procedures and decision making norms that they have to follow (Piercy and Morgan, 1994). Moreover, McKee et al. (2000) found a systematic relationship between the planner's marketing planning style and the level of comprehensiveness of the marketing plan. This, together with the use of sophisticated planning tools and techniques, will provide managers with a framework for planning and for collection of relevant and quality information for decision making and reduce the level of uncertainties.

Therefore, it is logically assumed that opportunistic behavior from planners can be minimized. In other words, a systematic and high quality strategic marketing planning process helps reduce the incidence of problematic planning behavior throughout the planning process. Hence, the following hypotheses are purposefully set to test these hypothetical effects:

H2: High quality strategic marketing planning process will restrict unfavorable planning behavior in the way that the higher quality the strategic marketing planning process, the lower the incidence of

problematic planning behavior during the planning process.

How to perform the tasks better and when to perform also determine the quality of the formulated marketing plan. High quality marketing planning is achieved when marketing planning process is formal, comprehensive, well-organized, and when politics in planning is kept to a minimum (Greenley, Hooley and Saunders, 2004). But, a formal planning process can be too rigid that ends up with sub-standard decisions and delays in responses to changing market needs (Deshpande and Zaltman, 1982). For example, Piercy and Morgan (1994) performed an empirical test to confirm the existence of a number of planning behavior problems that could determine the quality of marketing plan. They found that, planning recalcitrance, politics and myopia, and planning avoidance are problematic marketing planning behavior which has negative impact on the quality of marketing plans. Organizational inertia may de-motivate management staff to commit to marketing planning activities and the execution of the marketing plan (Cespedes, Corey and Rangan, 1988). And the change avoidance behavior of management staff may lead to conflicting and covert behavior in the implementation process (Pfeffer, 1992). For example, withdrawal or nominal participation in planning, gaming behaviors, and lack of acceptance of the outputs of the planning have been viewed as exerting a negative influence on planning effectiveness. We expect the same phenomenon will be observed in China and the following hypothesis is thus suggested:

H3: Problematic Planning Behavior will have negative effect on the

quality of marketing plan.

The normative school has contended that the major reason of following a prescriptive strategic marketing planning model to develop a marketing plan is to improve the quality of the plan (Armstrong, 1982; Greenley, 1986; McDonald, 1996). By doing so, the chance of achieving the desired business outcome will be greater. For instance, Burt (1978) observed a positive relationship between high quality strategic plan and business performance based on a case study of 14 retailing firms in Australia. Claycomb et al. (2000) reported that firms excelled in strategic marketing planning would perform better in terms of market share, sales growth, profit, ROI, and ROS. Hahn (2010) used financial services firms for investigation and the findings confirmed the positive impact of the quality of marketing plan on business performance, though the impact was moderate and would be greater by interacting with the firm's implementation capability. Papadakis (1998) reported a positive relationship between the quality of marketing plan, in terms of comprehensiveness and rationality, and organizational performance. Moreover, the meta-analysis of 26 studies by Miller and Cardinal (1994) indicates a modest, positive relationship between marketing planning and business performance. McDonald (1989) has suggested a positive relationship between marketing planning and commercial success. Elbanna et al. (2009) explained that marketing decisions made within a more formal planning process will more likely lead to better business performance because they are more rational

and less intuitive. Following this line of logic, we develop the following hypothesis for test:

H4: Marketing plans of better quality will lead to better business performance.

Another research stream in strategic marketing planning is to examine the relationship between strategic marketing planning behaviour and business performance (Mintzberg, 1990; Slotegraaf and Dickson, 2004). Good planning behaviour is characterised with stickiness to formal and sequential procedures and effective application of robust analytical tools and techniques that are well identified and recommended by strategy scholars to develop marketing plans (Cravens, 2000; Gilligan and Wilson, 2004; Jain, 2000; McDonald, 1999). White et al. (2003) believed that, excellence in marketing strategy implementation should lead to better business performance.

Previous studies reported mixed results regarding the direct effect of marketing planning behavior on business performance. In contrast, Capon et al. (1994) found that strategic planning could improve performance, but it was not a necessary condition. For example, some marketing managers may have difficulty in planning for various reasons like inadequate marketing knowledge, contextual and behavioural problems (Cespedes and Piercy, 1996; Greenley, 1988). And Lysonski and Pecotich (1992) reported a weak association between formalization and market

performance. In a similar vein, Slotegarrf and Dickson (2004) have argued that overemphasis on formal planning procedures and mechanisms might paradoxically reduce the firm's adaptability to ever changing market conditions. Moreover, Elbanna et al. (2009) found that decision makers were inclined to use more political behavior to secure personal interests in low-performing companies than in high-performing ones. This implies that increase in the preponderance of political tactics and conflicts amongst decision makers during the strategic marketing process will be likely leading to poor business performance. Therefore, this deserves more effort to validate the direct effect of process and behavioral factors on business performance and the following hypotheses are hence developed for this purpose:

H5: Problematic marketing planning behavior will have negative influence on business performance.

Firms in different markets face a unique set of institutional factors and constraints that restrict the freedom of maneuvering the selected marketing mix programs and/or block the access to the required resources. Researchers cannot ignore the institutional context of a specific market to interpret strategy choice behavior of the firm and the effect of marketing strategy on business performance. Government intervention in business activities, heavy reliance on regulations and policies, transition from planned economy to market economy, and development of market institutions are major characteristics of the institutional context of emerging

economies. From the institutional perspective, the use of business relationships to consolidate and enhance the firm's competitive advantage is a nonmarket strategy (Hitt, Lee and Yucel, 2002), which is particularly common in China (Farh et al., 1998; Peng and Zhou, 2005).

In the case of China, the government at various administration levels not only control and allocate resources but also often offers normative guidelines for and imposes regulatory constraints upon firms' business activities (Child and Tsai, 2005). On the contrary, if needed, the government may relax regulations for a specific business and postpone or suspend the enforcement of certain laws (Sanyal and Guvenli, 2000). The government can create a favorable operational climate, offer favorable terms, and assist the firm to access to the needed resources through its relational frameworks. All these help facilitate operation, enhance competitive advantages, achieve greater cost-effectiveness, and ultimately improve business performance like profitability. This explains why building relationship with governmental institution has been recognized by business executives a business norm in China and an integral part of the firm's China strategy. Guanxi strategy has been the most popular nonmarket strategy employed by Chinese firms (Farh et al, 1998; Peng and Zhou, 2005). Local Chinese firms can influence the business activities of competing firms and facilitating agents through specific social arrangements or relational frameworks which help negotiate for favorable accommodation with institutional regulations or exploit legal loopholes (Leonard,

1988).

Hence, to ensure strong government support is crucial for successful implementation of the chosen marketing plan and accomplishment of the intended level of performance. In China, after the firm is able to develop a high quality marketing strategy/plan through an effective strategic marketing planning process, successful implementation of the strategy/plan is subject to the firm's ability in manipulating and overcoming a number of unique institutional barriers. On this ground, we postulate that government support can moderate the effect of the quality of marketing plan on business performance and the following hypothesis is developed for test:

H6: Government support can moderate the effect of the quality of marketing plan on business performance. For firms with strong government support the positive impact of the quality of marketing plan on business performance will be greater. For firms with weak government support the effect will be smaller.

3.4 Chapter summary

This chapter has provided an overview of the model on the potential impact of quality of strategic marketing planning process and problematic planning behavior on the quality of marketing plan and business performance. Various hypotheses

pertaining to aforesaid relationships are derived for test. Besides, theoretical justification is provided to support the use of second-order measurement model for “quality of strategic marketing planning process”, “problematic planning behavior”, and “quality of marketing plan”.

However, a variety of methodological and research design problems are observed in previous studies on strategic marketing planning activities and their effectiveness. The most apparent one is that some studies based on a small or modest sample size for hypothesis test but this might not allow for sufficient statistical power to support the hypothetical connection between planning and business performance (e.g., Bart, 1998; Phillips & Moutinho, 2000). This alerts us to pay particular attention to research design so as to ensure the collection of valid data for hypothesis test. The next chapter will therefore explain the research methodology underlying the present study.

CHAPTER 4 RESEARCH METHODOLOGY

4.1 Introduction

This chapter describes the research design and the methods employed to gather both qualitative and quantitative data necessary for hypothesis test. The research strategy and process, questionnaire development, operationalisation of the constructs, sampling frame, and the underlying rationale will be explained in details. Figure 4-1 illustrates the research strategy and the whole research process diagrammatically.

4.2 An overview of research design

We followed the conventional discovery and justification approach to investigating and explaining strategic marketing planning behavior and its relationship with business performance. The strength of the present study lies in the dual emphasis on both discovery and justification, instead of simply exploring the implementation problems unique in the context of the China market, or confirming an existing theory with empirical data only. In order to achieve the desired objectives, we defined the research design to include 4 phases as follows :

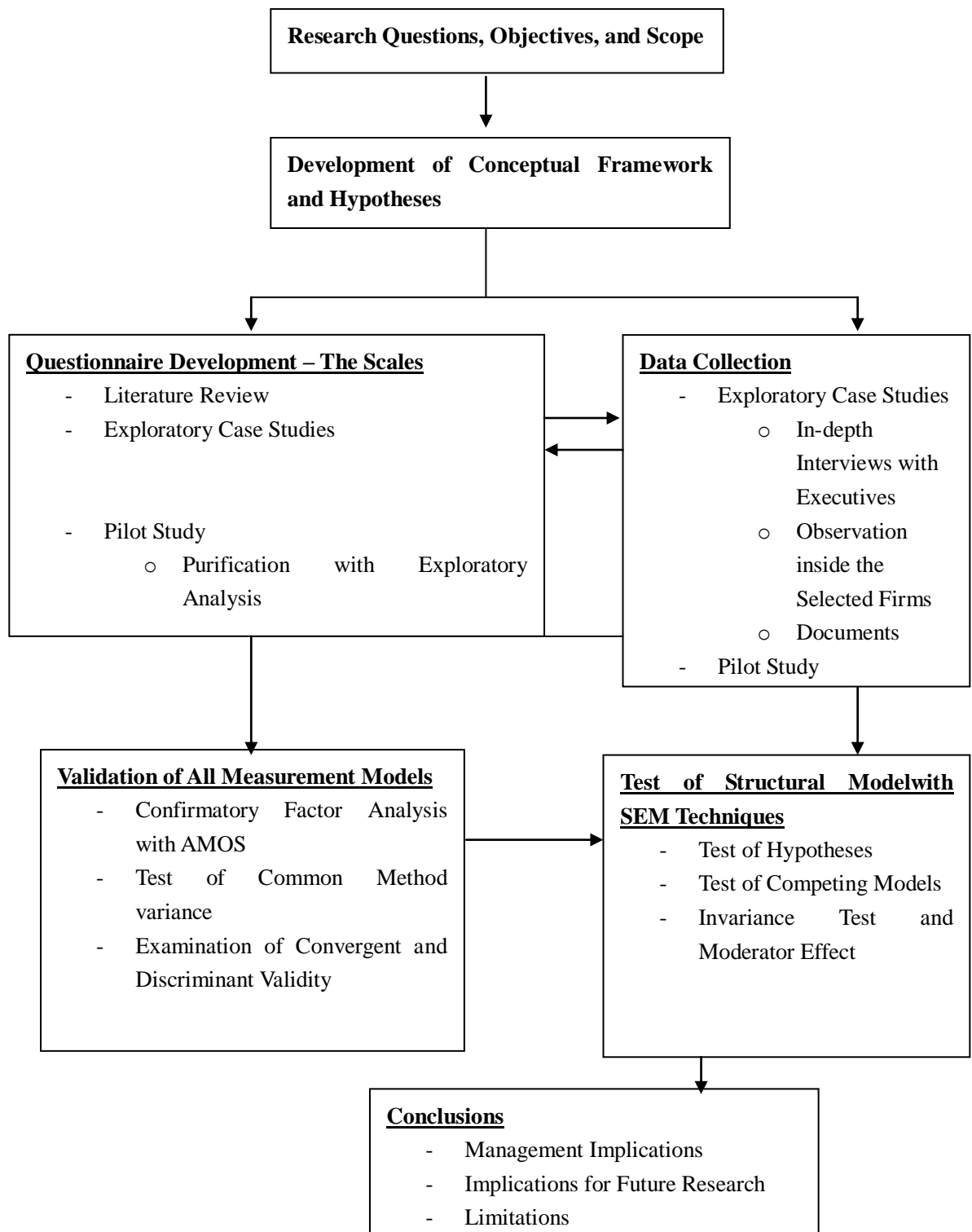


Figure 4-1 An Overview of the Research Design and Data Analysis Strategy

- Phase I: Exploratory case studies
- Phase II: Pilot study
- Phase III: Study I: Large scale survey interviews plus follow-up in-depth interviews with the respondents
- Phase IV: Study II: Survey interviews with an extended questionnaire to test Moderator effect

To address the research issues, the study has applied a multi-method approach of combining qualitative and quantitative techniques. Snow and Thomas (1994) have contended that using a multi-method approach is advantageous in that the particular limitations of a given method will be compensated by counterbalancing the strengths of another.

Based on the conjecture that firms in China, both local and multinational, may practice strategic marketing planning quite different from their counterparts in the West and the fact that so far empirical research on Chinese firms' strategic marketing planning activities and behaviour has been rare, there is a strong need to employ discovery-oriented qualitative approach to collect relevant data pertaining to the characteristics of their marketing planning and implementation behavior. The collected information will improve our knowledge of the current practice of strategic marketing planning in China and such knowledge is crucial for identification of the respondents from sampled companies, for the development of

sampling method, for questionnaire and scale development, and for data collection administration procedures.

In Phase I, a discovery-oriented multiple-case study was adopted and this involved in-depth interviews with key informants selected from the case sites. The discovery-oriented approach in the form of semi-structured interviews was commonly used in previous studies on similar topics (Nobal and Mokwa, 1999; Piercy and Morgan, 1994; Sashittal and Tankersley, 1997; Stasch and Lanktree, 1980). Semi-structured interviews are considered appropriate for studies of exploratory nature, because of their flexibility, completeness and capacity for complexity while allowing theory emergence rather than theory extension through literature-based deduction (Deshpande, 1983; Hunt, 1994). For the present study the use of semi-structured interviews enabled the researcher to develop a general picture of the current marketing planning practice of local Chinese firms of different types of ownership and in different industries. This knowledge is useful for clarification of the domain of the proposed scales for the measurement of strategic marketing planning and implementation behavior, so as to ensure content validity.

The major purpose of running a pilot study in Phase II was to refine the data collection plan (Yin, 2003), so as to ensure the specificity and structure of the questionnaire, to confirm the key informant from individual participant companies,

and to identify both internal and external barriers that would affect the administration of questionnaire survey, particularly during sampling and interviewing. The feedback enabled the researcher to learn how to deal with the barriers that might lead to potential bias in responses. This procedure also helped minimize the potential bias created by the respondents and the research settings.

In Phase III, all data were collected by means of a self-administered questionnaire. The questionnaire entitled “Impacts of Process and Behavioral factors on the Quality of Marketing Plan in China”, together with a cover letter explaining the purpose of the survey was distributed to the key informant at each sampled firm. All sampled firms were recruited with the assistance from either the provincial, or municipal, government.

Follow-up in-depth interviews with selected respondents were undertaken after data analysis. The major purpose of follow-up interview was to seek for the executives’ comments on some interesting findings and insights for better interpretation of the research outcomes.

Phase IV was initially unplanned. The feedback from follow-up interviews with selected respondents opened our mind that the relationships among the quality of strategic marketing planning process, planning behavior, quality of the marketing plan, and business outcome could be affected by the institutional context of the

China market. In particular, the strategic and facilitating role of government support was stressed by all respondents who participated in in-depth interviews. This thus prompted the researcher to extend the original questionnaire to incorporate new questions pertaining to the level of government support obtained when executing the selected marketing plan, followed by another round of survey interviews in the same sampled cities. Details of this sampling arrangement will be discussed later in the section of Follow-up Survey in Chapter 7.

4.3 Sample selection and methods of data collection

China is a country with vast territory and huge population. Geographic diversity and economic disparity are prevalent. While some urban cities in China, such as Shanghai, Beijing, and Guangzhou, have become well-developed markets after the adoption of the Economic Open Door policy, the remaining areas of the country show a quite different picture. Swanson (1989) first noted the differences in sociolinguistic and behavioural traits and tastes across various regions in China and the importance of such regional disparities for marketing operation. Ralton et al. (1996) pointed out the differences in managerial values across various regions in China. Child and Stewart (1997) identified apparent regional differences in autonomy from central government influences, predominant influences of state-owned enterprises, experience of international marketing experience, and entrepreneurial tradition. Recent studies have suggested geographic segmentation

of China based on location, economic development, and local culture (Schmitt, 1997; Swanson, 1998; Sin et al., 2004). Given disparities in purchasing power, consumer attitudes, lifestyles, media use, and consumption patterns, Cui and Liu (2000) have proposed a seven-region scheme to divide the China market into the South, East, North, Central, Southwest, Northwest, and Northeast. There are also other approaches to dividing such a large country as China, ranging into three to nine geographic segments. Apparently, the findings from these studies all suggest one should sample respondents from different regions in China in order to ensure the representativeness of the sample and ultimately enhance the generalisability of the findings. Recent empirical studies on managing marketing activities in China all followed this approach to sampling firms from cities in different regions (Deng and Dart, 1999; Luk et al., 2002; Sin et al., 2004). Though segmenting the whole market into eight or nine is relatively uncommon by firms in practice, in contrast, classifying China into five to seven segments has been increasingly common practice for marketing of consumer goods and services. This sampling approach is recommended if the respondents will be households or individual consumers.

If the respondents are firms, then the level of economic development, differences in business norms and industry development policy/strategy, and the distribution of ownership types will be the variables for effective segmentation. Following this line of thinking, one can find the local economy of northeastern China is dominated overwhelmingly by state-owned enterprises in heavy industries. Being a political centre of China, Beijing, a city representing northern China, has many large state-

owned firms which are normally the head offices responsible for corporate planning but leaving marketing planning to subordinate firms at province-level. The local economy in southwestern is relatively less developed and less attractive to foreign investors and mainly dominated by agriculture or resources business. One cannot expect firms in the southwestern region good in marketing management capabilities. Given the theme of the present study, cities in these three regions were not considered for sampling purpose.

Consequently, four regions were left for sampling: eastern China, central China, western or northwestern China, and southern China, and firms there should be able to provide us with the information relevant to the theme of the present study. However, today southern China and eastern China, the two engines of the country's economic growth, to a certain extent exhibit a high level of homogeneity in terms of economic development and growth direction, origin of investors, distribution of ownership types, openness of local economy, and management competency of local firms. Sampling respondents from either one of these regions should be adequate to ensure generalization of the findings. On this ground, together with the constraint of research fund, we finally decided to sample firms from Shenzhen (southern China), Hefei (central China), and Xian (western China).

There are significant disparities in the development of local economy, business norms and management mentality, and industry development strategies across

these three cities. Shenzhen, being the first Special Economic Zone since 1979, whose local economy has been growing splendidly and local business practice and management mentality is close to industrialized countries in the West. Hefei is traditionally an agricultural city but its manufacturing and service sector has been growing rapidly in line with the establishment of economic and high-tech development zone since late 90's. Xian is the transportation nexus in the western region and it started to catch foreign investors' attention after the central government implemented the 10th 5-Year National Economic Plan, which gave priorities to the development of western region. Therefore, local business practice was still strongly influenced by the planned economy when the survey was undertaken.

It has been found that firm size is positively related to the perceived need of practicing strategic marketing planning, particularly in a formal fashion (Mckee et al., 1990). Small firms might not perceive the need of adopting strategic marketing planning procedures, their senior managers would not be qualified to participate in the present study. In addition, the study by Gounaris et al. (2004) found that larger companies were more likely possessed sophisticated marketing management skills. This explains why previous studies on strategic marketing planning preferred to use medium-to-large business organizations for investigation (eg. Ashill, Frederikson and Davies, 2003), except those which were designed to focus on small companies. For the same reason, only medium and large enterprises were

recruited for participation in survey interviews in the present study. The demarcation line for medium size firms is that, according to the definition by the PRC government, the firm must have a total annual sales revenue of at least USD 10M. Accordingly only those with annual sales revenues above USD10M would be qualified for participation in the present study. Besides, all candidate firms must have had at least three years of experience in developing marketing plans for their products at the time the survey was undertaken.

Greenley (1988) suggests that in theory all senior managers involved in strategic marketing planning development and implementation could be potential respondents to speak on strategic marketing planning activities of their firm. Tan and Litschert (1994) stressed that using senior managers as key informants could be adequate for reliable and valid data for research on planning and strategy. Senior executives responsible for marketing planning activities were hence used as key informants and these include CEOs, general managers, assistant general managers, and head of marketing department. They were qualified as key informants according to the criteria derived from the recommendations by Campbell (1955), Philips (1981), and Brown and Lusch (1992), including:

- 1) They were responsible for the development and management of marketing plans and strategies.
- 2) They had access to the desired information;

- 3) They were knowledgeable about the topics pertaining to marketing planning activities and problems;
- 4) They were willing and able to communicate with the researcher.

Recent studies (Ambler, Kokkonaki and Puntoni, 2004; Ashill, Frederikson and Davies, 2003; Gounaris, Avlonitis, and Papastathopoulou, 2004; Lin and Germain, 2003; Sittimalakorn and Hart, 2004; Jocusen, 2004) on similar topics also used the same types of executive as key informants for the needed information.

The pilot study allowed for better understanding of current marketing planning practice of local Chinese firms and refinements to the measurement instrument and the subsequent modified questionnaire was then sent to 129 senior executives of the sampled enterprises in the selected city from each of the three regions respectively, including Shenzhen (southern), Wuhu (central) and Xian (western). These sampled firms promoted their products in the domestic market. The details of demographic characteristics of all respondents would be described later.

In regard to the sample size of the pilot study, some researchers, such as Schwab (1980), have argued for the ratio of respondents to items as 10:1 while others, for example, Hair et al. (1995), have posited that a ratio 5:1 would be suitable for carrying out most types of multivariate analyses. However, it is also essential that since data is collected from a total of three regional groups for comparative

purposes, the size of each group should be roughly equivalent to facilitate comparison. Although the total ratio of respondents to items in the current study fell short of Schwab's 10:1 criterion, it is higher than the criterion recommended by Hair et al. (1995). Given that only one scale incorporated here was made up of 25 items, whereas all other scale contained 4 to 15 items, the sample size of 129 should be considered as adequate for multivariate statistical analysis like exploratory factor analysis.

Hinkin (1995) has expressed that due to the potential difficulties caused by common source/common method variance, it is inappropriate to use the same sample both for scale development and for assessing construct validity. Krystofiak et al. (1988) have also contended that another consequence of doing this is that the factors are sample specific and inclined toward high reliability. By using another sample to test the scale will help confirm its construct validity (Hinkin, 1995) and this is also the purpose of the pilot study here.

4.4 Scale development for strategic marketing planning

As empirical research on marketing planning in China is still in its infancy, and there are no well-established scales for some of the proposed constructs. Thus, we

resorted to a combination of established scales specifically constructed for this survey.

In designing the questionnaire particular attention was given to deleting leading questions as well as complex or sensitive ones that could influence the respondent negatively (Tull and Hawkins, 1987; Churchill, 1991). The questionnaire contained questions in four areas: (a) quality of the firm's strategic marketing planning process; (b) planning behavior problems; (c) quality of marketing plan; and (d) business performance. Finally, the questionnaire also included a section on demographic characteristics of individual participant firms. Respondents were all assured of their anonymity.

As far as the number of scale points is concerned, Churchill and Peter (1984) have argued that the greater the number of scale points, the better the reliability of the measure. This may be due to the fact that more scale points allow greater precision and discrimination power in statistical analysis. As Spector (1992) stated that Likert scales with scale points from four to seven should be adequate for reliable statistical analysis. For the present study, we adopted a seven-point scale for all measures to provide a common length of scale to enhance comparability and interpretation.

4.5 Translation

The original questionnaire was in English but translated to Chinese for use. We followed the procedures recommended by Brislin (1970) and Sekaran (1983) to ensure the conceptual and functional equivalence of the questionnaire through translation-back-translation; that is, the questionnaire was translated from English to Chinese first and then back-translated into English. The back-translated survey was compared to the original to assess conformity. The researcher, with his understanding of both the Western and China contexts, worked together with a Chinese marketing professor to review each question in both languages after the translation process and ascertained the reflection of the true meaning of each question to Chinese participants.

4.6 Operationalisation of the constructs

4.6.1 Quality of Strategic Marketing Planning Process

Many previous studies based on the number and types of planning and analytical techniques adopted by the firm to determine the level of formalization and sophistication, which served as the proxy for quality of strategic marketing planning process. However, according to the conventional wisdom, a formal strategic marketing planning process involves systematic gathering and analysis of

market information and intelligence, SWOT analysis, product portfolio analysis, modeling of the impact of marketing mix variables, and development of long-term plans (Paley, 2004). Kotler (2004) has contended that a good marketing strategy must elaborate effective use of marketing mix variables, an implementation plan and budget that can be adapted to the market conditions and that marketing planning capabilities are competence in identifying market opportunities, searching and selecting market objectives, and developing and monitoring marketing strategies. In a similar vein, Chae and Hills (2000) have suggested the inclusion of following steps to ascertain a formal strategic marketing planning process: formulation of objectives, external versus internal environmental analysis, selection of recommended strategy, and implementation and control, suggesting that these components are integral parts of a high quality strategic marketing planning process. On this ground, Piercy and Morgan (1994) have developed a measurement scale for formalization and sophistication, which together determine the quality of strategic marketing planning process. The scale is comprised of 21 items and shows good face validity as compared to the domain of strategic marketing planning process specified in normative planning models. The Cronbach alpha coefficient of each factor ranging from 0.85, 0.82, to 0.76 respectively, suggesting the scale is robust and has good reliability.

The same scale was adopted for the present study not only for its robustness as appeared in previous studies but also reflected good face validity based on the inputs from the key informants in the multiple cases study. Most informants

admitted that Chinese firms were eager to improve their marketing know-how and at the inception of this century started to recruit senior marketing executives who had received formal training in management. Local marketing managers had learned or at least had heard of the planning tools and techniques that were under investigation and some even applied them in practice. The key informants also reported that various types of problematic marketing planning behavior had been observed for several reasons. For instance, the majority of senior marketing staff in China did not have good knowledge of strategic marketing planning and this resulted in marketing myopia. Improper planning behavior could also be attributed to personal, organizational, and some other external factors.

Table 4-1 below is a description of the scale items. During survey interviews, respondents were asked to indicate the types of analysis and planning tools his/her firm adopted throughout the strategic marketing planning process on a semantically-anchored 7-point scale with “1” for “Not done at all” and 7 for “Done very extensively”.

Table 4-1 Measures for Quality of Strategic Marketing Planning Process

Dimension	Scale Items
Analytical Techniques	Experience curve analysis
	PIMS
	Computer based modeling
	Product/Market life cycle analysis
	Formal marketing audits
	Ratio analysis
	Portfolio analysis
Market Analysis	Market share analysis
	Market segmentation analysis
	Analysing the business environment
	Studying competitors
	Sales/Market forecasting models
	SWOT analysis
	Contingency or “what if” plans
Formalization	Marketing tactics
	Statement of marketing objectives
	Statement of marketing strategies
	Implementation/Specific actions plan
	Defining control mechanisms for marketing/sales
	Test marketing
	Mission statement

4.6.2 Behavioral Planning Problems

The measures reflecting behavioral problems in marketing planning were identified based on the previous studies by Lenz and Lyles (1982), McDonald (1982), Greenley (1988), and Piercy and Morgan (1994) and the findings from the multiple-case study in Phase I. In the original study by Piercy and Morgan (1994), the internal consistency of these five sub-scales, that reflected various type of planning behavioral problems, ranged from 0.77 to 0.93, all greater than 0.7, the threshold as suggested by Nunnally (1978) and demonstrated good reliability. Table 4-2 shows the scale items as well as the item labels assigned.

During the survey, respondents were asked to indicate to what extent they would agree that the problems had been experienced by their firms' when developing marketing plans, with the anchors ranging from "1=strongly disagree" to "7=strongly agree".

Table 4-2 Measures for Problematic Marketing Planning Behavioral

Dimension	Scale Items
Planning Recalcitrance	Have become bored with planning.
	Are judged on the basis of their credibility in the organization rather than upon reaching planned objectives
	See marketing planning as a once-a-year ritual.
	Keep information from the planner so that they can control what is going on.
	Resist changes in the "status quo."
	Become side-tracked upon unimportant issues.
	Resist changes in the planning process itself.
	Lack a plan for planning.
Politics and Myopia	Are discouraged from voicing dissent.
	Project current trends rather than analyze the future for opportunities.
	"Pad" their plan to avoid close measurement.
	Avoid agreeing to goals they may not be able to reach.
	Spend time trying to "psych out" the planning system.
	Intentionally fail to share information on matters of mutual concern.
	Resist innovative ideas.
	Consider the purpose of planning to be the plan itself.
Alienation and Uncertainty	Fear making mistakes.
	Are uncertain about the expectations of upper level managers.
	Do not want to learn about marketing planning.
	Feel there is a lack of line management support.
	Feel uncomfortable because of the uncertainty that accompanies planning.
	Obtain inadequate support from staff.
Planning Avoidance	Comply with rather than being committed to goals.
	Don't question the underlying assumptions of the plan.
	Neglect to collect information about competitive conditions affecting their areas.
Squirm Factor	When failing to produce an acceptable plan can "get off the hook".
	Believe that planning is a staff function.

Table 4-3 Measures of the Quality of Marketing Plan scale

Dimension	Scale Items
Comprehensive -ness	Last time you planned, to what extent was information from past years looked over for guidance?
	To what extent did the planning team search for information in the last planning round?
	To what extent did the group or individual involved in planning analyze the relevant information before making a decision?
Rationality	To what extent were objectives of the planning cycle explicitly addressed?
	In general, how effective was the planning team or individual focusing its attention on relevant information and ignoring irrelevant information?
	How important were quantitative analytical techniques in making the final decision in the previous planning cycle?
	How would you describe the process that had most influence on the decision? (mostly analytical - mostly intuitive) (eliminated)
	At the time the decision was made, how confident was the planning team that the correct choice was being made?
	How confident was the planning team that the decision made was the best possible outcome given all possible alternatives?
Credibility	Generally believe the marketing plan is realistic and practical.
	Generally believe that the marketing plan is accurate and based on good information.
	Generally believe that the marketing plan defines markets precisely enough to give a good basis for building marketing strategies.
	Generally believe that all the critical marketing elements are included in the plan.
	Generally believe that the assumptions made in the plan about environmental conditions and markets area are realistic.
	Generally believe that the key to effective management is to find ways around the requirements of the marketing plan.
	Generally believe that the marketing plan should directly guide their action and be the basis for making their decisions.

4.6.3 Quality of Marketing Plan

The measurement tool for quality of marketing plan was developed from following

studies (see Table 4-3): “comprehensiveness” was measured by using a three-item scale adapted from the work by Fredrickson (1984); “rationality” from the work by Dean and Sharfman (1993), and “credibility” from the study by Piercy and Morgan (1994).

4.6.4 Business Performance

The extant literature reveals that business performance is a complex latent construct composed of multiple observed indicators which can be separated into two categories: subjective measures versus objective measures.

A central issue pertaining to the measurement of business performance is the use of objective measures versus subjective measures. When considering the use of objective approach in measuring company performance, the researcher believed that a high possibility existed that some of the respondents might be unwilling to reveal accurate information reflecting the performance of their firms for two reasons, despite the anonymity assertions offered from our part. The first would be the confidentiality issue and the second could be the business norm commonly conformed by state-owned enterprises that releasing business data to third party might break the rule of “concern for national security”. As such, when collecting information pertaining to business performance in China, the researchers must be very cautious and had better shift the focus away from accounting considerations to more generic measures of business performance.

Prior studies (eg. Hahn, 2010; Pleshko and Souiden, 2003) introduced the “perceptual measure” method to overcome the aforesaid issue. When objective data cannot be obtained from participant firms for some reasons, alternatively the researcher can use perceptual measures (Beai, 2000; Homburg et al., 2004). The use of perceptual measures also involves subjective assessment of business performance but this approach requires the respondent to express his assessment of the firm’s performance in a less straightforward and relative manner in terms of “better”, or “worse”, than expectation/the performance of close competitor. Given no release of the actual figures pertaining to financial and sales performance, the respondent would feel more comfortable to answer. The employment of subjective perceptual measures of performance is an alternative approach to investigating potential relations between company performance and various aspects of management (Pearce, Robbins, and Robinson, 1987; Kohli and Jaworski, 1993). Moreover, previous studies in business and marketing strategy research have revealed that perceptual measures of performance correlate strongly with objective measures of firm performance and show good validity and reliability (Dess and Robinson, 1984; Pearce, Robbins and Robinson, 1987; Sarkar, Echambadi and Harrison, 2001; Venkattaman and Ramanujam, 1987). Subjective perceptual measures have particular attractions in strategy research if managers are reluctant to provide performance data due to confidentiality (Beai, 2000; Homburg, Krohmer and Workman, 2004). The same phenomenon is common in China’s research environment where managers normally feel particularly sensitive to

release objective information on business performance for both business and political reasons. This warrants the use of subjective perceptual performance measures to evaluate the company's actual performance.

Furthermore, it has been suggested (Child, 1975), when working with cross-sectional samples, the heterogeneity characterizing the various sectors included in the sample may induce significant bias in the analysis of company performance because a certain performance level (e.g. in terms of profits, profitability etc.) that indicates good performance in one section could be unacceptably low for a different sector. However, by asking the respondents to rate organizational performance themselves in relative sense this problem is sufficiently handled.

Marketing performance should be a multi-dimensional construct and which set of measures should be adopted is subject to the nature and objectives of the study (Morgan, Clark and Gooner, 2002). Previous empirical studies confirm that when measuring performance as a multi-dimensional construct the positive relationship between marketing planning capabilities and performance is stronger and stable (Hooley et al., 2005; Tsai and Shih, 2004).

From a normative perspective, given a marketing strategy is used to guide resource deployment and application of marketing capabilities to achieve desired customer responses, the researcher is encouraged to employ the market-based and/or

customer-based metrics (eg. Claycomb et al., 2000). For instance, Lumpkin et al. (1998) used five measures for business performance including sales growth, return on sales, financial strength, net profit margin and gross profit margin. Al-Shammari et al. (2007) used return on asset and growth in sales revenue to measure firm performance.

Following this line of thinking, the scale for business performance adopted here was consisted of four items asking respondents to assess their company's performance against direct competitors. The items were a combination of scales used by Narver and Slater (1990) as well as Deshpande, Farley and Webster (1993). During the survey each respondent was asked to evaluate his/her company's business performance relative to its major competitors in the past three years with respect to the following measures on a five-point scale ranging from "better than" to "worse than" major competitors: market share growth, sales revenue growth, profit of business unit, and corporate image.

4.7 Method of data analysis

As there is a concern of transferring scales to a completely different country context like China, we conducted both exploratory (EFA) and confirmatory factor analyses (CFA) to verify the validity and reliability of the scales in the China context.

4.7.1 Factor Analysis

Factor Analysis was used to identify the scale structure of each construct. It is a technique for achieving parsimony by identifying the smallest number of descriptive terms to explain the maximum amount of common variance in a correlation matrix (Tinsley and Tinsley, 1987). There are two types of Factor Analysis techniques – Exploratory Factor Analysis versus Confirmatory Factor Analysis. Exploratory Factor Analysis is concerned with the question of how many factors are necessary to explain the relations among a set of indicators and with the estimation of the factor loadings, whereas Confirmatory Factor Analysis is concerned with parameter estimation and tests of hypotheses regarding the number of factors underlying the relations among a set of indicators.

4.7.1.1 Exploratory Factor Analysis

To extract the initial factors, a principal-components analysis was employed. To eliminate error variance that would be included along with common variance and specific variance at this stage, Kaiser's criterion was applied prior to factor rotation, thus retaining only those factors with an eigenvalue of 1.0 or greater. The Scree Plot was also used for reference to identify the preferred factor solution. Orthogonal rotation using a Varimax procedure was employed to minimize the number of loadings on a factor, thus simplifying its structure and making it more interpretable. Extracted factors were examined and named based on an analysis of the instrument items which loaded on each factor. For item retention, the 0.40

criterion level seemed to be one of the most commonly used in judging factor loadings as meaningful. The findings from the exploratory factor analysis on the related constructs are presented in Chapter 6.

4.7.1.2 Confirmatory Factor Analysis

Confirmatory factor analysis was then conducted to test the hypothesized relationship among the variables in each factor identified with exploratory factor analysis by utilizing AMOS, allowing for the assessment of the quality of the factor structure by statistically testing the significance of the overall model and the item loading on factors (Hinkin, 1995).

Covariance matrix was used for further analysis instead of correlation matrix. The reason for that lies in the fact that it can provide valid comparison between different populations or samples and are the appropriate form of the data for validating causal relationships (Hair et al., 1995).

Maximum likelihood (ML) estimation was utilized for estimation. Anderson and Gerbing (1988) have argued that, for theory testing and development, this approach holds several relative strengths, including: to provide parameter estimates that best explain the observed covariance; to provide an overall test of model fit; to be suitable as they are theory-oriented, and to emphasize the transition from exploratory to confirmatory analysis. Chou and Bentler (1995) have also

recommended ML method as the most commonly used approach in structural equation modeling (SEM) for it is robust to violations of normality. The results for the Confirmatory analysis will be described in Chapter 6.

There are a number of tests to ascertain whether the structural equation model (SEM) fits the observed data. We followed Bollen's (1993) recommendation to rely on multiple indices to evaluate model fit, including the chi-square statistic, the comparative fit index (CFI), incremental fit index (IFI), and the normed fit index (NFI). We also considered RMSEA, an indication of the residuals of the predicted parameters from the observed parameters.

4.7.2 Internal Consistency Assessment

Reliability can be broadly defined as the degree to which measures are free from error and therefore yield consistent results (Peter, 1979). Cronbach Alpha scores were used to judge whether the scale is acceptable. Nunnally (1978) has stated that a large alpha (such as 0.7 for exploratory measures) provides an indication of strong item covariance or homogeneity and suggests that the sampling domain has been adequately captured. As mentioned before, the results of reliability test are also presented in Chapter 6.

4.7.3 Construct Validation

Hinkin (1998) expressed that up until this point in the scale development process,

the researcher can be relatively assured that the new scales possess content validity and internal consistency reliability. In order to gather more evidence of construct reliability, it is essential to examine convergent and discriminant validity. According to Anderson and Gerbing (1988), convergent validity can be assessed from the measurement model by determining whether each indicator's estimated pattern coefficient on its posited underlying construct factor is significant (twice its standard error). Discriminant validity can be assessed for two estimated constructs by constraining the estimated correlation parameter between them to 1.0 and then performing a chi-square difference test on the values obtained for the constrained and unconstrained model. Bagozzi and Phillips (1982) have mentioned that a significant lower chi-square value for the model in which the correlation is not constrained to unity would indicate that the traits are not perfectly correlated and that discriminant validity is achieved.

4.7.4 Test of Measurement Invariance

A multi-group invariance test was performed to check whether the between group differences in the effect of the quality of marketing plan on business performance is statistically significant. The test results help confirm the moderator effect of government support.

4.8 Chapter summary

Basically, the study involves both a qualitative and quantitative element. Qualitative research is used for an exploratory means and involves the use of in-depth interviews to facilitate our understanding about the current strategic marketing planning practices in Mainland China and to facilitate scale development. Quantitative analysis is also conducted at an early stage in the pilot testing as well as in the examination of the factor structure of the constructs and the relationships between them.

This chapter also explains in details how the respondents were sampled as well as the rationale underlying selection method. The statistical analytical techniques employed for the present study as well as the justification and assumptions of their use are described.

CHAPTER 5 QUALITATIVE STUDY AND PILOT TEST

In this chapter, the qualitative case research strategy is explained and the findings collected from eight in-depth interviews will be analyzed and discussed, followed by the discussion of the findings obtained from the pilot study.

5.1 Introduction

Qualitative case study is an effective research strategy commonly employed by researchers to explore a marketing phenomenon in a naturalistic context through the use of a combination of data sources. The strength of this research strategy is its ability to serve different research purposes, like exploratory, descriptive, and explanatory purposes in developing and extending theories (Yin, 2003). It is particularly powerful in identifying constructs for theory testing (Ragin, 1992) and a research process through which the relationship between theory and the reality is explored and constructed (Dubois and Gadde, 2002). To ensure robustness, the researcher should develop a research plan beforehand to specify whether a single versus multiple-case approach is adopted, the selection criteria for cases and key informants, and the data sources (Piekkari et al., 2009; Yin, 2003).

The first decision in qualitative case studies is the use of single case versus

multiple cases. Though each approach has its pros and cons, increasingly more organizational researchers have recommended the multiple-case approach for marketing/business planning research if the purpose is for exploratory and explanatory (Eisenhardt, 1989). If multiple-case approach is adopted, inclusion of fewer than four cases in management and organization research may not allow the researcher to collect the required information convincing enough for theory building (Yin, 2003). The rule of thumb is to use 4 to 10 cases as the purpose of the study is to discover new ideas for theory building for they will ensure the robustness of a finding by replicating it across cases (Eisenhardt, 1989). However, it is not necessary to fix up the number of cases prior to the research process. Instead, a more flexible approach is recommended in that the researcher can select additional cases based on whether similar or different results are predicted by the emerging theory (Piekkari et al., 2009). According to the marketing strategy theory, as firms operating in different market contexts and facing different levels of turbulence and ownership types, they might adopt different strategic marketing planning approaches and implementation processes and behavior. We therefore decided to conduct multiple cases study and new cases were added to ensure the richness of the collected information that was reflexive of strategic marketing planning and implementation behavior across firms from different industries and with different ownership types.

The main criterion for selecting companies to participate in our study was that the firm had experience in developing marketing strategy/plan for its products or services. Though the strategic planning horizon hinges on a business's situation and industrial classification, McDonald (1994) has suggested the normal practice is that three to five years is desirable for most products. Houlden (1996) also pointed out firms tended to base on shorter planning horizon during economic recession. Therefore, firms only developed short-term marketing plans were not considered here.

Other practical issues such as accessibility to data and the opportunity for operation observation and provision of documentary information on marketing planning practice were also considered. The selected companies differed on industry, ownership structure, and the length of operation history. This diversity was a source of richness in the data and provided opportunities for cross-case comparisons (Strauss, 1987). The diversity also increased the generalizability of the observed patterns of marketing planning behavior. Detailed descriptions of the characteristics of individual cases are indicated in the next section.

For each case, we gathered information via multiple data sources. This data collection method has the advantage of ensuring converging lines of inquiry, a triangulation process to enhance the construct validity by defining the domain of the construct (Patton, 2001) and identifying related operational measures (Yin,

2003). Piekkari et al. (2009) have also echoed this view by saying that “the use of multiple sources is an important means for validating a case study and triangulation serves to clarify meaning by identifying different ways the phenomenon is being seen” (p572).

Data was collected through various channels, including ongoing contacts with senior managers, semi-structured interviews, casual and formal on-site observations and internal company documents. Notes were taken during field visits and observation and we corroborated the accuracy of field notes with post-meeting discussions with the key informants and compared with relevant information noted in the documents like annual reports, company brochures, and minutes of sales and marketing meetings. These procedures helped enhance the validity of the field notes.

All in-depth interviews with senior managers were guided by a written interview protocol, which was revised after several interviews once the emerging themes of the research had taken clearer shape.

5.2 Findings from in-depth interviews

For the present study a total of eight cases were sampled and the demographic characteristics of each firm are as follows:

- Case A: Manufacturing, SOE, Headquarter in Wuhu (Wuhu Textile Mill)
- Case B: Manufacturing, SOE, Headquarter in Hefei (Detergent Factory)
- Case C: Manufacturing, share-holding company with administration office in Hefei and Wuhu (Province-owned Anhui Conch Group)
- Case D: Manufacturing, Sino-Germany joint venture, based in Wuhu with Sales Office in Hefei (Claff Co. Ltd)
- Case E: Manufacturing, Sino-Japanese joint venture, located in Wuhu (Hitachi Air-conditioner Co. Ltd)
- Case F: Service, share-holding company, located in Hefei (Hefei Department Store)
- Case G: Service, State-owned enterprise, located in Hefei (Commercial Capital Co. Ltd.)
- Case H: Guangxia, State-owned enterprise, headquarter in Wuhu (Glass manufacturer)

Key informant methodology requires us to use theoretically justified purposive sampling to first select firms whose marketing planning practice is related to the research topic and second to recruit respondents from each firm who are competent to report on the factors that influence strategic marketing planning activities. Purposed sampling method was thus employed to select participant firms owing to the requirement of theory exploration at this initial stage. According to the initial plan, the companies selected for case study should be located in Hefei. However, we were referred through government contacts to approach some firms which met the selection requirements and were interested in this research, but they were based in Wuhu. However, Hefei and Wuhu are the top two largest commercial cities located in the eastern part of Anhui province. They are sister cities and the local

government in both cities reports directly to the Provincial government of Anhui. They are similar in terms of market characteristics like competition and economic and social development and follow same business norms, regulations and policies to do business. There should not be significant differences in marketing practice across these two cities and it was unlikely that interviewing some firms from Wuhu would lead to the collection of biased or irrelevant information. Therefore, we decided to include firms from Wuhu for case study.

Finally, eight firms were studied, four were based in Hefei, two in Wuhu, and the remaining two had Administration office and Sales Office in both Wuhu and Hefei. Among them five were interviewed in Hefei and three in Wuhu. Their products ranged from detergent, construction materials, plastic section bars and glassware, consumer electronics and retail service. Some were state-owned enterprises like Wuhu Textile; the others were either shareholding companies or Sino-Foreign joint ventures. Six of these enterprises sold their products solely to the domestic market. All these firms sold, if not all, the majority of their products or services to the domestic market. In terms of sales performance, three ranked among the top 10 in China, with the remaining belonged to either top 50, or top 100, performers, except Guangxia Glass which ran its business at loss at the time of the interview. The distribution of these firms reflected good representation of medium and large enterprises which operated in mainland China, allowing us to collect information highly relevant to the theme of the present study.

The primary concern in selecting key informants is not to achieve representativeness but to ensure the organizational members must be competent on and can access to the organizational information about the topic under investigation (Kumar et al., 1993). Senior executives are the most knowledgeable sources of firm-level information (Norburn and Birley, 1988) and can serve as key informants regarding the processes used to develop and implement marketing strategy/plan (van Bruggen, Lilien and Kacker, 1993; Venkartraman and Prescott, 1990). Previous studies suggested for research on management process the CEO and business executives at the top of the administration hierarchy were not just the best but might be the only sources for some management and decision issues of concern (Cycyota and Harrison, 2006). In our study all key informants were responsible for planning, executing, and monitoring marketing activities. We also considered the following individual characteristics to select key informants from each sampled firms: capacity and authority to respond, at the upper echelons in the organization, and the functional breadth of the informant.

For each participant firm in this phase we tried to collect information from multiple informants because this approach would permit cross-comparison of the data, a process allowing the detection of biased responses from the informant (Kumar et al., 1993) and ensuring better quality data. Previous studies using this approach suggest the use of four to five key informants from each participant firm (Krannioch and Humphrey, 1986; Mitchell, 1994); but in our study we mostly

could only recruit two informants for each case for the reason that many senior managers in the marketing unit were mainly responsible for implementation and played passive role in planning. Normally, it was the Head of the Marketing Department, or the Head of the Business Development and Planning Department, together with either the General Manager, or the Vice President (Marketing), to lead the marketing planning process and approve the marketing plan. In case both the Marketing Department and the Business Development and Planning Department co-existed within the company, the latter would play a supporting role in strategic marketing planning, despite its ongoing involvement in the planning process. Therefore, they were all identified as potential informants to provide information on the firm's strategic marketing planning activities and invited to participate in executive interviews. This, in most cases, ended up with two informants for each selected firm to be interviewed.

Each interview lasted from 90 to 100 minutes approximately and followed basically the same sequence of questions. To begin with, each informant was asked to describe the strategic marketing planning process adopted by the firm and the planning techniques frequently used. All informants were encouraged to identify the events or incidents, either behavioral or process in nature, that had jeopardized the planning and implementation process. All data collected via interviews was then compared with the documentary evidence (including some financial and market information, minutes, and organizational chart and decision making process) provided by the firms to check the reliability of the information provided by the

respondents. The findings crucial for the research design and questionnaire development are described in the ensuing section.

5.2.1 Respondents' Views on Marketing Functions

Five out of eight enterprises believed that the marketing function should be more important than other management functions like production, finance and personnel management function, to business performance. The others considered all management functions equally important in terms of their contributions to business success. The cooperation between marketing department and other functional departments was considered by the majority as either good or excellent (28.6%), indicating the increasing importance of marketing in many local firms in China.

5.2.2 Attitudes towards strategic marketing planning

It was mainly the general manager's responsibilities to undertake and manage marketing planning activities. In other cases, the Board of Directors, or the assistant general manager, was in charge of marketing activities. However, it is interesting to observe that the Production Department of these enterprises was quite actively involved in strategic marketing planning activities, possibly reflecting that the business practice of these firms was still seriously affected by the planned economy under which the major function of states-owned enterprises was to fulfill the production quota imposed by the government. Under this circumstance the

production department gradually played a crucial role in marketing planning activities.

The Finance Department of all participant firms, except for Guagxia Company, had a role in marketing planning. And the Business Planning Department at Conch Group and Detergent Factory was also engaged in marketing planning activities. Except for the Conch Group, the Research and Development Department of all participant firms participated in strategic marketing planning activities. This illustrates that marketing planning activities also received more attention from other functional departments. In fact seven participant firms considered strategic marketing planning either the most important or very important business functions. Marketing administrative personnel agreed that product quality and economy of scale effect were the competitive advantages that marketing peoples should strive hard to create and maintain; but they complained the lack of financial resources seriously restricted the budget for marketing programs.

Joint ventures seemed to place greater emphasis on strategic marketing planning activities. The Sino-Germany JV encouraged its senior marketing staff to develop the marketing plan for the domestic market, starting from scratch to the end, along a well-defined strategic marketing planning process. As for the Sino-Japan JV, growth direction and marketing objectives were initially defined by the Japanese partner at its Head Office. Senior management staff at the JV was mainly

responsible for market research and recommendation of tactical programs that would help achieve the desired objectives. However, the motivation underlying and purposes behind the practice of strategic marketing planning varied across all these eight firms, as shown in Table 5-1.

**Table 5-1 Purposes of Strategic Marketing Planning
(Ranked in Terms of Level of Importance)**

	Extremely Unimportant	Unimportant	Neutral	Quite Important	Important	Very Important	Extremely Important
Define growth goals & policies	1	/	/	/	/	2	3
Assist in formulating corporate strategy	/	2	/	1	1	1	1
Promote cooperation across departments	1	/	2	1	1	/	/
Identify strategic & management issues	1	2	/	1	1	/	/
Cultivate shared values and among senior managers	/	1	2	1	1	1	/
Improve the distribution of resources	1	/	/	1	2	1	/
Help identify strength/weakness in business operation	1	/	1	/	1	2	2

Legend: ①-⑦ indicate the level of importance, 1 = low importance and 7 = highly important.

Note: The figures refer to frequency

Most Chinese managers confirmed strategic marketing planning crucial to the accomplishment of market-based objectives like market share and profit but failed to recognize its potential contributions to non-marketing functions (Table 5-2). Table 5-3 illustrates the importance of the major factors that were often considered during the strategic marketing planning process. Over half of these enterprises would consider economic trend, market position and long-term company goals when developing marketing plans. Government support is important to the achievement of the intended goals. All respondents believed that the central and local government policies on industry development would have profound implications for business growth and influences on strategic marketing planning and implementation activities. The influences were apparent in two ways. Firstly, any important economic decisions and industry development strategies made by the government determined the growth direction of the industry, thus implying growth and investment opportunities in the future. For example, the state government helped many local textile and garment manufacturers to cope with the escalating competitive pressure by reducing the production quota and restructuring the textile industry to reduce excessive production capacity.

Table 5-2 Expected Benefits from Strategic Marketing Planning

	①	②	③	④	⑤	⑥	⑦	⑧
Increase profiting	1	/	/	/	/	1	1	2
Stimulate staff's morale	1	/	1	/	/	2	/	/
Effective operation control and management	/	2	/	1	2	/	/	/
Improve the quality of decision	/	/	1	1	2	1	/	/
Improve market share	/	2	/	/	/	1	2	3
Enhance firm image and visibility	/	/	1	2	1	1	1	1
Effective allocation of resources	1	1	/	/	/	1	1	/
Improve cross-functional cooperation within the organization	1	1	1	/	/	/	/	1

Legend: 1 ①-⑧ shows the extent of expectation, 1 = less desired and 8 = most desired.

Note: The figures refer to frequency

Secondly, local government's industrial policies had implications for local competition too. For example, many state-owned firms would increase production capacity and this might consequently lead to excessive production capacity and push up competition. As such, some firms might initiate price war and/or turn to the local government for local protectionism measures that would put non-local competitors at disadvantageous position. Some participant firms like the Conch Group had experienced such problems. Seeing the powerful role and influence of the local government, local enterprises always spent time in winning the support from the local government. For instance, Anhui Conch group made every effort to introduce the superiority of its plastic section bars over steel or wooden ones to the Construction Bureaus of Anhui Province which ultimately gave sales referrals to Conch and provided space to the firm to display its products.

Table 5-3 Major Factors Considered during Strategic Marketing Planning

	Extremely Unimportant	Unimportant	Neutral	Quite Important	Important	Extremely Important
General economic trend	/	/	1	1	1	3
Present market position	/	2	/	1	3	1
Long-term goals	1	1	/	1	2	3
Government support	1	2	1	1	1	1
R & D and production capability	/	/	3	1	/	2
Others	5	/	/	/	/	/

Note: The figures refer to frequency

The time horizon of marketing plan normally ranged from one to three years. Many firms them would revise the original market plan to meet new market demands, adapt to new forms of competition, and cope with new government policies. To many participant firms, market research was at the infant stage since quantitative market research was not commonly used and most firms merely produced a general and qualitative description of market scenario faced by the firm. Some just started to learn how to conduct quantitative market survey. This kind of practice indicates that many marketing plans were at best occasionally developed based on survey data and relevant analyses.

Most enterprises seemed to give priority to exploring new markets in the next 3 to 5 years, about half of them planned to develop new products at the same time. Only one firm (Wuhu Textile Mill) opted to concentrate on market development but it was due to continual losses in local market. In terms of competition strategies, four enterprises were devoted to cutting down the capital cost to regain cost advantage and two adopted differentiation strategy. This phenomenon reflects that Chinese

enterprises always anticipated to grow bigger and bigger simply by entering into new business instead of undertaking a “focus strategy”. To them “bigger” is corollary to “stronger”, though this could be a typical mis-understanding in many cases.

5.2.3 Content of Marketing Plan

The time frame of the marketing plan was specified but only four firms indicated clearly the specific requirements on the content/scope of the marketing plan. Amongst these eight firms, six included the marketing plans in the firm’s business plan but only one amended the original marketing plan based on the feedback from the CEO. This phenomenon indicates that although marketing administrative personnel of all enterprises recognized the importance of marketing plan, yet few really understood strategic marketing planning process was an iterative process in practice. Even the department in charge of marketing planning activities did not have adequate understanding of the nature and characteristics of strategic marketing planning process. It is not surprised to observe that very few Chinese firms explained explicitly beforehand the requirements on the scope and content of the marketing plan.

The problems of formulating and implementation of the marketing planning activities by these participant firms are summarized in Table 5-4. The lack of support from top management, lack of required marketing talents, and inadequate

financial resources were the three most serious problems. The lack of financial resource was frequently mentioned by the interviewees, especially by those from State-owned enterprises. They considered shortage of financial resources a major constraint on Chinese firms marketing and R&D activities.

Table 5-4 Problems Commonly Encountered When Implementing Marketing Planning Activities

	Extremely Unimportant	Unimportant	Neutral	Quite Important	Important	Extremely Important
Support from top management	/	/		1	1	3
Lack of marketing talents	/	/	2	1	1	2
Shortage of fund	/	1	2		2	1
Poor marketing skills	/	2	/	2	/	1
Lack of good understanding of the market	1	2	/	/	2	/
Poor team-work spirit	3	/	/	/	1	/

Note: The figures refer to "frequency"

Until today most Chinese enterprises have not set up effective marketing information system. Four participant firms felt discontent with their existing marketing information system. Generally speaking, Chinese enterprises lagged far behind in using and managing marketing information systems to facilitate strategic marketing planning activities. Three enterprises admitted they by and larger formulated marketing plans based on experience only.

Many enterprises did not have qualified marketing planning staff. They occasionally sought assistance from other government agencies or management

consultants, but marketing management consulting service was new in central and western China and most SOEs found it difficult to line up good consultants to give them good advice. It is very interesting to observe that, in spite of the close relationship between the government and the SOEs, the latter complained the information provided by government organizations always too broad and of little value when planning marketing programs.

Then how do enterprises make judgments on the market demand? Table 5-5 illustrates local Chinese enterprises forecasted market demand by extrapolating from the information pertaining to sales performance of previous periods. Four enterprises, including Guangxia Company, Conch Group, and the two joint ventures frequently referred to the findings from consumer surveys for decision making. What is noteworthy is that all these three enterprises found the advice of their marketing personnel not very useful when formulating marketing plans.

Table 5-5 Information Used for Estimation of Market Demand

	Extremely Irrelevant	Irrelevant	Neutral	Relevant	Extremely Relevant
Based on sales revenues of previous period	/	/	1	3	1
Customer surveys	1	1	/	2	2
Feedback from trial purchase	1	1	1	/	2
Advice from marketing personnel	/	1	3	1	1
Advice from marketing experts	3	2	/	/	/

Note: All figures represent "frequency"

Many firms identified target markets based on experience instead of the findings from segmentation and market structure analysis. Five enterprises admitted they were not able to tailor-make products and services to meet the specific needs of different customer groups. Normally, they adopted an ad hoc approach to designing and managing marketing activities in response to market changes.

All the enterprises mentioned above realized the strategic importance of brand image. Some had endeavored to build up brand image in selected regional markets or throughout the country. The motivation of building a well-known brand was mainly stimulated by the local government for being awarded with the title called “famous brand in China” which would bring to the firm more financial resources and business connections crucial for success in local market. However, many respondents in fact admitted that they had no sound knowledge of brand management. As a result, they did not attach a specific meaning or values to the brand but placed great emphasis on brand awareness only.

Escalation in competition forced some Chinese firms to pay more attention to after-sale services and set up a nation-wide service network. This was considered by many respondents an important competitive advantage to Chinese enterprises over their overseas counterparts.

Nowadays, almost all participant firms perceived the pressing need of establishing close relationships with customers. Table 5-6 shows that many Chinese firms mainly relied on sales personnel and direct marketing activities to maintain relationships with customers. Little attention was given to advertising, sales promotion and specific CRM programs. We learned from the interviews with marketing management personnel that most SoEs encountered great difficulties in affording a huge budget for advertising, sales promotion and public relations due to shortage of financial resource, especially those in consumer goods business. They hoped that the local government could introduce certain preferential policies on business loans and tax levy so that they could maintain a steady cash flow to support the aforesaid marketing activities. Without adequate financial resources, some enterprises could only take the advantage of their business relationships with both governmental organizations and state-owned enterprises from sister ministries to sell their products. This is consistent with the findings from empirical studies on the role and instrumental value of business relationships (guanxi) in doing business in China.

Table 5-6 Means Employed to Establish Relationships with Customers

	Extremely Unimportant	Unimportant	Neutral	Important	Extremely Important
Sales personnel	/	/	1	3	4
Direct marketing	/	/	/	2	3
Advertising	1	1	2	1	/
Sales promotion	3	1	1	/	/
Public relations	1	3	1	1	/

Remark: All figures represent "frequency".

As expected, not all participant firms placed emphasis on both strategy formulation and execution. Two firms controlled and monitored implementation through financial budget. The other two closely monitored the performance based on pre-determined performance measures, mainly sales revenues and sales volume. Two firms monitored implementation based on both marketing and financial measures. One firm did not pay attention to control and evaluation but merely executed the plan.

With respect to marketing audit, state-owned enterprises mainly relied on self-evaluation and followed the suggestions from corresponding authorities within the government. They seldom hired consultants to audit their performance. Internal assessment by supervising organizations at the hierarchy within the same ministerial system sometimes applied. Although almost all enterprises might amend the original marketing plan based on the result of marketing audit, yet the effect would be in doubt since the measures for business health check were dominated by sales measures and marketing cost.

5.2.4 Conclusion

The Chinese market has become a buyer market where the supply of many products exceeds the demand, yet the excess is a fictitious phenomenon. In the market there are always too many enterprises producing and promoting similar kinds of product. The product mix and production technology are about the same.

These will inevitably lead to the offer of un-differentiated products to the market and make competition more intensive. Instead of learning hard to improve marketing capability, local Chinese firms have a tendency to turn to the government for supports, in the form of financial incentives and/or creating unfair competition to their competitors. This in fact will discourage local Chinese firms to invest more in improving marketing capabilities including strategic marketing planning and execution skills.

Although the market-oriented economic reform has been carried out over 30 years, there is still a significant gap in the level of marketization between China and well-developed countries in the West. The macro-control of the State government and intervention from local government has strong influences on business activities, especially marketing activities, in China.

All enterprises recognized, in theory, the strategic importance of ‘marketing’ and ‘marketing management’, but they did not possess good marketing know-how. They perceived the urgent need of recruiting qualified marketing experts. Many Chinese enterprises considered sales revenue the most important marketing objective and sales promotion and advertising the most effective means to achieve this objective, reflecting a typical case of sales-orientation. Besides, inadequate marketing management knowledge and operating skills restricted the choices to deal with the challenges from competitors. Many local companies do not have a

clear marketing strategy to guide and manage their marketing activities systematically. Reluctance to hire marketing consultants helps explain why local Chinese firms have acquired modern marketing management know-how so slowly.

Local Chinese firms realize that they have to become market-oriented, instead of selling-oriented, if they wish to get a strong foothold in the market. As mentioned by the respondents, some state-owned enterprises were reformed to become shareholding companies which would enjoy more flexibility in doing business and would be more motivated to acquire modern marketing management know-how as fast as possible. It can be predicted that learning and application of marketing know-how has become a hot agenda to Chinese enterprises. This further highlights the significance of the present study.

The in-depth interviews in the phase of pilot study also reveal some members involved in strategic marketing planning show certain types of opportunistic planning behavior. Many respondents pointed out opportunistic planning behavior not only jeopardized the planning process but also affected the perceptions of the plan held by others in the organization. Besides, almost all interviewees believed that a more formal planning process and well-developed planning tools should provide useful guidelines for marketing planning activities. This would subsequently reduce inter-personal and/or inter-departmental conflict and opportunistic behavior throughout the planning process.

All in all, the information collected via in-depth interviews with senior managers reveals that Chinese managers understand the need of making marketing decisions based on objective data and following a common framework or procedure while formulating marketing strategies, suggesting the context of the research environment in China suitable for research on strategic marketing planning behavior and activities. Some have already started to apply analytical tools and techniques to facilitate strategic marketing planning activities. In addition, profit-making business organizations seemed to employ more planning techniques and followed a more formal strategic marketing planning process than public organizations, which also preferred to give more attention to win the support from the government and considered non-financial objectives during the planning process as well. The feedback from in-depth interviews with senior marketing executives confirm the existence of problematic behavior during planning and implementation process and shed lights on the types of planning tools and techniques, the measures for business performance that should be included in questionnaire survey.

5.3 Pilot test results

Given that all the constructs incorporated in the proposed model are latent variables, we have to establish a valid measurement scale for each construct before performing structural equation modeling analysis. We followed the procedures

recommended by Hinkin et al. (1997) and Churchill and Gerbing (1979) to validate the scales.

First, a questionnaire based on extensive literature review and inputs from qualitative in-depth interviews with senior business executives was designed to collect data from individual respondents through survey interviews. The questionnaire was composed of five sections. Section I included the questions pertaining to the analytical techniques and tools commonly employed by the respondent's firm when developing marketing plans and strategies. Section II contained the questions pertaining to marketing planning behavior. Questions in Section III and IV required the respondent to comment on the quality of the developed marketing plan and evaluate the impact of the marketing plan on the resultant business performance. Section V aimed to collect the demographic characteristics of the sampled firms.

China cannot be treated as a single market, given the significant disparities in local culture, economic development level, business norms, and management mentality across different regions. Geographic segmentation is highly recommended and thereupon flexibility in marketing strategy and operation appear to be the rule of the game if the firm wants to be successful in China. Therefore, it is recommended that the researchers should group Chinese firms/customers into different sub-samples based on geographic locations to enhance the representativeness of the

findings (eg. Cui, 2000; Roy, Walters and Luk, 1999; Sin et al., 2004). In line with this suggestion, we sampled participant firms from a major urban city in three geographic regions correspondingly, including Shenzhen from southern China, Hefei from central China, and Xian from western region for the following reasons:.

- Each of these cities is the economic center of the region.
- Southern China was the only region open to foreign investors when the central government adopted the “Economic Open Door Policy” in 1979 and today, in relative sense, it is a highly developed region in China in terms of social and economic development, followed by central China. Economic development in western region started to catch up and foreign firms started to move in when the central government adopted the “Development of the Western Region Project” in 1999. Local business practice is still strongly affected by the management mentality developed under the planned economy. Therefore, to recruit participant firms from these three regions would enable us to test the region effect on marketing planning practice.
- As many targeted respondents would be state-owned firms, it would be more efficient and safe to administer the survey through local, even government, connections. We had good connections with government research centers and business education/research centers in these three cities. Each of these centers had its own database which allowed us to access to large and medium Chinese firms of different ownership, sino-

foreign jointed ventures and wholly foreign-owned companies.

However, the pilot study was conducted in Hefei, the capital city of Anhui province. We only recruited firms in Hefei for pilot study during the period from April to August 2005 for two reasons. One was to facilitate administration of the survey and the other was that the business context of Hefei and Wuhu was very similar. The primary purpose of pilot study was to test the appropriateness of the questionnaire, identify potential issues that might affect the administration of survey interviews in different sampled cities, and explore the domain and structure of the adopted measurement scales.

At that time, over 90% of business firms in Hefei were local Chinese firms and this suggested that a systematic random sampling technique would not be appropriate if the researcher wanted to sample a number of Sino-foreign joint ventures and foreign wholly-owned firms to disclose information adequately for our understanding of the general characteristics of their marketing planning behavior. A good knowledge of marketing planning activities undertaken by business firms of different ownership types in mainland China, instead of focusing on firms of a particular ownership type, is crucial for accomplishment of the research objectives here. By gaining cooperation from the local administration authority through the researcher's business connections in Hefei, only those firms located in Hefei Economic Development Zone and Hefei Industrial Park and those with affiliation with the

Federation of Industrial and Commercial organizations were considered for sampling. This sampling method enabled the researcher to recruit participant firms of different background in terms of ownership and business nature. A majority of medium and large firms in Hefei were located either in the Economic Development Zone or in the Hefei Industrial Park. Finally, there were 140 completed questionnaire returned from 152 sampled companies, representing a response rate of 92.11%. A few questionnaires were not completely filled up and were therefore removed. This left 129 completed questionnaire used for statistical analysis. The profile of participant companies is shown in Table 5-7:

Like what we did for in-depth interviews, a key informant, who was either the General Manager, or Assistant General Manager responsible for marketing activities, or Head of Marketing department, was recruited from each sampled firm.

Table 5-7 Profile of Participant Companies for Pilot Study

Variable	Frequency	Percent
Type of business		
State-owned and enterprises with controlling shares held by the state(SOE)	47	36.4
Sino-Foreign Joint Ventures(SFJV)	16	12.4
Private companies(PC)	21	16.3
Wholly Foreign-owned enterprises(WFOE)	14	10.9
Share-holding enterprises(SHE)	22	17.1
Others	6	4.7
Total	129	100 ^a
Business Nature		
Manufacturing	54	41.9
Commerce	39	30.2
Finance	6	4.7
Service	16	12.4
Construction and Real Estate	5	3.9
Others	8	6.2
Total	129	100 ^a
Annual Sales Growth Rate		
Negative Growth	4	3.1
0-10%	18	14.0
10-30%	45	34.9
30-70%	30	23.3
70-100%	11	8.5
100-150%	7	5.4
150-200%	2	1.6
Above 200%	3	2.3
Total	129	100 ^a
Notes:		
^a Excludes missing cases		

The questionnaire was designed as comprehensive as possible to cover major aspects of marketing planning activities and behavior, given the exploratory nature of the pilot study. For instance, these included the processes with which the marketing decisions were made, the business context within which the decision makers operated, the factors crucial for effective implementation, and the role of local authorities in the decision making process ... and so on.

Each questionnaire was accompanied by a covering letter, requesting cooperation,

guaranteeing anonymity and indicating the importance of participation. Respondents were offered a free copy of the summary results as an incentive to participate. After the pilot test, a number of minor modifications were made to the questionnaires to avoid misinterpretation and to ensure that the questions were clear and unambiguous.

5.3.1 Characteristics of marketing planning behavior

Table 5-8 shows that the majority of the respondents believed that marketing should be a management approach. In addition, about 1/3 of the respondents considered marketing a kind of ideology or an art. Many senior Chinese managers focused on the technical dimension of marketing but not fully recognized it an integral part of organizational culture.

Table 5-8 Senior Managers' Understanding of What Marketing is

Ownership (sample size)	Management Approach	Theory	Ideology	Philosophy	Experience	Art
State-owned enterprises (47)	29	3	17	4	11	18
Sino-Foreign Joint Ventures (16)	6	0	6	0	3	8
Private companies (21)	13	2	10	3	4	8
Wholly Foreign-owned enterprises (14)	6	0	4	1	2	4
Share-holding enterprises (22)	13	1	7	0	5	2
Other(6)	5	0	1	0	0	2
Total	72	6	45	8	25	42

5.3.2 Strategic Marketing planning practice

The major concern of senior management is how to make decisions and allocate resources to achieve the desired objectives. To many respondents, strategic marketing planning is about controlling the factors which would affect the outcomes of the company's decisions (Jackson, 1975).

In general, strategic marketing planning is based on two concepts: the company's market environment and the way the company organized its resources to secure an effective and efficient relationship with the markets in which it operated (Chisnall, 1995).

From Table 5-9 it is clear that the majority of respondents rated marketing "highly important" and "very important" to business performance and growth. If "Very high importance" (5) and "High importance" responses are combined, this will suggest the majority of the respondents understand the importance of strategic marketing planning (SoEs: 65.96%, sino-foreign JVs: 87.5%, private enterprises: 66.67%, wholly-foreign-owned enterprises: 78.57%, shareholding companies: 86.36%), as depicted below:

Table 5-9 Perceived Importance of Strategic Marketing Planning

Ownership (sample size)	Very low importance	Low importance	Average importance	High importance	Very high importance	Mean Importance level
State-owned enterprises (47)	1	0	15	12	19	4.02
Sino-Foreign Joint Ventures (16)	0	1	1	4	10	4.44
Private companies (21)	0	0	7	4	10	4.14
Wholly Foreign-owned enterprises (14)	0	0	3	6	5	4.14
Share-holding enterprises (22)	0	0	3	9	10	4.32
Other(6)	0	1	3	1	1	3.33
Total	1	2	32	36	55	4.13

Note: The figures refer to frequency.

Apparently the mean values indicate that the importance of strategic marketing planning is fully appreciated by most respondents. The findings disclose that strategic marketing planning process is normally initiated and monitored by the “General Manager” (58.8% of the respondents). 18.5% claimed that strategic marketing planning was responsible by the Deputy General Manager. 11.8% was responsible by the Head of Marketing Department, and the remaining 10.92% of the respondents said that strategic marketing planning was controlled by the Board of Director of the firm. These findings support the conjecture that, too many Chinese enterprises, marketing has increasingly played an important role in business and on this ground strategic marketing planning in China is an area deserved for research. The findings also justify the use of general managers, assistant general manager (marketing), and head of the marketing department as key informants for research on strategic marketing planning in China (see Table 5-10).

Table 5-10 Leaders in Strategic Marketing Planning Process

	State-owned enterprises	Sino-Foreign Joint Ventures	Private companies	Wholly Foreign-owned enterprises	Share-holding enterprises	Other	Total	Percentage
Board of Directors	5	3	1	1	3	0	13	10.9%
General Manager	26	10	13	9	10	2	70	58.8%
Deputy General Manager	9	1	4	1	4	3	22	18.5%
Marketing Manager	3	2	3	2	4	0	14	11.8%

Note: The figures refer to frequency.

As far as the host department of strategic marketing planning process is concerned, it is clear that the respondents tended to believe that marketing was not an isolated activity. As indicated in Table 5-11, it involved the participation of various functional departments including finance, R&D, business planning and development, production and PR, with the first three playing a relatively more active role.

The time span of the strategic marketing plan was investigated. Previous studies have shown this was mainly dependent on business nature, the product or service the firm provided and the economic cycle.

Table 5-11 Functional Departments Involved in Strategic Marketing

	Planning						
	State- owned enterpri ses	Sino- Foreign Joint Ventures	Privat e compa nies	Wholly Foreign- owned enterprise s	Share- holding enterpri ses	Other	Tota l
Manufacturing	23	9	10	9	10	3	64
Finance	32	11	16	8	12	3	82
Public Relations	18	6	9	9	7	3	52
Planning	26	11	12	9	10	3	71
R&D	25	6	11	12	14	5	73
Other	9	2	5	2	6	1	25

Note: The figures refer to frequency.

The findings also show that the majority of companies of different ownership types adopted a one to three year planning horizon (see Table 5-12). This finding is similar to that reported in previous studies. For instance, in Simon's UK study over half of the respondents developed two to three years marketing plan, one third produced a three-to-five years plan, and a quarter only developed a one-year marketing plan.

Table 5-12 Time Span of a Marketing Plan

Ownership (sample size)	Less than one year	1-3 year(s)	3-5 years	5-10 years	Longer than 10 years
State-owned enterprises (47)	14	21	10	2	0
Sino-Foreign Joint Ventures (15)	4	10	0	1	0
Private companies (21)	4	12	3	1	1
Wholly Foreign-owned enterprises (13)	3	8	1	1	0
Share-holding enterprises (20)	4	15	1	0	0
Other (5)	0	4	1	0	0
Total	29	70	16	5	1

Note: The figures refer to frequency.

From Table 5-13 one can observe that Chinese firms tended to review and adjust their marketing plan regularly. 33.88% of the respondents claimed that their firms would review a marketing plan on quarterly basis, 21.49% would review it every six months, whereas 19.01 % would review it on annual basis. However, over 23% of the participant firms would review their marketing plans if needed. As China is undergoing a steady and progressive reform and making a transition from planned economy to market economy subsequent to the admission to the WTO, Chinese enterprises are facing more fierce competition in the domestic market. Thus, firms operating there need to make change timely so as to respond to changing needs more effectively.

Table 5-13 Audit of Marketing Plan

Ownership (sample size)	Once per season	Once per half year	Once a year	Once more than a year	Depends
State-Owned Enterprises (47)	11	12	10	2	11
Sino-Foreign Joint Ventures (16)	6	2	3	1	3
Private Companies (21)	7	6	1	0	5
Wholly Foreign- Owned Enterprises (14)	4	3	3	0	3
Share- Holding Enterprises (22)	11	3	3	0	5
Other (6)	2	0	3	0	1
Total	41	26	23	3	28

Note: The figures refer to frequency.

Apparently the mean values indicate that local Chinese enterprises, both state-owned and private, normally found quantitative analytical techniques less important to the formulation of strategic marketing plan, as compared to foreign wholly-owned firms and joint ventures with overseas partners.

Table 5-14 Relative Importance of Quantitative Analytical Techniques in Strategic Marketing Planning

Ownership (sample size)	Very low importance	Low importance	Average importance	High importance	Very high importance	Mean Importance level
State-Owned Enterprises (47)	1	3	13	12	17	3.89
Sino-Foreign Joint Ventures (16)	0	0	0	5	11	4.69
Private Companies (21)	0	0	11	1	9	3.91
Wholly Foreign-Owned Enterprises (13)	0	0	1	4	8	4.54
Share-Holding Enterprises (21)	0	1	4	9	7	4.05
Other (6)	0	1	2	0	3	3.83
Total	1	5	31	31	55	4.09

Note: The figures refer to frequency.

As far as the average importance of quantitative analysis technique is concerned, it is interesting to find that private companies ascribed greater importance to it than state-owned enterprises. The possible reason why private enterprises failed to recognize the importance of quantitative analytical techniques could be that they were normally relatively small in size and resources. This put them at a disadvantage position to attract professional marketing management personnel. In addition, the education level of the owner was comparatively low and for this reason unable to understand the importance of various kinds of analytical

techniques.

5.3.3 Formulation of Marketing planning

From the results presented in Table 5-15 it is clear that 75 respondents claimed that there were specific requirements/guidelines for strategic marketing planning set by the top management of their firms. Only 17 respondents stated that it was up to each business unit to decide how to do strategic marketing planning. These findings suggest that business leaders of individual firms have increasingly tended to place greater emphasis on the formulation of marketing planning in Mainland China.

Table 5-15 Distribution of Firms Which Have Set Certain

Requirements/Guidelines for Strategic Marketing Planning Activities

Ownership (sample size)	Yes, with specific requirements	Yes, without specific requirements	It is at the discretion of individual unit
State-owned enterprises (43)	26	11	6
Sino-Foreign Joint Ventures (14)	10	3	1
Private companies (21)	15	4	2
Wholly Foreign-owned enterprises (13)	7	3	3
Shareholding enterprises (22)	15	4	3
Other (5)	2	1	2
Total	75	26	17

Note: The figures refer to frequency.

As shown in Table 5-16, the typical procedures of strategic marketing planning followed that the Marketing Department within the Headquarter was responsible for the formulation of marketing plan and then passed it down to each product division or subsidiaries for implementation. Each product division was responsible for the development of marketing plans but had to obtain approval from the Head Office before execution. For the remaining firms, their marketing department had autonomy to initiate marketing plan but thereafter had to submit the plans to headquarter for filing, though no approval was needed. This procedure enables the senior management to track business performance.

Undoubtedly, it is very important to conduct marketing research prior to planning. As expected, the results show that 71.1% of the participant firms would conduct marketing research each time before formulating the marketing plan, 1.7% claimed that they would not undertake marketing research to facilitate strategic marketing planning. Therefore, in general, the important role of marketing research in strategic marketing planning was recognized by senior marketing personal in mainland China (Table 5-17).

Table 5-16 Procedures to Endorse a Marketing Plan

Ownership (sample size)	Final Approval from the CEO Office	Marketing Department in the headquarter	Submit to the Headquarter for record
State-Owned Enterprises (43)	19	13	11
Sino-Foreign Joint Ventures (12)	5	6	1
Private Companies (19)	7	8	4
Wholly Foreign- Owned Enterprises (13)	2	9	2
Share-holding Enterprises (21)	3	12	6
Other (5)	2	2	1
Total	38	50	25

Note: The figures refer to frequency.

Table 5-17 Use of Marketing Research

Ownership (sample size)	No	Once in a while	Each time
State-Owned Enterprises (47)	1	20	26
Sino-Foreign Joint Ventures (14)	0	4	10
Private Companies (20)	0	5	15
Wholly Foreign- Owned Enterprises (13)	0	2	11
Share-holding Enterprises (21)	1	3	17
Other (6)	0	1	5
Total	2 (1.7%)	35 (27.2%)	84 (71.1%)

Note: The figures refer to frequency.

As far as the department responsible for marketing research is concerned, a different picture of strategic marketing planning behaviour and activities from the western world is observed. From Table 5-18, one can observe that 33 participant firms reported that the marketing research department conducted marketing research on their own, 77 handled the majority of research assignments themselves, and only three firms outsourced market research to third party like marketing management consultants. In contrast, outsourcing marketing research work to sub-contractors in the West is a common practice.

Table 5-18 Participants of Marketing Research (N=119)

Ownership (sample size)	Wholly Marketing Department	Mainly Marketing Department	Mainly Outsourcing
State-owned enterprises (41)	14	26	1
Sino-Foreign Joint Ventures (15)	3	11	1
Private companies (21)	9	11	1
Wholly Foreign- owned enterprises (14)	4	10	0
Share- holding enterprises (22)	6	16	0
Other(6)	3	3	0
Total	39	77	3

Note: The figures refer to frequency.

In conclusion, the pilot study, through empirical investigation, disclosed the characteristics of strategic marketing planning practice in Mainland China and, the major discoveries include:

- 1) Chinese managers understand the practical value of marketing and its importance in strategic marketing planning.
- 2) Sino-foreign joint ventures, share-holding enterprises and wholly foreign-owned enterprises are more knowledgeable of strategic marketing planning, as compared to state-owned enterprises and private companies.
- 3) Although the practice of strategic marketing planning by local Chinese firms in many areas is similar to the practice of firms in Western countries, quite a number of characteristics are unique to local Chinese firms.
- 4) Strategic marketing planning activities always involved several functional departments which hold different views and interests that may result in opportunistic behavior during the planning process.
- 5) Many firms set up procedural requirements to regulate strategic marketing planning activities.

5.4 Exploratory factor analysis

In addition to uncovering the characteristics of strategic marketing planning activities of firms competing in China, another purpose of undertaking the pilot study is to help develop the measurement scale for individual constructs that are

incorporated to build the conceptual model. Therefore, the researcher based on the collected information to perform exploratory factor analysis to investigate if the proposed scales, though they were adopted in previous studies, would need any modifications to ensure validity and robustness.

5.4.1 Measurement scale for quality of strategic marketing planning process

A total of twenty-one items for the measurement of formalization were adopted based on the literature review, the input from the case studies, and the findings from pilot study. As depicted in Table 5-19, the results of the EFA give a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy at 0.742 and the value of the Bartlett's test of sphericity 491.718 is statistically significant at 0.000 significant levels, suggesting the presence of correlations.

Table 5-19 The EFA Results of the Quality of Strategic Marketing Planning Scale

Dimension	Items	Factor Loading	Cronbach's Alpha	Mean
Market Analysis	Studying competitors	.787	0.814	5.215
	Market segmentation analysis	.724		
	Marketing tactics	.720		
	Market share analysis	.596		
	Analyzing the business environment	.593		
	Statement of marketing objectives	.579		
	Implementation/Specific actions plan	.574		
Formalization	Test marketing	.787	0.724	3.803
	Mission statement	.708		
	Sales/Market forecasting models	.566		
	Contingency or "what if" plans	.557		
	Defining control mechanisms for marketing/sales	.537		
Analytical Techniques	Formal marketing audits	.710	0.625	4.148
	Experience curve analysis	.659		
	PIMS	.572		
	Ratio analysis	.534		
	Computer based modeling	.526		
Accumulated Variance Explained		<i>Market Analysis: 23.003%</i> <i>Plan Components: 14.473%</i> <i>Analytical Techniques: 12.752%</i> <i>Total: 50.226</i>		
KMO's MSA		0.742		
Bartlett's Test of Sphericity		491.718 at 0.000		
Overall Reliability		0.821		

among the variables. All these indicate the adequacy of the data for exploratory factor analysis (Hair et al., 1998; Stewart, 1981). The results of exploratory factor analysis suggest a three-factor solution based on the eigen-value criterion. Four items including "product life cycle analysis, product portfolio analysis, SWOT analysis, and delineation of the marketing strategy" did not load on any of these three factors. The frequency statistics reveal that, except SWOT analysis, all other

three planning techniques were not commonly employed by Chinese firms for marketing planning purpose.

However, the factor solution is different from that obtained in the original study by Piercy and Morgan (1994) but the structure of individual factors is similar. Each factor can be interpreted of the same meaning as suggested by Piercy and Morgan (1994) and labeled as “Market Analysis”, “Plan Components (Formalization)”, and “Analytical Techniques”. Hence, the first factor is labeled as “Market Analysis”, covering the aspects of studying competitors, market segmentation analysis, marketing tactics, market share analysis, analyzing business environment, statement of marketing objectives, implementation action plan. The second factor is defined as “Formalization”, which is composed of a number of plan components including test marketing, mission statement, and sales/market forecasting models, contingency or “what if” plans, control mechanisms for marketing/selling activities. The factor structure is a bit different from what Piercy and Morgan (1994) have reported. The final factor is interpreted as “Analytical Techniques”, including formal marketing audit, experience curve analysis, PIMS, ratio analysis, computer based modeling. Hence, factor one and three combine together to determine the level of sophistication, a second-order construct, in applying various types of analyses and techniques for strategic marketing planning purpose.

Although this measurement scale is somewhat different from the scales established in previous studies but it shows sufficient face validity and each factor displays good reliability as well. The Cronbach's reliability value of the first two factors is 0.814 and 0.724 respectively, higher than the cut-off line of 0.7 as recommended by Nunnally (1978). The Alpha value of the "Analytical Technique" factor is 0.625, lower than 0.7 but higher than the recommended cut-off value of 0.6 for exploratory study. Given the present study is the first replication study on formalization and sophistication that determines the quality of strategic marketing planning process scale in a different country, the exploratory nature still applies and this suggests the acceptance of the "analytical technique" factor for confirmatory factor analysis in the next phase. The overall reliability of this scale yielded a Cronbach alpha of 0.821, supporting that all these are valid measures for quality of strategic marketing planning process scale. Thus, the test of internal consistency for this three-factor construct supports the reliability of the scale.

5.4.2 Measurement model for planning behavioral problems

Twenty-seven items were included for exploratory factor analysis. The EFA results reveal that the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.765 and the value of the Bartlett's test of sphericity is 591.837 at the significance level of 0.00, indicating the presence of correlations among the variables. The data set is sufficient enough for statistical analysis (Hair et al., 1998).

Similar to the problem encountered by Piercy and Morgan (1994) in the original study, the EFA produced a complex factor loading structure. Fourteen items either failed to load on the expected factor or had high loadings overlapping on more than one factors. The high correlation values among some items also supported the removal of these items.

Finally, we retained nineteen items for the second round of exploratory factor analysis. The Eigen-value equal to unity rule suggests a four-factor solution and they can be defined as “Alienation and Uncertainty”, “Politics”, “Planning Recalcitrance” and “Myopia” respectively (Table 5-20). This factor solution is somewhat different from the five-factor solution in the original study by Piercy and Morgan (1994). However, most items loaded on each of these four factors also made up the same factor in the original study, supporting a high level of convergence validity.

The uni-dimensional reliability of this scale yielded an alpha of 0.838 and the alpha value of each factor ranges from 0.761, 0.769, 0.715, to 0.724 respectively, higher than the recommended cut-off value of 0.7 (Nunnally, 1978). All these reflect that the scale of problematic marketing behavior is robust and possesses good reliability.

Table 5-20 The EFA Results of the Problematic**Marketing Planning Behavior**

Dimension	Items	Factor Loading	Cronbach's Alpha	Factor Mean
Alienation and Uncertainty	Feel the lack of line management support.	.769	0.761	4.339
	Obtain inadequate support from staff.	.722		
	Feel uncomfortable because of the uncertainty that accompanies planning.	.684		
	Are discouraged from voicing dissent.	.656		
	Are uncertain about the expectations of upper level managers.	.655		
Politics	Resist innovative ideas.	.777	0.769	2.684
	Spend time trying to "psych out" the planning system.	.746		
	Intentionally fail to share information on matters of mutual concern.	.737		
	Do not want to learn about marketing planning.	.718		
Planning Recalcitrance	See marketing planning as a once-a-year ritual.	.791	0.715	3.357
	Are judged on the basis of their credibility in the organization rather than upon reaching planned objectives	.681		
	Have become bored with planning.	.593		
	Resist changes in the "status quo."	.554		
	Believe that planning is a staff function.	.540		
	Keep information from the planner so that they can control what is going on.	.527		
Myopia	Project current trends rather than analyze the future for opportunities.	.761	0.724	3.952
	Lack a plan for planning.	.735		
	Pad their plan to avoid close measurement.	.669		
	Force others to find weakness in the plan rather than address weakness themselves.	.566		
Accumulated variance explained	<i>Alienation and Avoidance: 15.239%</i> <i>Planning Recalcitrance: 13.582%</i> <i>Planning Recalcitrance: 13.211</i> <i>Myopia: 12.64%</i> <i>Total: 54.672%</i>			
KMO's MSA	0.765			
Bartlett's Test of Sphericity	591.837 at 0.000			
Overall Reliability	0.838			

5.4.3 Measurement model for quality of marketing plan

The results of the EFA gives a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy at 0.844 and the Bartlett's test of sphericity obtained a variety 495.319 at 0.000 significant level, suggesting the data is appropriate for multivariate statistical analysis (Hair et al., 1998; Stewart, 1981). According to the rule of Eigen-value equal to one, a three-factor solution emerged. From the findings, only three items, including item 6 (How important were quantitative analytical techniques in making the final decision in the previous planning cycle?), item 7 (How would you describe the process that had most influence on the decision?), and item 12 (Generally believe that the marketing plan defines markets precisely enough to give a good basis for building marketing strategies) failed to load significantly on any factor or have high cross factor loadings in the run of EFA and were therefore removed. The originally-found three-factor structure is confirmed in our study (Table 5-21).

Based on the items loaded high on each of these factors, we can label them as "Comprehensiveness", "Rationality" and "Credibility" respectively. The structure of individual factor is only slightly different from that identified in previous studies, indicating high level of convergence validity. The Alpha value of each factor is 0.795, 0.792, and 0.785 respectively and the uni-dimensional reliability of this scale yielded an Alpha value of 0.884, showing the robustness and reliability of the scale (Nunnally, 1978).

Table 5-21 The EFA Results of Marketing Planning Quality

Dimension	Items	Factor Loading	Cronbach's Alpha	Mean
Comprehensiveness	Last time you planned, to what extent was information from past years looked over for guidance?	.744	0.795	4.741
	To what extent did the group or individual involved in planning analyze the relevant information before making a decision?	.735		
	To what extent did the planning team search for information in the last planning round?	.716		
	In general, how effective was the planning team or individual at focusing its attention on relevant information and ignoring irrelevant information?	.648		
	To what extent were objectives of the planning cycle explicitly addressed?	.482		
Credibility	Generally believe that all the critical marketing elements are included in the plan.	.794	0.792	4.750
	Generally believe that the assumptions made in the plan about environmental conditions and markets area are realistic.	.775		
	Generally believe that the key to effective management is to find ways around the requirements of the marketing plan.	.666		
	Generally believe that the marketing plan should directly guide their action and be the basis for making their decisions.	.619		
Rationality	How confident was the planning team that the decision made was the best possible outcome given all possible alternatives?	.802	0.785	4.783
	At the time the decision was made, how confident was the planning team that the correct choice was being made?	.794		
	Generally believe the marketing plan is realistic and practical.	.728		
	Generally believe that the marketing plan is accurate and based on good information.	.407		
Total Variance Explained		<i>Comprehensiveness: 21.881 Credibility: 19.584 Rationality: 17.803 Total:60.657%</i>		
KMO's MSA		0.844		
Bartlett's Test of Sphericity		495.319 at 0.000		
Scale Reliability		0.884		

5.4.4 Measurement model for business performance

As shown in Table 5-22, the results of the EFA indicate this is a uni-dimensional scale with a reliability Alpha value of 0.828. The value of Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and the Bartlett's test of sphericity value support the use of the data for exploratory factor analysis.

Table 5-22 The EFA Results for Business Performance

Dimension	Items	Factor Loading	Cronbach's Alpha	Mean
Business Performance	Sales revenue growth	.855	.828	3.060
	Profit of business unit	.807		
	Market share growth	.717		
	Corporate image	.837		
Total Variance Extracted		64.929%		
KMO's MSA		0.750		
Bartlett's Test of Sphericity		283.469*** (df=6)		

* $p < .05$; ** $p < .01$; *** $p < .001$

Finally, we based on Harman's one-factor test (Podsakoff *et al.*, 2003) to see if there will be any common method bias. For each of the constructs except business performance, an exploratory factor analysis yields either a 3-factor solution, or a 4-factor solution, and the variance explained is not dominant by the first factor, a substantial amount of common method variance is unlikely encountered.

5.5 Chapter summary

This chapter summarizes the findings obtained from in-depth qualitative interviews with senior marketing executives and from the pilot test. The findings enhance our understanding of current practice of strategic marketing planning in China, a market increasingly shifting from a planned economy to a free market economy.

Inputs from qualitative interviews also helped double-check if Chinese marketing managers actually understood the meaning of and analytical techniques and tools for strategic marketing planning and suggested new items to accommodate the unique characteristics of strategic marketing planning activities in China so as to enhance the face validity of individual scales incorporated in the proposed conceptual model. The EFA results established the factor structure for each measurement scale and supported the robustness and reliability of all the scales. The researcher thus based on the findings to refine the questionnaire for the full scale survey in the next phase.

CHAPTER 6 FINDING AND DISCUSSION

– STUDY I

6.1 Introduction

This chapter presents the findings from the large scale survey and discusses the results of SEM analysis based on the findings in relation to the hypotheses. Following the normal procedures to validate a measurement scale, we first based on the results of exploratory factor analysis from the pilot study to establish the measurement model for each construct, which was then tested with confirmatory factor analysis. After that, structural equation modeling analysis and hypothesis test were performed. The proposed model was tested against alternative competing models. Invariance test of the structural relationships amongst all constructs incorporated in the recommended structural model across different regions was also performed. This chapter ends up with an in-depth discussion of the findings.

6.2 Questionnaire survey

Based on the feedback from the pilot study, we further refined the questionnaire as discussed in the section 5.4 by removing some redundant items for the scales of concern. Then we conducted survey interviews in three sampled cities, including

Heifei, Xian, and Shenzhen, to collect data to validate the proposed model. We distributed questionnaires to senior marketing executives from different firms when they attended training workshops organized by the management education center, where the researcher was always invited to deliver talks on various management topics, at each city. For each group of respondents, the researcher explained the scope and purpose of the study, specified clearly it would be either the CEO, or the marketing executive at General Manager/Director grade, to complete the questionnaire, and explained the instructions to all respondents as well. Finally, 224 completed questionnaires were collected. However, the researchers found some questionnaires either had missing data substantially (over 30%), or showed a fixed response pattern. The quality of the data reported in these questionnaires was in doubt and the researcher decided not to include them for statistical analysis. As such, this ended up with 204 completed questionnaires for statistical analysis, equal to a valid response rate of 76.98%. Hoeltar (1983) suggested that a critical value of sample size in excess of 200 should be indicative of a model that adequately represents sample data. Hence the sample size here is considered to be adequate for statistical tests. The characteristics of respondent profile are given in Table 6-1.

6.3 Assessment of normality of the data

Structural equation modeling is sensitive to the distributional characteristics of the data, particularly the departure from multivariate normality or a strong kurtosis

(skewness) in the data (Hair et al., 1995). Furthermore, Bollen (1989) has noted that the use of the maximum likelihood estimation function, which bases estimates on the covariance matrix, is very dependent on the sample covariance matrix.

Table 6-1 Respondent Profile (N=204)

	Variable	Frequency
Region	Central China	92
	Southern China	46
	Western China	56
Sex	Male	162
	Female	42
Age(yrs)	20-30	63
	31-40	106
	41 plus	32
Work Experience(yrs)	Less than 10 years	133
	11-20	49
	21 plus	17

The assessment of normality requires the values of skewness and kurtosis. Skewness measures the symmetry of a distribution and kurtosis measures the “peakedness” or “flatness” of the distribution in compared with the normal distribution (Hair et al., 1998). A positively skewed distribution means the data tails off to the right, while a negatively skewed distribution means the data tails off to the left. A positive kurtosis value indicates a relatively peaked distribution, but negative value indicates a flat distribution. Usually, if the skewness of certain variable is greater than 3 or its kurtosis value is greater than 10, then the distribution of this variable is deem non-normal. All the measured items for confirmatory analysis were tested along these two tests and the values of skewness

ranged from -0.854 to 1.193 and kurtosis's values were between -1.337 and 1.003. In the analysis, 22 items have positive skewness value and the remaining items were in negative values, suggesting a relatively large proportion of the items tailed off to the left. Besides, there are 7 items indicated a relatively peaked distribution and other 48 items were in a relatively flatness distribution (see Table 6-2). Thus, we can conclude that there is no serious violation of normal distribution.

6.4 Confirmatory factor analysis results

The main task in this phase is to validate the causal relationships amongst all the constructs in the proposed model. Following the procedures recommended by Anderson and Gerbing (1988), we performed a confirmatory factor analysis to validate the measurement scales identified with the exploratory factor analysis based on the data obtained through the large scale survey (study 1) in Phase I.

Table 6-2 Skewness, Kurtosis of the Variables for Confirmatory Factor Analysis

Variables	N	Skewness		Kurtosis	
	Statistic	Statistic	Std.Error	Statistic	Std.Error
tf1	193	-0.157	0.175	-0.914	0.348
tf2	192	-0.399	0.175	-0.114	0.349
tf3	194	0.490	0.175	-0.326	0.347
tf5	192	0.070	0.175	-0.542	0.349
tf6	193	-0.017	0.175	-0.713	0.348
tf8	194	-0.611	0.175	-0.219	0.347
tf9	194	-0.341	0.175	-0.409	0.347
tf10	190	-0.421	0.176	-0.528	0.351
tf11	194	-0.854	0.175	0.226	0.347
tf15	194	-0.402	0.175	-0.151	0.347
tf16	194	-0.232	0.175	-0.089	0.347
tf18	193	-0.405	0.175	-0.536	0.348
tf12	190	-0.058	0.176	-0.629	0.351
tf14	194	0.153	0.175	-0.646	0.347
tf20	193	0.327	0.175	-0.271	0.348
tf21	193	0.235	0.175	-0.452	0.348
tf19	193	-0.294	0.175	-0.086	0.348
mb1	203	0.925	0.171	-0.188	0.340
mb2	203	0.150	0.171	-0.802	0.340
mb5	202	0.581	0.171	-0.664	0.341
mb8	204	0.923	0.170	0.038	0.339
mb39	201	0.166	0.172	-1.337	0.341
mb6	202	0.584	0.171	-0.562	0.341
mb12	200	0.064	0.172	-1.238	0.342
mb13	201	0.146	0.172	-1.003	0.341
mb17	200	0.003	0.172	-1.154	0.342
mb18	203	0.009	0.171	-0.719	0.340
mb20	202	0.600	0.171	-0.285	0.341
mb21	202	0.790	0.171	0.016	0.341
mb22	204	1.193	0.170	1.003	0.339
mb27	204	1.096	0.170	0.826	0.339
mb28	202	-0.017	0.171	-0.965	0.341
mb29	203	-0.448	0.171	-0.875	0.340
mb30	201	-0.017	0.172	-0.764	0.341
mb15	204	0.146	0.170	-0.896	0.339
mb26	204	-0.141	0.170	-0.917	0.339
mpq1	204	-0.308	0.170	-0.699	0.339
mpq2	204	-0.388	0.170	-0.451	0.339

Table 6-3 Skewness, Kurtosis of the Variables for Confirmatory Factor

Analysis
(Continued from Table 6-2)

	N	Skewness		Kurtosis	
		Statistic	Std.Error	Statistic	Std.Error
mpq3	202	-0.335	0.171	-0.333	0.341
mpq4	202	-0.199	0.171	-0.439	0.341
mpq5	202	-0.174	0.171	-0.539	0.341
mpq8	204	-0.632	0.170	0.204	0.339
mpq9	203	-0.468	0.171	-0.025	0.340
mpq10	202	-0.229	0.171	-0.119	0.341
mpq11	201	-0.146	0.172	-0.682	0.341
mpq13	200	-0.355	0.172	-0.730	0.342
mpq14	200	-0.368	0.172	-0.263	0.342
mpq15	201	-0.194	0.172	-0.413	0.341
mpq16	200	-0.509	0.172	0.001	0.342
bp1	193	-0.045	0.175	-0.503	0.348
bp2	194	0.028	0.175	-0.657	0.347
bp3	194	-0.103	0.175	-0.579	0.347
bp4	195	-0.021	0.174	-0.304	0.346
bp5	196	0.184	0.174	-0.517	0.346
bp6	196	-0.029	0.174	-0.475	0.346

6.4.1 Measurement model of quality of strategic marketing planning process

The factors identified with exploratory factor analysis were incorporated to construct a second-order measurement model for “quality of strategic marketing planning process” and subjected to confirmatory factor analysis (CFA). From Table 6-4, all estimated loadings of the items on the underlying first-order construct are significant (Anderson and Gerbing, 1988), all critical ratio values exceed 1.96, and all estimated loadings are greater than twice of respective standard error. Convergent validity is thus achieved.

The findings show that the Quality of Strategic Marketing Planning Process scale passed the extrinsic quality test with the overall fit measures of the measurement model as the followings: $\chi^2=194.138$ at $p=0.000$; $DF=116$; $\chi^2/DF=1.674$; $CFI=0.98$; $NFI=0.96$; $PNFI=0.72$; $RMSEA=0.08$. All these values are better than the recommended cut-off line and indicate good fit of the model.

Besides, the average variance extracted value for each construct was compared with the squared correlations among paired constructs to determine the quality of discriminant validity (Fornell and Larcker, 1981). The average variance extracted values of Market Analysis (0.788), Plan Components (0.944), and Analytical Techniques (0.620) are all larger than their respective squared correlations (Market Analysis and Plan Components=0.552; Analytical Techniques and Plan Components=0.386; Analytical Techniques and Plan Components=0.162) and exceed the recommended threshold of 0.50 (Bagozzi and Yi, 1988). As a result, discriminant validity is supported. Therefore, the fit statistics and discriminant validity all confirm that the scale is a second-order measurement model (Table 6-5; Figure 6-1).

Table 6-4 Estimates of Individual Measures Forming the Measurement Model of Quality of Strategic Marketing Planning Process

	Estimate	S.E.	C.R.	P	Std.Estimate	S.E. ^e	C.R. ^e
Market Analysis						0.219	3.597
Implementation/Specific actions plan	1.000				0.694	0.142	5.936
Statement of marketing objectives	1.093	0.168	6.501	0.000	0.755	0.125	5.648
Analysing the business environment	1.067	0.179	5.960	0.000	0.689	0.166	5.958
Market share analysis	1.015	0.166	6.118	0.000	0.707	0.138	5.915
Marketing tactics	1.257	0.187	6.709	0.000	0.783	0.145	5.446
Market segmentation analysis	1.109	0.189	5.861	0.000	0.675	0.192	6.045
Studying competitors	0.995	0.174	5.712	0.000	0.656	0.169	6.109
Formalization						0.275	3.437
Contingency or “what if” plans	0.855	0.182	4.687	0.000	0.554	0.252	6.169
Sales/Market forecasting models	0.967	0.193	5.003	0.000	0.602	0.263	5.908
Mission statement	0.561	0.170	3.307	0.001	0.386	0.263	6.470
Test marketing	0.798	0.161	4.954	0.000	0.591	0.186	6.014
Defining control mechanisms for marketing/sales	1.000				0.688	0.190	5.530
Analytical Techniques						0.292	2.127
Computer based modeling	1.000				0.495	0.324	5.906
Ratio analysis	0.882	0.284	3.104	0.002	0.486	0.264	5.916
PIMS	0.965	0.293	3.295	0.001	0.541	0.248	5.616
Formal marketing audits	1.147	0.321	3.567	0.000	0.636	0.409	6.371
Experience curve analysis	0.722	0.304	2.377	0.017	0.332	0.242	4.965

Table 6-5 Fit Statistics of the Measurement Model of Quality of Strategic Marketing Planning Process

					Composite Reliability	Average Variance Extracted
Market Analysis					0.88	0.79
Formalization					0.74	0.94
Analytical Technique					0.63	0.62
χ^2	DF	χ^2/DF	CFI	NFI	PNFI	RMSEA
194.138	116	1.674	0.981	0.955	0.724	0.083

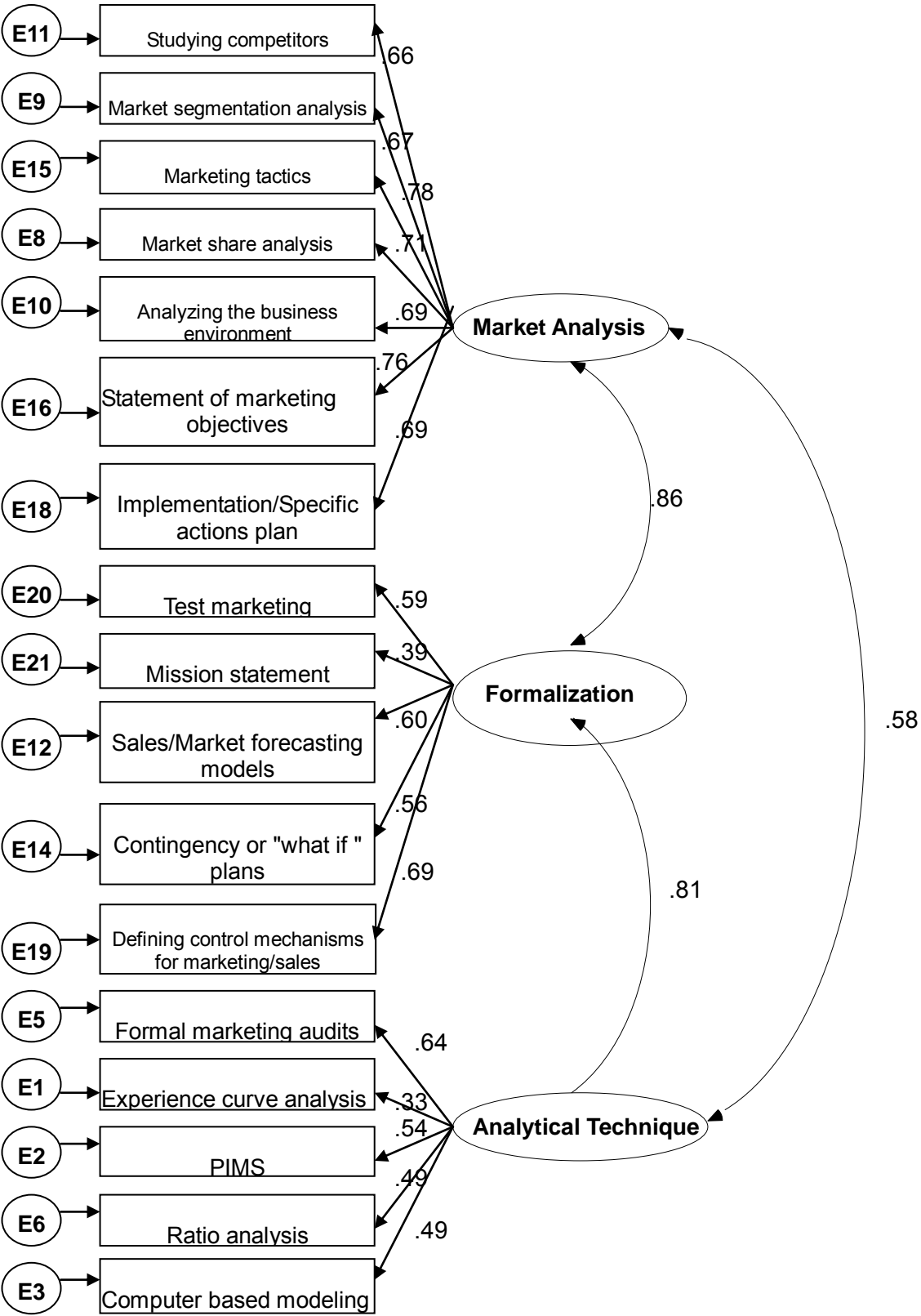


Figure 6-1 A Second-Order Measurement Model of Quality of Strategic Marketing Planning Process

6.4.2 Measurement model of problematic marketing planning behavior

We followed similar procedures to validate the measurement model for the construct of “problematic marketing planning behavior”. The confirmatory factor analysis gives a chi-square value of 201.058, at p=0.000. Both CFI and NFI value exceed the 0.90 level and the value of PNFI is greater than the cut-off level of 0.50. The RMSEA value is 0.06, lower than the recommended bottom line of 0.08. All these fit indices indicate good model fit (Table 6-6; Figure 6-2).

Table 6-6 Model Fit of the Measurement Model for Problematic Marketing Planning Behavior

					Composite Reliability Value	Average Variance Extracted
Planning Recalcitrance					0.74	0.33
Alienation & Uncertainty					0.74	0.41
Politics					0.84	0.56
Myopia					0.73	0.40
χ^2	DF	χ^2/DF	CFI	NFI	PNFI	RMSEA
201.058	146	1.377	0.98	0.95	0.73	0.06

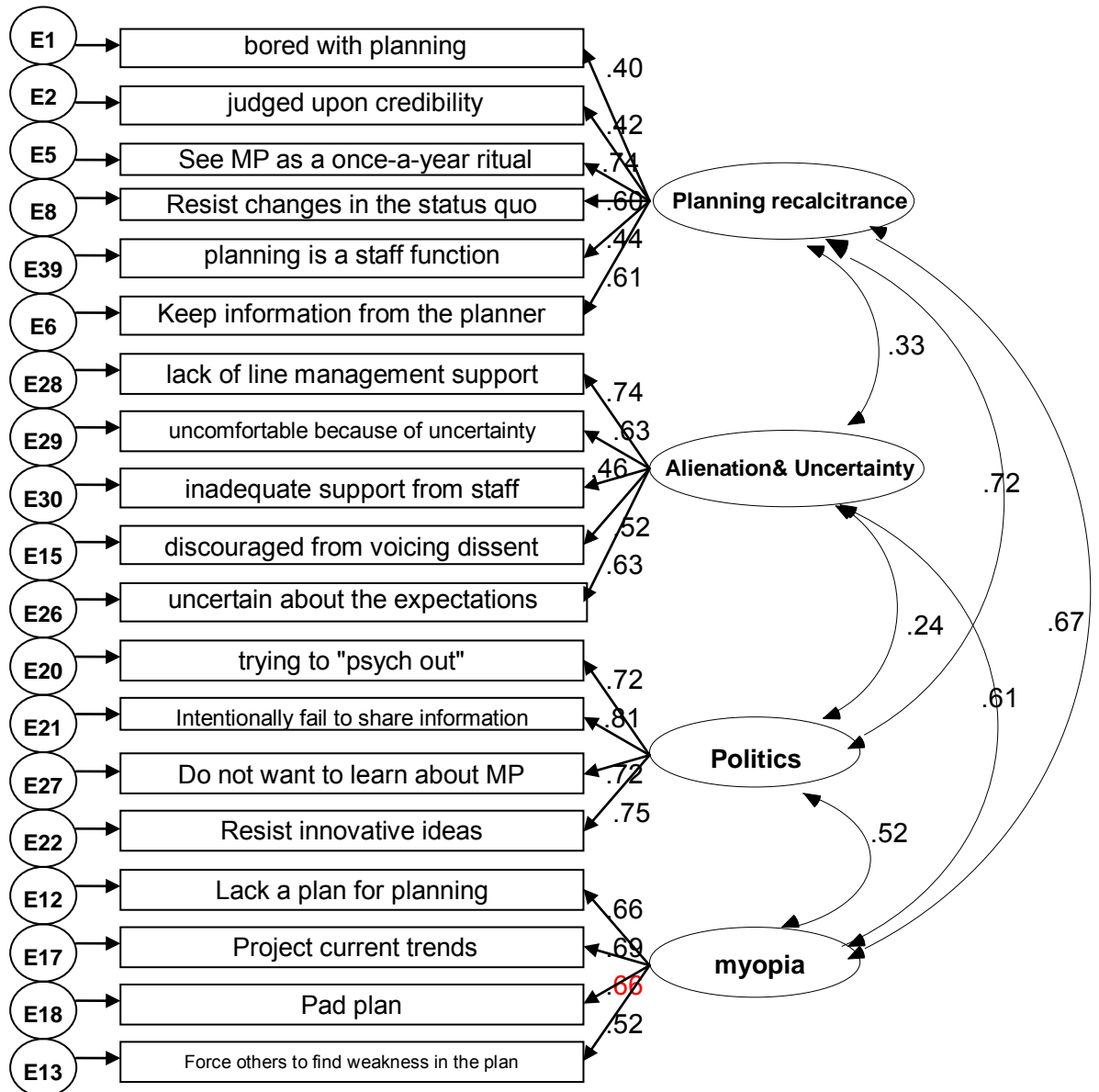


Figure 6-2 Measurement Model of Problematic Marketing Planning Behavior

From Table 6-7, all estimated loadings of the items on the underlying first-order construct are statistically significant (Anderson and Gerbing, 1988), all critical ratio values exceed 1.96, and the estimated loading of individual items is greater than twice of respective standard error, demonstrating good convergent validity.

Table 6-7 CFA Results of the Problematic Marketing Planning Behavior Measurement Model

	Estimate	S.E.	C.R.	P	Std.Estimate	S.E. ^e	C.R. ^e
Planning Recalcitrance						0.293	4.401
Keep information from the planner so that they can control what is going on	1.000				0.805	0.156	4.501
Believe that planning is a staff function.	0.658	0.161	4.085	0.000	0.442	0.347	6.615
Resist changes in the "status quo."	0.753	0.132	5.707	0.000	0.601	0.206	6.254
See marketing planning as a once-a-year ritual	0.945	0.134	7.048	0.000	0.738	0.180	5.370
Are judged on the basis of their credibility in the organization rather than upon reaching planned objectives	0.513	0.130	3.952	0.000	0.425	0.229	6.713
Have become bored with planning	0.578	0.156	3.718	0.000	0.402	0.332	6.715
Alienation and Uncertainty						0.294	3.055
Are uncertain about the expectations of upper level managers	1.000				0.631	0.240	5.653
Are discouraged from voicing dissent	0.800	0.194	4.119	0.000	0.524	0.243	6.239
Obtain inadequate support from staff.	0.729	0.196	3.719	0.000	0.464	0.270	6.419
Feel uncomfortable because of the uncertainty that accompanies planning	0.972	0.205	4.747	0.000	0.635	0.224	5.624
Feel there is a lack of line management support	1.201	0.233	5.150	0.000	0.742	0.236	4.487
Politics						0.252	4.107
Resist innovative ideas	1.000				0.753	0.145	5.445
Do not want to learn about marketing planning	0.982	0.146	6.718	0.000	0.715	0.165	5.765
Intentionally fail to share information on matters of mutual concern	1.100	0.146	7.547	0.000	0.813	0.137	4.672
Spend time trying to "psych out" the planning system	0.888	0.132	6.731	0.000	0.719	0.134	5.714
Myopia						0.289	2.437
Force others to find weakness in the plan rather than addressing weaknesses themselves	1.000				0.516	0.308	6.316
Project current trends rather than analyze the future for opportunities	1.068	0.255	4.185	0.000	0.650	0.195	5.630
"Pad" their plan to avoid close measurement	1.238	0.288	4.292	0.000	0.685	0.228	5.342
Lack a plan for planning	1.369	0.319	4.285	0.000	0.682	0.282	5.372

However, the value of average variance extracted of “Planning Recalcitrance” is 0.33, lower than the most lenient cut-off line at 0.4, implying that the reliability of this sub-factor is less rigorous. The value of the same measure of the other two sub-factors is either right at 0.4 or slightly over 0.4 and only the Politics factor has average extracted variance value at 0.56, suggesting acceptable level of reliability. As compared with the squared correlations among paired constructs to determine the quality of discriminant validity (Fornell and Larcker, 1981), the AVE values in nearly all cases are larger than their respective squared correlations (Planning Recalcitrance and Alienation and Uncertainty: 0.108; Alienation and Uncertainty and Politics: 0.058; Myopia and Politics: 0.119; Myopia and Alienation and Uncertainty: 0.372; Myopia and Planning Recalcitrance: 0.448; Planning Recalcitrance and Politics: 0.518). As a result, discriminant validity is supported but suggest the domain of “Planning Recalcitrance” might have been over-defined.

6.4.3 Measurement model of quality of marketing plan

Confirmatory Factor Analysis with Maximum Likelihood Method on the measurement model of quality of marketing plan shows good psychometric properties. The Chi-square is significant at 0.000 levels but RMSEA is slightly over 0.08 ($\chi^2=118.280$ at $p=0.000$; $DF=62$; $\chi^2/DF=1.908$; $CFI=0.98$; $NFI=0.97$; $PNFI=0.66$; $RMSEA=0.09$). Except one item, the loadings of all other items are higher than 0.60 on the expected factor and display large values. Besides, no

significant cross-loadings are observed. Table 6-8 shows the psychometric properties of all the measures.

Table 6-8 Reliability, Validity and Model Fit of Quality of Marketing Plan

					Composite Reliability Value	Average Variance Extracted
Comprehensiveness					0.82	0.48
Rationality					0.76	0.38
Credibility					0.75	0.43
χ^2	DF	χ^2/DF	CFI	NFI	PNFI	RMSEA
118.28	62	1.908	0.98	0.97	0.66	0.09

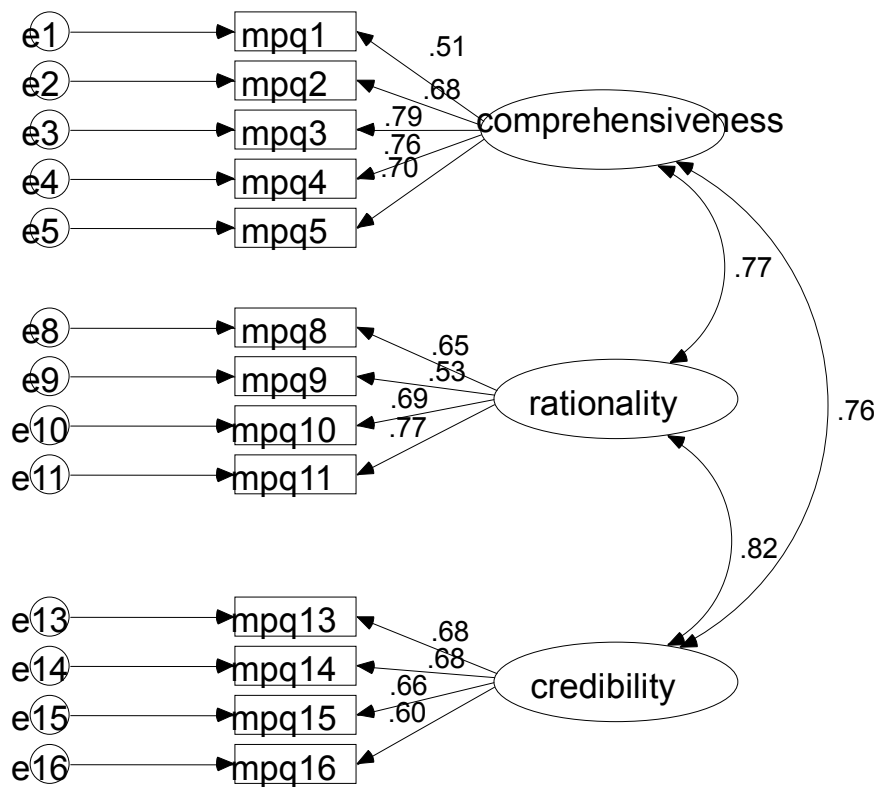


Figure 6-3 Measurement Model – Quality of Marketing Plan

Table 6-9 indicates all estimated loadings of the items on the underlying first-order construct are statistically significant (Anderson and Gerbing, 1988), all critical ratio values exceed 1.96, and estimated loadings are greater than twice of respective standard error. All these reveal the presence of convergent validity.

The average variance extracted values are in the range from 0.38 to 0.48, slightly lower than the recommended cut-off value but their composite reliability value are larger than their respective squared correlation value (Comprehensiveness and Rationality: 0.59; Credibility and Rationality: 0.67; Credibility and Comprehensiveness: 0.579), showing good discriminant validity.

6.4.4 Business Performance

To keep the consistency of semantic meaning with other scales, each scaling point of the original scale of business performance was transposed, which meant the original “1” was re-coded from “5”, “2” to “4”, “3” to “3”, “4” to “2”, “5” to “1”. Business performance was treated as a uni-dimensional scale with five manifest variables. However, the values of many fit statistics only suggest marginal fit ($\chi^2=35.354$ at $p=0.000$; $DF=9$; $\chi^2/DF=3.928$; $CFI=0.95$; ; $NFI=0.88$; $IFI=0.95$, and $RMSEA=0.06$). But these values can be considered acceptable for research of exploratory purpose, though the researcher must be cautious when interpreting the results.

Table 6-9 CFA Results - Quality of Marketing**Planning Measurement Model**

	Estimate	S.E.	C.R.	P	Std. Estimate	S.E.^e	C.R.^e
Comprehensiveness						0.185	3.739
mpq5	1.000				0.702	0.121	5.897
mpq4	1.241	0.186	6.679	0.000	0.764	0.141	5.389
mpq3	1.151	0.166	6.926	0.000	0.794	0.105	5.091
mpq2	1.051	0.174	6.030	0.000	0.678	0.148	6.062
mpq1	0.850	0.183	4.650	0.000	0.515	0.210	6.607
Rationality						0.283	4.114
mpq11	1.000				0.771	0.163	4.860
mpq10	0.736	0.116	6.337	0.000	0.691	0.122	5.684
mpq9	0.536	0.111	4.854	0.000	0.531	0.133	6.426
mpq8	0.733	0.123	5.965	0.000	0.649	0.144	5.970
Credibility						0.171	2.971
mpq16	1.000				0.602	0.147	6.080
mpq15	1.107	0.224	4.951	0.000	0.664	0.137	5.739
mpq14	1.318	0.261	5.043	0.000	0.682	0.180	5.607
mpq13	1.154	0.230	5.022	0.000	0.678	0.141	5.639

Table 6-10 Fit Statistics of the Business Performance Measurement Model

					Composite Reliability	Average Variance Extracted
Business Performance					0.77	0.33
χ^2	DF	χ^2/DF	CFI	NFI	IFI	RMSEA
35.354	9	3.928	0.95	0.88	0.95	0.06

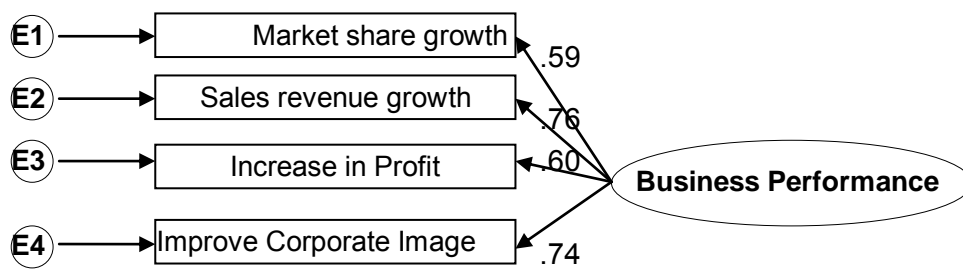


Figure 6-4 Measurement Model of Business Performance

Overall the results of confirmatory factor analysis for the measurement model indicate high level of reliability and good in both convergence and discriminant validity, suggesting that all scales exhibit adequate measurement properties.

Besides, Harmon's one-factor test was adopted to test for common method variance. If common method is an issue, either a single factor would emerge from the EFA or one general factor would account for a considerable proportion of covariance among the measures (Podsakoff, MacKenzie, Lee and Podsakoff, 2003). No general, or dominant, factor was evident in all EFA results here. For each of the scales that are multi-dimensional, the variance explained by the first factor accounts for a maximum of 23% and total accumulated variance explained is at least over 50%. Thus, common method variance should not be a concern.

However, a more stringent test for common method variance bias was also performed. We undertook a Post Hoc Test of common method variance effects by using a confirmatory factor analysis approach to investigating if common method

variance affects account for the relations between two or more variables (Padsakoff et al., 2003). The logic is that a factor analysis should yield a single method factor with good fit given the existence of common method bias. A model positing that a single factor underlies the study variables did not fit well at all (CFI = 0.69, NFI = 0.51, IFI = 0.70, TLI = 0.66), and that the level of model fit is much worse than the overall SEM model. All these imply that common method bias variance alone was not serious in the present study (Menon et al. 1996).

6.5 Test of the Structural Model

This part deals with the examination of the structural paths between the latent constructs incorporated in the proposed SEM model. A comparison with competing models was also undertaken to establish the superiority of the proposed model in terms of robustness and theoretical justification.

Among the four latent constructs, business performance is operationalized as a first-order construct. The other three constructs, including SMP Process Quality, Problematic Marketing Planning Behavior and Quality of Marketing Plan are second-order constructs. The proposed structural model involves five structural paths for estimation and the SEM analysis results are described in Figure 6-5 and the details of the statistics are mentioned.

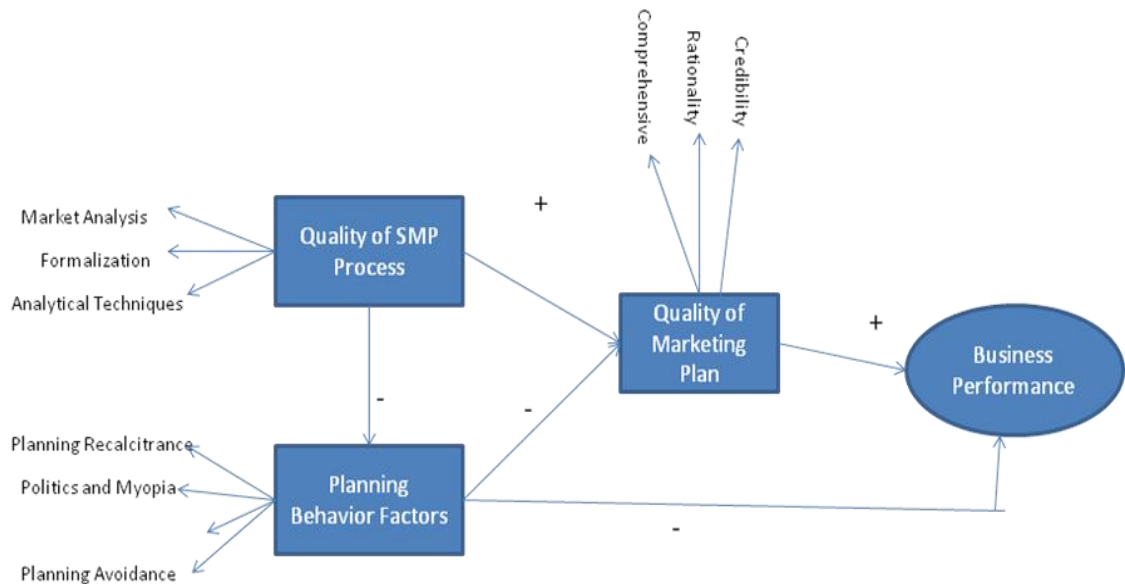
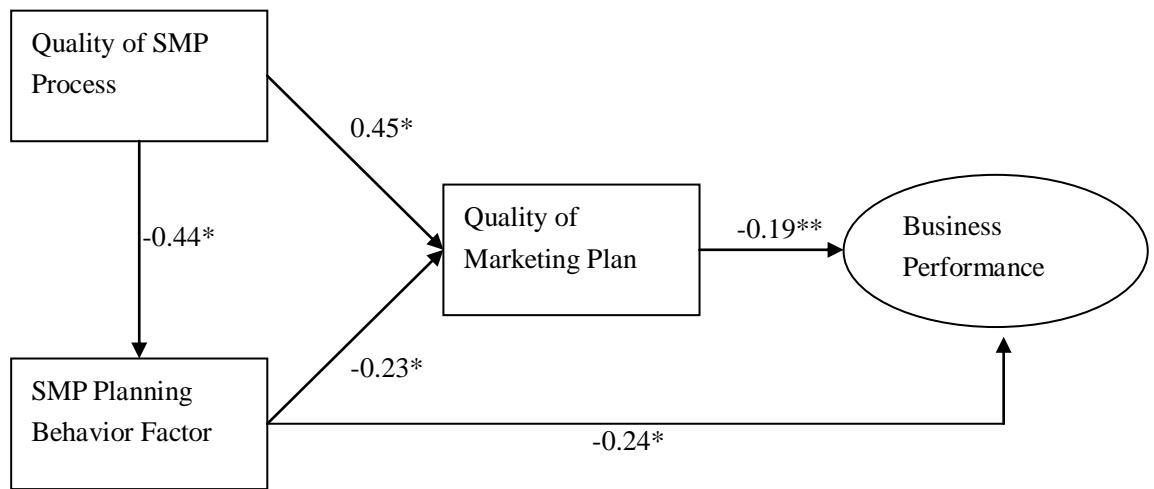


Figure 6-5 Structural Paths in the Proposed Structural Model

Based on the results of SEM analysis, no offending estimates are reported in the structural model. A satisfactory model fit is obtained with a Chi-square of 136.08 and 72 DF at 0.000 significant levels, $\chi^2/DF=1.89$; CFI=0.92; NFI=0.85; IFI=0.88; RMSEA=0.07 (Figure 6-6).



Chi-square/DF = 1.82, CFI=0.92, NFI=0.85, IFI=0.88, RMSEA=0.07
*Statistical Significance Level: * at 0.05, and ** at 0.10*

Figure 6-6 SEM Results Based on Full Sample

To facilitate interpretation, the co-efficient value for each pair of hypothetical relationship is summarized in the diagram below (Table 6-11). As assumed, the co-efficients are all statistically significant and the co-efficient value of -0.44 indicate the quality of strategic marketing planning process can restrict problematic strategic marketing behavior whereas the co-efficient value of 0.45 indicate that the quality of strategic marketing planning process does have positive effect on the quality of marketing plan. Both effects are quite strong and statistically significant. All these provide support to H1 and H2.

The co-efficient value of -0.23 reveals moderate negative effect of problematic marketing planning behavior on the quality of marketing plan and this effect is

statistically significant, thus gaining support to the acceptance of H3. The coefficient value indicate the flow of impact of the quality of marketing plan on business performance is as not as expected. The effect is slightly below moderate but negative and is statistically significant. This does not provide support to the acceptance of H4.

However, it has been alerted that one should not feel surprised to observe a negative relationship between planning formality and financial performance (eg. Leontiades and Tezel, 1980; Robinson and Pearce, 1983). Traditional planning models may not translate into successful performance outcomes (Hahn, 2010). Strategic marketing planning capabilities can suppress creative thinking and strategic insights and create rigidities in response to changing market needs and under a relatively volatile market may consequently have negative impact on certain aspect of firm performance (Hass and Hansen, 2005). The study by Fredrickson and Mitchell (1984) also provides empirical evidence to show a negative impact of comprehensiveness in strategic marketing planning upon returns on assets and sales performance in a volatile business environment but a positive one under stable business environment. The China market indeed has become a very dynamic and complicate since the adoption of Economic Open Door policy. Under this circumstance, the appropriateness of a formal marketing planning model could be a question because it might inhibit firm performance in turbulent and dynamic industries.

Finally, as postulated, problematic marketing planning behavior appears to have negative effect on business performance and such impact is statistically significant, therefore, H5 is supported.

6.6 Comparison with Competing Model

Two competing models were established based on the existing theories on the relationships among strategic marketing planning process, marketing planning behavior and business performance. Some marketing scholars have suggested that major attributes of strategic marketing planning process like formal planning procedures and sophisticate planning techniques determine not only the quality of the planning process but also the business outcome. Hence the first competing model incorporates a direct link between the quality of strategic marketing planning process and business performance.

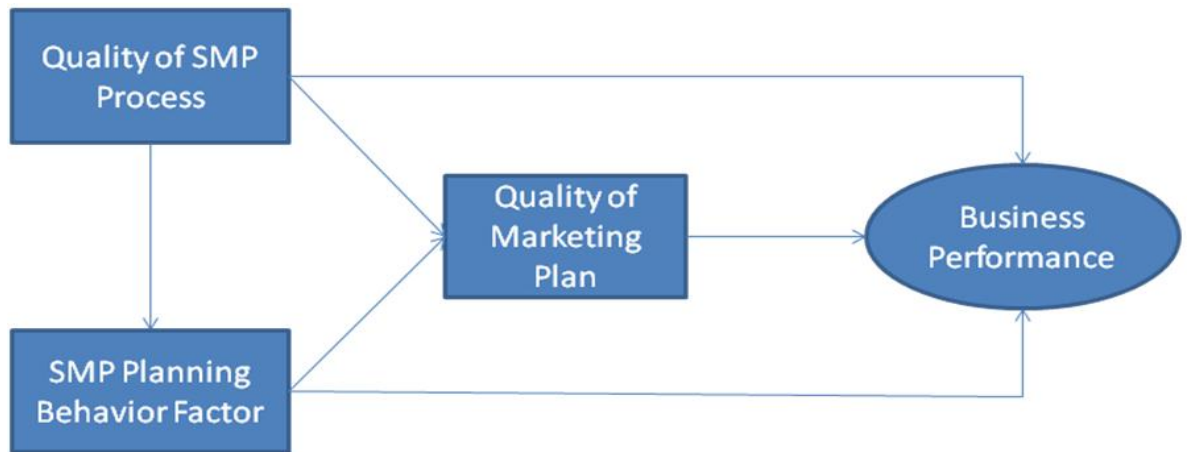


Figure 6-7 Competing Model I—Effects of Quality of SMP Process and Problematic Planning Behavior on Quality of Marketing Plan and Business Performance

Besides, a conjecture from planning behaviorists is that deviant, or opportunistic planning behavior might influence business performance only via its impact on the quality of marketing plan. On this ground the second competing model removes the direct effect of planning behavior on business performance but retain the link between planning process and business performance.

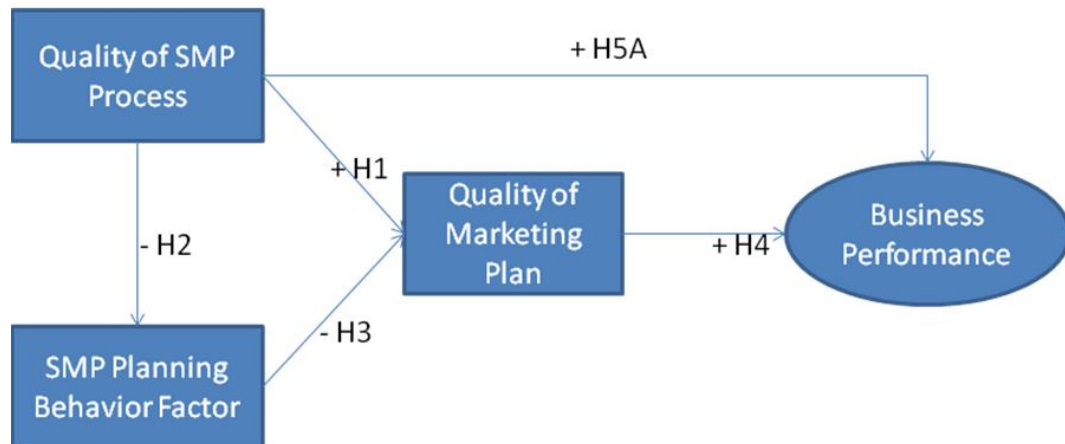


Figure 6-8 Competing Model II—Effects of Quality of SMP Process and SMP Planning Behavior Factor on Quality of Marketing Plan and Business Performance

As depicted in Table 6-11, the fit statistics of each competing model are either similar to, or marginally poorer, than those of the proposed model and the coefficient value reveals that the quality of marketing plan and the quality of strategic marketing planning appear to have no statistically significant effect on business performance. These competing models fail to show better theoretical and practical values. On the ground that the conjecture that strategic marketing planning process and planning behavior should affect business performance in fact gains theoretical foundation, the proposed model has richer theoretical implications. We thus recommend the use of the proposed model to explain the relationships amongst quality of strategic marketing planning process, problematic marketing planning behavior, quality of marketing plan, and business performance.

Table 6-11 Comparison of Competing Models

<i>Hypothesized Paths</i>	<i>Proposed Model</i>	<i>Competing Model I</i>	<i>Competing Model II</i>
TF > MPB	-.439****	-.448****	-.446****
TF > MPQ	.449****	.445****	.445****
MPB > MPQ	-.225**	-.224**	-.225**
MPQ > BP	-.189*	-.123	-.039
MPB > BP	-.238**	-.279**	/
TF > BP	/	-.137	-.038
χ^2	136.080	134.922	140.577
df	72	71	72
CFI	.919	.919	.913
NFI	.848	.849	.843
IFI	.922	.922	.917
RMSEA	.066	.067	.068

Standardized Structural Equation Parameter Estimates, * $p < .10$, ** $p < .05$, *** $p < .01$, **** $p < .001$

6.7 Is impact city-based?

The ANOVA t-test results indicate the differences in the means of many items are statistically significant between the three sampled cities. We then tested the potential moderator effect of city on the relationships amongst quality of strategic marketing planning process, marketing planning behavior, quality of marketing plan, and business performance through the following approach. The analysis includes overall χ^2 difference tests for each of the moderator variables by dividing the sample into three sub-groups based on geographical locations.

We followed the procedures suggested by of Byrne (2001) to perform a multi-group invariance test to investigate the possible moderating effect of city on overall structural model and respective structural paths. The base model was free to estimate and labeled as Unconstrained Model. For assessing any inequalities on

the structural model, three respective models were developed for estimation – Model 1, Model 2, and Model 3. Corresponding Chi-square statistics were obtained and compared to identify any significant differences. Models with significant differences reveal the inequality issue existed between groups.

Unconstrained Model: A model which is freely estimated between groups

Model 1: All measurement weights and structural paths are constrained

Model 2: All measurement weights are constrained

Model 3: All structural paths are constrained

The findings of the moderating effect of city are detailed below:

Model	DF	CMIN	P	NFI	IFI	RFI	TLI
Measurement weights	22	38.968	.014	.030	.037	.008	.011
Measurement intercepts	52	81.700	.005	.063	.078	.008	.011
Structural weights	64	98.201	.004	.076	.094	.007	.010

According to the Chi-square statistics, each proposed model is significantly different from the unconstrained model, suggesting significant differences in the structural model among various regions in China.

Both the general models with the three sub-groups as well as the constrained models with all the five regression weights restricted as being equal across the three sub-groups provide good fit to the data. Moreover, the χ^2 differences between

the three models are significant for the moderator variables, providing evidence that city moderate the relationships in the model.

Therefore we performed SEM analysis with the overall model for each city sample. As described in Figure 6-9 to Figure 6-11, that a high quality strategic marketing planning process can reduce opportunistic marketing planning behavior and help improve the quality of marketing plan can be generalized in all cities. This highlights the strategic importance of following normative marketing planning techniques and processes to develop marketing strategy/plan.

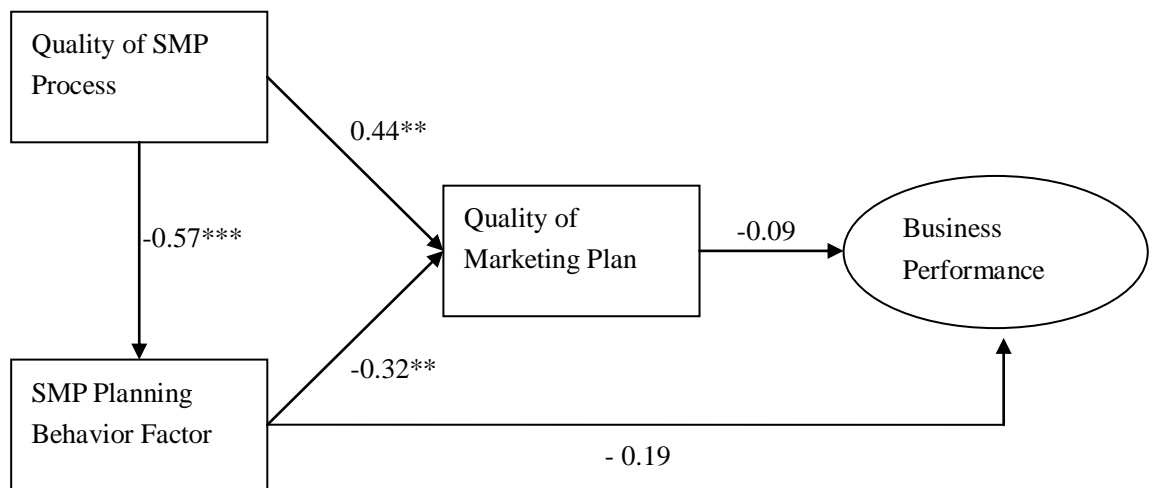
However, the direct impact of problematic planning behavior on business performance appears to be statistically insignificant in all sampled cities, though the flow the impact is the same and negative. If this result is not subject to the use of small sample to perform SME analysis, this will be deserved for future research to validate whether the impact is stable. In addition, the path coefficient values clearly indicate the strength of the relationship amongst major constructs in the structural model is different. For instance, the direction of impact of opportunistic marketing planning behavior on the quality of marketing plan is not the same in all sampled cities and this effect is statistically insignificant in Hefei only. As for the effect of the quality of marketing plan on business performance, it is statistically significant in the Xian sample only. This suggests future effort to uncover the moderator effect on the relationship between quality of marketing plan and

business effort is warranted.

Table 6-12 City-Based Structural Model

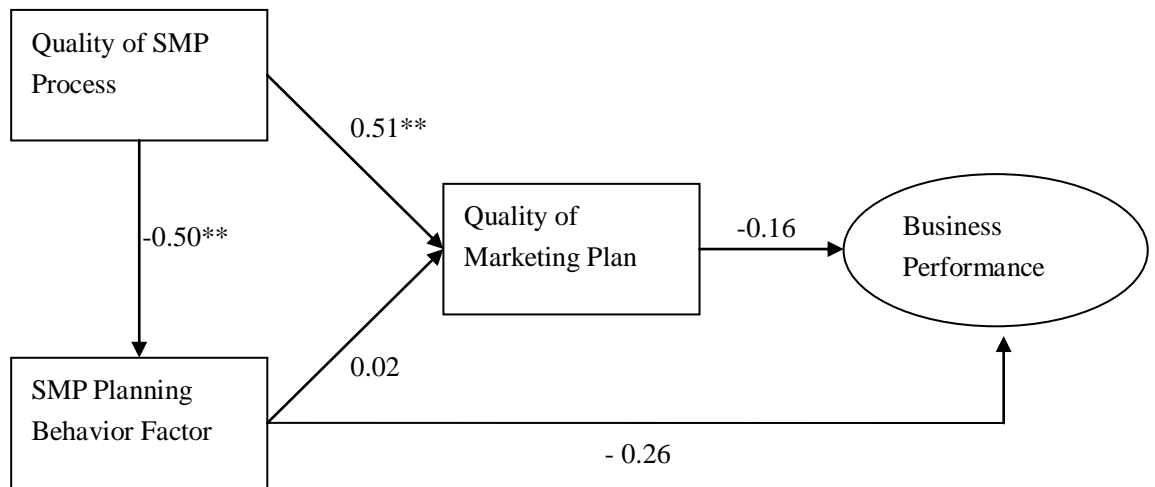
<i>Hypothesized Paths</i>	Hefei N=98	Shenzhen N=48	Xian N=58
TF > MPB	-.572***	-.504**	-.224**
TF > MPQ	.441**	.508**	.350**
MPB > MPQ	-.317*	.023	-.194
MPQ > BP	-.088	.159	-.393**
MPB > BP	-.191	-.261	-.234
χ^2	119.397	102.807	89.965
df	72	72	72
CFI	.859	.833	.935
NFI	.729	.645	.763
IFI	.872	.859	.942
RMSEA	.082	.095	.066

Standardized Structural Equation Parameter Estimates, * $p < .10$, ** $p < .05$, *** $p < .01$, **** $p < .001$



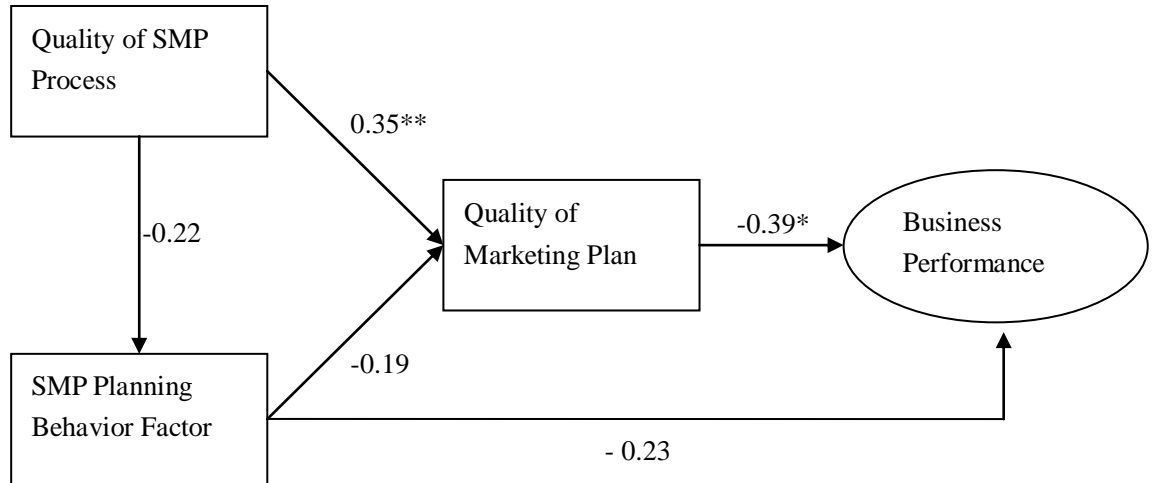
Chi-square/DF=120.56/85 =1.42, CFI=0.86, NFI=0.73, IFI=0.87, TLI=0.86, RMSEA=0.08
 Statistical Significance Level: * at 0.01, ** at 0.05, and *** at 0.10

Figure 6-9 SEM Results based on Hefei Sample (N=83)



Chi-square/DF=130.76/8=1.37, CFI=0.83, NFI=0.65, IFI=0.86, TLI=0.76, RMSEA=0.10
 Statistical Significance Level: ** at 0.05.

Figure 6-10 SEM Results based on Shenzhen Sample (N=46)



Chi-square/DF=113.50/85, CFI=0.94, NFI=0.76, IFI=0.94, TLI=0.94, RMSEA=0.07
 Statistical Significance Level: * at 0.01, and ** at 0.05.

Figure 6-11 SEM Results based on Xian Sample (N=56)

6.8 Chapter summary

In this chapter we validated the measurement models of three constructs and incorporated them to form the overall model on the relationships among quality of strategic marketing planning process, problematic marketing planning behavior, quality of marketing plan, and business performance. The structural equation modeling analysis suggests a good fit of the overall model which also outperforms a) the competing model that consider the direct effect of both formalization and marketing planning behavior on business performance and b) another competing model which only considers the indirect effect of marketing planning behavior on business performance. The acceptance of the overall model confirms quality of strategic marketing planning process and marketing planning behavior have both direct and indirect effect on business performance and their effect is mediated by the quality of marketing plan.

Perhaps the most important contribution of the present study is to confirm that the quality of strategic marketing planning process will have powerful impact on the quality of marketing plan and the likelihood of deviant or opportunistic marketing planning behaviour by those who are involved in strategic marketing planning and implementation process. This effect can be generalized across the China market. The non-invariance of the overall model across difference cities reveals that the magnitude of the impact in each pair of the relationship among all the variables is

not the same, suggesting that marketers have to adopt a local perspective to interpret and manage strategic marketing planning behaviour in different geographic regions in China.

CHAPTER 7 STUDY 2 – THE EFFECT OF GOVERNMENT SUPPORT

7.1 Introduction

Previous empirical studies have reported inconsistent conclusions on the effect of quality of strategic marketing planning process on business performance. It is not surprised to observe a negative association between these two constructs based on the findings of the main survey in Study I, particularly the phenomenon can be explained as mentioned in the preceding Chapter. However, we doubt, in addition to rigidity in response and restriction of creative thinking, there could be other factors which are more powerful in explaining the negative relationship between the quality of strategic marketing planning and business performance. According to the Institutional Theory, firms' strategy choices and their potential impact on business performance can be affected by a number of factors within the institutional context of the market. Therefore, we decided to undertake a follow-up study which was specifically designed to investigate the potential moderator effect of institution factors, and the details will be described in 7.3 the follow-up survey section. As discussed in the Literature Review, the institution factor particularly relevant to the theme and objectives of the present study is "government support", therefore only this factor is considered here and the data collected is used for the test of Hypothesis 6.

7.2 Follow-up interviews with executives

Hahn (2010) has criticized many empirical studies assumed a direct impact of the quality of business/marketing plan on business performance and thus simply employed questionnaire surveys to collect data for hypothesis test. This approach will end up as a serious methodological flaw if the hypothetical effect of the quality of marketing plan on performance is moderated by some behavioral, capability, and contextual factors during the implementation process. The empirical work of Hahn (2010) incorporated follow-up interviews with senior executives to collect data pertaining to the details of how the plan was executed. The findings confirm that the quality of business plan has positive impact on firm performance and the magnitude of impact can be moderated by the firm's implementation capability. For research of similar type, there is a need of employing field study method, including in-depth interviews, to collect information pertaining to how the business/marketing plan is implemented and what factors and events are critical to successful implementation of the plan.

We first invited five participant firms, two in Hefei, two in Xian, and one in Shenzhen, to participate in follow-up interviews for their views on the factors which might help explain the relationship between the quality of marketing plan and business performance. All these firms were selected via convenience sampling method.

Rapid changes, government support and flexibility in operation/implementing the market plan are three major factors critical for achievement of the desired objectives identified by the respondents. But the complexity and speed of market changes vary from industry to industry and some respondents indeed claimed the market where they operated was less volatile and quite stable. Besides, flexibility in adjusting the plan and operations can be deemed as a response to the type of support gained from the government.

The potential influence of government support was in fact mentioned by several executives who had participated in the in-depth qualitative interviews during the discovery case study undertaken before the pilot study. Therefore the follow-up interviews only focused on the importance of government support and in what ways it would influence the implementation of the chosen market plan and the subsequent performance.

Major qualitative responses pertaining to the role in and influences of the government on the firm's marketing plan from the respondents are extracted below:

- *Planning is important and should be encouraged; but the China market changes very rapidly and you have to closely monitor the changes and modify your plan accordingly. So adaptability is the key.*
- *Unexpected changes in regulations and policies mean your plan may become outdated immediately or soon. Sometimes the changes will create an unfavorable operational environment to your business and as such your performance will be terribly affected.*

- *The major contribution of strategic marketing planning is to achieve consensus among senior management internally. When implementing the marketing plan, you need to gain support from the government. Many resources critical to successful implementation are controlled by the government. In China, it is not uncommon that for many types of business you need to obtain approval or license from various government organizations; otherwise your operation is illegal or you will be penalized later.*
- *There are too many barriers when executing marketing plans in China, particularly when you expand your business into other provinces. For instance, protectionism, regulations issued by various administrative organizations, unfair treatments, and communication blocks across different ministerial systems are some of these barriers. If you have no connections with the government of the host province, either you cannot overcome the barriers or you will spend too much time and money to solve the issues.*
- *Because of financial tsunami, we could not collect the receivables from our clients. The central government decided to provide financial supports to local firms. However, if you have no connections with the government organization responsible for this policy, neither your loan application would be unsuccessful, nor would you have to wait for long time to get it approved but the loan size might be cut down significantly.*
- *No firm in China can ignore the support from the government.*
- *Allocation of resources is subject to guanxi instead of bureaucratic rules. For instance, if you have close connections with key government officials, you may be notified prior to official announcement of unfavorable government policies on resource allocation. This enables you to prepare first to avoid, or minimize, the potential deleterious effects.*
- *According to my firm's experience, the most effective way to settle disputes, negotiate for favorable tax laws and preferential treatments, and facilitate transfer of resources and loan approval is the support from the government officials at senior ranks like the Mayor.*
- *Chinese government also plays the role of customer and suppliers. Many governmental organizations and state-owned enterprises are our major buyers.*

Apparently all these assertions suggest the collection of quantitative information to examine the moderator effect of government support on the relationship between the quality of marketing plan and business performance.

7.3 Follow-up survey

The researcher therefore included new questions pertaining to the level of government support enjoyed by the sampled firms and the extent of influence on successful implementation of the chosen marketing plan in the original questionnaire. In order to ensure consistency and comparability of the findings, the researcher followed the same procedures in Study I to distribute questionnaires to respondents in the same cities. Finally, 142 completed questionnaires were received and used for analysis. Table (7.1) indicates there are no major differences in the demographic characteristics of the respondents in profile in Study I and II. A t-test was performed to check whether the differences, if any, in individual firms' strategic marketing planning process, quality of marketing plan, business performance and planning behavior, are statistically significant. As shown in Table 7-2 to 7-5, the results indicate only around 15% of the measures show mild differences and the findings obtained in Study I and II can be used for comparison.

As indicated in Table 7-6, the results of Confirmatory Analysis suggest reliability and validity of all the measurement scales, except that two first-order constructs

have extracted variance at the marginally acceptance level. Then we employed SEM technique to test the fit of the model based on the data of the full sample. The results show good model fit and, similar to the results obtained in Study I, confirm the hypothetical relationships amongst quality of strategic marketing planning process, quality of marketing plan, and problematic behavior. As consistent conclusions are obtained in Study I and Study II, we can confirm that the findings are reliable and that the impact of the quality of strategic marketing planning on problematic planning behavior and the quality of marketing plan respectively is stable and that the relationships among them are robust and reliable. In contrast, the effect of problematic planning behavior on business performance is statistically insignificant though the direction of impact is the same. Besides, the effect of the quality of marketing plan on business performance is minimal and statistically insignificant.

We then separated the sample into two groups, strong support versus weak support, according to the level of government support to the implementation of the marketing plan, to test the potential moderator effect of government support. All fit statistics and co-efficient values are also described in Table 7-6. The fit statistics suggest good fit of the model for the strong government support group but the modal fit appears poor for the weak government support group. More importantly, while the relationships among the quality of strategic marketing planning process, problematic marketing planning behavior and the quality of marketing plan remain

the same in terms of the direction of influence and level of significance, the coefficient value clearly indicates the effect of the quality of marketing plan on business performance is quite strong and positive (0.37) and statistically significant; but this effect is negative and statistically insignificant in the weak government support group. This result shows the moderator effect of government support. Moreover, the results of invariance test show the group differences are statistically significant (Table 7.7) and Hypothesis 6 is thus supported.

7.4 Chapter summary

This Chapter explains the rationale of conducting follow-up interviews with senior executives and the follow-up survey to examine the hypothetical moderator effect of a major institutional factor, government support to business activities, commonly exist in emerging economies. The findings confirm the moderator role of government support and Hypothesis 6 is hence accepted.

Table 7.1: Demographic Characteristics of Samples

Category	Study 1 N=204	Study 2 N=142
<i>Gender</i>		
Female	42 (20.6%)	32 (23.5%)
Male	162 (79.4%)	104 (76.5%)
<i>Education level</i>		
Post-secondary	18 (8.9%)	12 (8.8%)
Bachelor	151(74.8%)	79 (58.1%)
Master	33 (16.3%)	42 (30.9%)
Doctoral	-	3 (2.2%)
<i>Position</i>		
Senior Management	65 (42.3%)	67 (50.4%)
Functional Management	85 (57.7%)	66 (49.6%)
<i>Company Size</i>		
Below 50 staffs	31 (15.3%)	20 (15.0%)
50-99 staffs	38 (18.7%)	16 (12.0%)
100-999 staffs	80 (39.4%)	49 (36.8%)
Above 1000 staffs	54 (26.6%)	48 (36.1%)
<i>Nature of business</i>		
1 State-owned	52 (25.9%)	35 (26.3%)
2 Collectively-owned	8 (4.0%)	7 (5.3%)
3 Joint Corproate	1 (0.5%)	1 (0.8%)
4. Joint Ventures	24 (11.9%)	21 (15.8%)
5 Limited Liability Company		
6 Limited Company	22 (10.9%)	30 (22.6%)
7 Private Company	13 (6.5%)	12 (9.0%)
8 HK, Macau, Taiwan invested Company	9 (4.5%)	3 (2.3%)
9 Foreign-Invested Company	14 (7.0%)	14 (10.5%)
10 Government Organizations	42 (20.9%)	1 (0.8%)
11 Public organizations	10 (5.0%)	9 (6.8%)
12 Other	6 (3.0%)	-
<i>Average Age (SD)</i>	34.2 (5.82)	37.8 (6.40)
<i>Average years in the Company (SD)</i>	10.1 (6.53)	12.0 (9.38)

Table 7.2: Performance on Formalization Measures

Techniques and Processes	Study 1 N=204	Study 2 N=142
<i>Analytical Technique</i>	4.15(0.98)	4.00(1.24)
Experience curve analysis	3.96(1.69)	3.60(1.71)
PIMS	5.01(1.32)	4.96(1.55)
Computer based modeling	3.13(1.62)	2.85(1.75)
Formal marketing audits	4.24(1.47)	4.27(1.88)
Ratio analysis	4.45(1.52)	4.14(1.70)
<i>Market Analysis</i>	5.18(0.96)	5.32(1.13)
Market share analysis	5.27(1.32)	5.33(1.47)
Market segmentation	4.91(1.40)	5.29(1.50) *
Analysing the business environment	5.18(1.30)	5.20(1.49)
Competition analysis	5.60(1.27)	5.53(1.49)
Tactical marketing programs	5.15(1.35)	5.33(1.34)
Statement of marketing objectives	4.70(1.35)	5.16(1.60) *
Implementation/Specific actions plan	5.44(1.25)	5.43(1.42)
<i>Formalization</i>	3.89(1.02)	4.09(1.29) *
Sales/Market forecasting models	4.01(1.58)	3.98(1.75)
Contingency of “what if” plans	3.99(1.55)	4.57(1.63) **
Control mechanisms for marketing/sales	4.26(1.37)	4.25(1.67)
Test marketing	3.82(1.42)	3.72(1.68)
Mission statement	3.38(1.56)	3.89(2.01)*

Legends: 1 = Never used, 2 = Rarely used, 3 = Used occasionally, 4 = Sometimes used, 5 = Used quite often, 6 = Used frequently, and 7 = Always used

*t-test: * $p < .05$; ** $p < .01$*

Table 7.3 : Problematic Marketing Planning Behavior

	Study 1 N=204	Study 2 N=142
<i>Planning recalcitrance</i>	3.31 (1.04)	3.26 (1.04)
Felt bored with planning	2.99 (1.60)	2.96 (1.61)
Judged on the basis of their credibility rather than on reaching planned objectives	3.72 (1.39)	3.97 (1.46)
See marketing planning as a once-a-year ritual.	3.02 (1.52)	2.83 (1.53)
Keep information from the planner	2.97 (1.53)	2.93 (1.61)
Believe that planning is a staff function	3.86 (1.68)	3.63 (1.63)
<i>Myopia</i>	3.91 (1.20)**	3.61 (1.16)
Lack a plan for planning.	3.87 (1.63)**	3.46 (1.71)
Project current trends but not analyze future opportunities.	4.18 (1.50)	3.94 (1.57)
“Pad” their plan to avoid close measurement	3.69 (1.41)	3.44 (1.36)
<i>Politics</i>	2.69 (1.07)	2.48 (1.07)
Spend time trying to “psych out” the planning system	2.68 (1.25)	2.44 (1.43)
Intentionally fail to share information	2.91 (1.33)	2.71 (1.32)
Resist innovative ideas.	2.51 (1.41)	2.23 (1.21)
Do not want to learn about marketing planning.	2.64 (1.39)	2.44 (1.33)
<i>Alienation & Uncertainty</i>	4.23 (1.05)**	3.76 (1.12)
Are discouraged from voicing dissent	4.05 (1.49)*	3.60 (1.56)
Uncertain about the expectations of upper level managers.	4.24 (1.49)*	3.83 (1.67)
Feel there is a lack of line management support.	4.19 (1.54)**	3.51 (1.66)
Feel uncomfortable because of uncertainties	4.58 (1.47)**	4.05 (1.49)
Obtain inadequate support from staff	4.09 (1.49)	3.81 (1.58)

Legends: 1 = Strongly disagree, 4 = Neutral, and 7 = Strongly agree

t-test: * $p < .05$; ** $p < .01$

Table 7.4: Quality of Marketing Plan

Individual Quality Measures	Study 1 N=204	Study 2 N=142
<i>Comprehensiveness</i>	4.76 (0.96)	4.90 (1.12)
Use information from past years for guidance when planning	4.96 (1.42)	5.33 (1.57)
Search for information in the last planning round?	4.92 (1.30)	5.01 (1.33)
Analyze the relevant information before making a decision	4.73 (1.24)	4.89 (1.36)
Address objectives of the planning cycle explicitly	4.69 (1.26)	4.95 (1.57)
Focus attention on relevant information and ignore irrelevant information	4.48 (1.21)	4.42 (1.26)
<i>Rationality</i>	4.86 (0.95)	4.82 (0.98)
Confidence in making a correct choice	4.95 (1.15)	4.83 (1.23)
Confidence in that the decision made is the best possible outcome	5.05 (1.12)	4.90 (1.32)
The marketing plan is realistic and practical.	4.63 (1.20)	4.63 (1.38)
The marketing plan is accurate and based on good information.	4.77 (1.37)	4.93 (1.43)
<i>Credibility</i>	4.71 (0.95)	4.89 (1.05)
All the critical marketing elements are included in the plan.	4.41 (1.24)	4.74 (1.34)
The assumptions made in the plan about environmental conditions and markets area are realistic.	4.42 (1.33)	4.64 (1.27)
The key to effective management is to find ways around the requirements of the marketing plan.	4.94 (1.17)	5.14 (1.30)
The marketing plan is able to guide follow-up actions	5.08 (1.22)	5.02 (1.36)

Legends: 1 = Strongly disagree, 4 = Neutral, and 7 = Strongly agree

t-test: * $p < .05$; ** $p < .01$

Table 7.5 : Measures of Firm Performance

	Study 1 N=204	Study 2 N=142
<i>Business Performance</i>	3.06 (0.84)*	2.83 (0.90)
Growth rate of sales	3.10 (1.01)*	2.78 (1.13)
Growth rate of profiting	3.04 (1.08)*	2.74 (1.07)
Growth rate of sales of market share	3.01 (0.96)	2.86 (0.96)
Enterprise image & popularity	3.07 (0.92)	2.95 (1.11)

Legends: 1 = Poorer than competitors, 2 = Average, 3 = Better than competitors, 4 = Much better than competitors. *t-test*: * $p < .05$; ** $p < .01$

Table 7.6 Fit Statistics and Standardized Structural Equation Parameter Estimates

<i>Hypothesized Paths</i>	<i>Full Sample</i> N=142	<i>Low government support</i> N=66	<i>High government support</i> N=64
TF > MPB	-.365*****	-.178	-.507*****
TF > MPQ	.577*****	.605*****	.643*****
MPB > MPQ	-.419*****	-.446****	-.374***
MPQ > BP	.091	-.234	.368**
MPB > BP	-.054	-.254	.127
χ^2	113.768	133.773	82.500
df	72	72	72
CFI	.950	.851	.974
NFI	.878	.742	.839
IFI	.952	.862	.976
RMSEA	.064	.115	.048

* $p < .10$, ** $p < .05$, *** $p < .01$, **** $p < .00$

Table 7.7 Model Comparison – Results of Invariance Test

	<i>Government Support</i>			
	<i>Unconstrained</i>	<i>Measurement Intercepts</i>	<i>Structural Weights</i>	<i>Structural Covariance</i>
χ^2	216.219****	253.922****	262.865****	262.880***
df	144	168	173	174
CFI	.912	.895	.891	.892
NFI	.790	.754	.745	.745
IFI	.919	.901	.895	.896
RMSEA	.063	.065	.064	.063
$\Delta\chi^2$	--	37.703**	46.646**	46.661**
Δ df	--	24	29	30

* $p < .10$, ** $p < .05$, *** $p < .01$, **** $p < .001$

CHAPTER 8 DISCUSSION AND IMPLICATIONS

8.1 Introduction

The present study extends the theory of strategic marketing planning behavior to incorporate institutional-based factors. The findings here add to the body of knowledge of strategic marketing planning in the context of emerging economies. There are inconsistent findings on the relationship between formal strategic marketing planning and firm performance based on the empirical undertaken in developed economies. However, the present study demonstrates negative associations between planning formality and unfavorable planning behavior and positive impact of formal planning procedures on the quality of marketing plan in emerging economies. Similar to prior studies, the quality of marketing plan is found to have insignificant effect on firm performance. However, this relationship will become significant if the institutional factor, government support, is considered. The findings confirm the facilitating role of government support to the achievement of desired business performance.

This chapter therefore includes the discussion of the findings and their implications for future research and management implications. The contribution of the present study to the advancement of our knowledge in strategic marketing planning will be explained as well.

8.2 Overall evaluation of the research objectives

One of the research objectives of the present study is to validate a set of measurement scales for marketing planning behavior and marketing planning quality in the business context of emerging markets like China. Research on strategic marketing planning behavior has never been conducted in China and the present study is considered the pioneer of its kind. With a robust research design characterized with follow-up qualitative in-depth interviews and quantitative surveys, the present study is able to accomplish the desired objectives as explained below.

The first objective of testing and validating the scale of the Quality of Strategic Marketing Planning Process, Marketing Planning Problems, Marketing Planning Quality and Business Performance respectively, is achieved. The findings from both qualitative and quantitative studies show that there are commonalities in strategic marketing planning practice between Chinese managers and their counterparts in the West; but some marketing planning behavior is unique to Chinese managers. Comparing the original measurement scale for quality of strategic marketing planning process and problematic marketing planning behavior with the ones developed based on the practice of Chinese firms, one can easily spot the differences in the measures that are adopted to reflect the domain of individual scales.

Currently three criteria are commonly used to assess the quality of measures. The first is the unidimensionality of the scale. This is concerned with the degree to which the items in the scale load on a priori factor (Gerbing and Anderson, 1988). This aspect of measurement is important, because theory development and testing require that a single idea must be represented by the measure to allow for subsequent testing for correlations with other constructs or differences between groups. Measure fragmentation, or scales that possess multi-dimensional characteristics, represents evidence that the trait allegedly being measured is confounded with other influences. Constructs containing multiple dimensions should be broken down into unidimensional subscales to meet this criterion.

The second criterion for good measures is that they must be reliable. This characteristic deals with the stability of the measure over time and the internal consistency of the scale that contains multiple items (Rust and Cooil, 1994).

The third criterion for strong measures is validity. This is concerned with the degree to which the measure in fact represents the domain of the construct. There are several ways in which a measure might not meet this criterion. For example, the items in the measurement scale may represent the construct (face validity) poorly or may be correlated with theoretically related constructs at a level deemed inadequate, failing to reflect convergent validity.

The results of both EFA and CFA indicate that the scales, which were refined, based on the existing ones, adopted for the present meet the aforesaid criteria, appearing to be reliable and robust.

Another research objective is to investigate the relationships among the quality of strategic marketing planning process on marketing planning behavior, quality of marketing plan, and business performance. The present study examines the effects of the antecedents and consequences of strategic marketing planning. As evidenced in the in-depth interviews, Chinese managers understood the importance of marketing in accomplishing desired business objectives and the empirical findings support this conjecture. A high quality strategic marketing planning process, where quality is defined by level of formalization and sophistication, can restrict unfavorable planning behavior and contributes directly to the quality of marketing plan.

Besides, the moderator role of government support on the relationship between the quality of marketing plan and business performance is confirmed. The China market has been undergoing structural changes in its economic and social systems since the adoption of the “Economic Open Door Policy”. The rapid changes in an extremely volatile market like China might in some cases make the prescribed marketing plan less powerful to deal the newly emerged changes. In addition, many business resources are still controlled in the hands of government organizations. A

good relationship with governmental organizations or their agents are important to ensure access to the needed resources. The decision of when to release and how much of the needed resources will be released are always made by the government officials on ad hoc basis. As such, unplanned and even opportunistic marketing practice is needed during the implementation of marketing plan if the firm would like to achieve the desired marketing objectives. This helps explain the phenomenon that deviant and opportunistic marketing planning behavior will have positive impact on business performance.

8.3 Summary of research finding

8.3.1 Quality of strategic marketing planning process

Instead of focusing on a single aspect of the strategic marketing planning process, we argue that strategic marketing planning process is multi-facets and each facet can influence the quality of a strategic marketing plan. The findings support that quality of strategic marketing planning is determined by three factors, including “formalization”, “market analysis”, and “analytical techniques”. The former covers well-specified procedures for planning activities and the major components a formal marketing plan must have. The latter two reflect the kinds and complexity of planning and analytical techniques/tools the firm will apply to facilitate strategic

marketing planning and this can be referred to the sophistication of the strategic marketing planning process.

Planning is viewed as a future-oriented decision-making activity (Mintzberg, 1981; Fahey, 1981). This decision-making perspective has led to an implicit recognition that planning has at least two dimensions: planning tools and techniques and the context in which planning takes place (e.g., Dyson and Foster, 1981; Boal and Bryson, 1987). From a decision-making perspective planning represents an attempt to cope with environmental uncertainty and complexity (e.g. Lawrence and Lorsch, 1967).

Formalization of the planning process requires the planner to provide a clear definition of the mission statement and organizational expectations of the planning process so as to reduce uncertainty and enable all those who are involved in planning to understand their role in the process. Formalization also covers a set of planning percedures, contingency plans, and control mechanism to guide strategic marketing planning activities, so as to minimize opportunistic planning behaviour. Sophistication requires planners to work out a framework for planning first and to learn relevant planning skills to undertake the planning activity. Sophistication of the planning process also helps avoid improper and opportunistic planning behavior through the provision of knowledge of, and training in, the tools and techniques of strategic marketing planning.

Built on this ground, the scale of quality of strategic marketing planning process display good reliability and validity, suggesting its robustness and supporting the idea of combining these factors to assess the quality of a firm's strategic marketing planning process. Future research in this stream can consider adopting the same approach.

Firms in China are facing increasingly fierce competition in the domestic market subsequent to the country's accession to the WTO in 2005. New entrants from overseas have brought to China a diversity of products and services that are new to local consumers. Emergence of many players and product proliferation has turned the relatively stable China market to a turbulent one. This change implies strategic marketing planning has become a more demanding and difficult task to Chinese business executives. But, as reported by many respondents during the in-depth interviews, many Chinese managers are indeed quite slow in learning and acquiring advance marketing planning techniques and even general marketing management knowledge. As such, the knowledge level in relation to strategic marketing planning to many local Chinese firms is in general quite low and it may be therefore difficult to discriminate who are more competent in this area. But the findings confirm a strong impact of a high quality strategic marketing planning process on the quality on marketing plan. For this reason, marketing executives in China are encouraged to invest more to improve the firm's strategic marketing planning process and competence in this area.

Our findings indicate that the effect of quality of marketing plan on business performance should be moderated by the government support. Firms competing in the China market have to emphasize the supporting role of the government to ensure a favorable operational climate that is conducive to profitable business activity; they have to invest in both marketing capabilities and the relationship with senior government officials.

It is important to gain management support to upgrade planning formality. How to elevate the formality of strategic marketing planning process is not merely a management efficiency issue but of strategic importance. A more formal planning process can restrict opportunistic behavior during the strategy formulation process which ultimately enhances the quality of marketing plan.

Changes in business environment can create opportunities to firms but simultaneously impose constraints on its operation and/or strategic choices. Environmental uncertainty should have significant impact on firm performance. Future research should consider incorporating market turbulence and technological turbulence as moderators to investigate the true relationship between market plan quality and firm performance.

8.3.2 Strategic Marketing Planning Problems

Four types of marketing planning behavioural problems were identified: Planning Recalcitrance, Alienation and Uncertainty, Politics, and Myopia. The scale for strategic marketing planning behaviour adopted here is in fact an extension of the original scale based on the input from the qualitative in-depth interviews. The extended scale is reliable and valid based on the results of EFA and CFA and appears to be more robust than the original scale; but future effort to validate the scale based on data collected from other emerging countries is encouraged.

In addition, two interesting discoveries pertaining to strategic marketing planning problems are observed: Firstly, formalization and sophistication can restrain improper and even opportunistic behaviour during the planning process. Secondly, problematic marketing planning behaviour do have negative influence on marketing planning quality as originally hypothesized.

Considering strategic marketing planning as a collective process of human activities, one can find the execution dimension of strategic marketing planning activities has been largely neglected in the marketing planning literature. The findings here clearly indicate that the mis-behavior of management staff during the strategic marketing planning process will elicit negative impact upon the plan and upon the perceptions of the plan held by others in the organization.

In conclusion, the findings are by and large consistent with that reported in similar studies in the field of strategic management and marketing (Guth and MacMillan, 1986; Westley, 1990; Lindsay and Rue, 1980; Burgelman, 1983) The knowledge of improper marketing planning behavior provide us with input to develop a framework for identification of the symptoms of ineffective marketing planning system. The existence of marketing planning behavioral problems suggests that firms need to address these issues in managing marketing planning process.

8.3.3 Quality of Marketing Plan

The exploratory factor analysis on the quality of marketing plan identified three major factors forming the scale for measurement of the quality of marketing plan. Both EFA and CFA results suggest high reliability and validity of the scale.

The results of the structural model test support the positive relationship between the quality of strategic marketing planning process and the quality of marketing plan. This suggests one cannot develop marketing plans simply based on ad hoc approach and subjective judgmental like experience (e.g., Bames, 1984). Adoption of systematic and formal planning procedures and the use of sophisticated planning techniques and tools can increase the perceived relevance and credibility of the produced marketing plan (Hogarth and Makridakis, 1981)

8.3.4 Business Performance

The business performance scale is composed of four items, both EFA and CFA results reveal high reliability and validity of the scale.

Traditionally, business performance assessment has focused on accounting measures. While alternative financial indices and ratios have been used as indicators of business performance, many studies have adopted single-item measures, which can only serve as a proxy for the underlying phenomenon.

In contrast, we did not follow this tradition. We argued that business performance is multidimensional in nature and accounting measures may be misleading because of “their inadequate handling of intangibles and improper valuation of sources of competitive advantage” (Bharadwaj et al., 1993, p87). Besides, contemporary knowledge of strategic marketing planning suggests that accounting-based issues need to be combined with market-based assets in order to generate a more composite assessment of business performance attributes (Srivastava et al., 1998; Otley and Pollanen, 2000). Although there is an inherent likelihood that accounting- and market-based performance objectives could be sometimes in conflict with other (Barwise et al., 1989), the incorporation of financial measures based on the balance sheet will ensure a generic view of business performance (Kaplan and Norton, 1996). As a consequence, there has been a tendency of adopting financial performance measures as the core of business performance.

Beyond this core lie operational performance measures such as market share... and so on (Murphy et al., 1996).

Many reasons accounted for this interest in the measurement model for business performance. First, after suffering from economic downturn in the past two years in many industries in China many local firms have attempted to maintain profit by downsizing and improving operational efficiency. This may lead to emerging interest on the new drivers of future growth and emphasis on market-based performance measures (Clark, 1999). Second, there has been a call from analysts and investors for more information which enables us to better understand the subtle nature of accounting-based performance measures, which are occasionally under-reported in annual reports and financial statements (Mavrinac and Siesfeld, 1997). Third, ever-improving modes of competitive behavior and innovative maneuvers by firms demand that the role of the customer in organizational decision making is moving up the boardroom agenda thus urging the articulation of business performance by incorporating market-based metrics.

Hence we followed the aforesaid suggestions by incorporating four measures for business performance. Amongst these measures, three are market-based and one is financial metric. The measurement scale show good psychometric properties and its relationships with exogenous variables are supported as well.

8.4 Contribution of the research

The present study makes both academic and practical contributions. Its academic contribution is to offer a significant advance to the current literature on strategic marketing planning.

First, an apparent weakness common to conventional strategic marketing planning models is their failure to adequately consider how the planning activities are implemented and managed during the planning process. In particular, no empirical study has employed a holistic view to examine the possible effects of process and behavioral factors on marketing planning activities and the quality of the resultant marketing plans. This study represents a pioneer attempt to analyze the aforesaid relationships with a holistic approach. Though some of the ideas expressed in this conceptual model may be familiar to marketers, the value of the model is in integrating these various notions to provide a more comprehensive picture of strategic marketing planning. It also provides a useful foundation on which further theoretical and empirical research in the field of marketing planning can be built.

Second, the results of EFA and CFA confirm the robustness of the scales developed in the current study and suggest that these measurement scales can be adopted in future studies.

Third, previous empirical studies have reported conflicting findings on the relationship between strategic marketing planning and business performance. Whether adoption of systematic marketing planning process will consequently lead to improvement in market performance is still a controversial issue. Here we empirically tested the model and found that formalization and sophistication of the planning process, marketing planning quality, and marketing planning problems all had significant influence on business performance. The inclusion of quality of the marketing plan as mediating variable enable us to better understand the effect of strategic marketing planning process and problematic marketing planning behavior on business performance. As a matter of fact, formalization and sophistication of marketing planning can help improve the quality of marketing plan and restrain the occurrence of marketing planning behavioral problems.

Another problem common to previous studies on marketing planning is the ignorance of planning practice in emerging countries such as China. The booming China market is able to attract a large number of foreign firms to market their products and services there but the extent to which strategic marketing planning has been adopted and practiced by enterprises in China is unknown. Our findings provide answers to this question by showing the characteristics of both local and foreign-owned firms' strategic marketing planning process and marketing planning behaviour in China and to what extent such kinds of behaviour can impact the quality of marketing plan and the resultant business outcomes. All these will be

beneficial in helping Chinese executives and senior managers and expatriates to fully understand the role and strategic importance of marketing planning in China.

Finally, the present study is the pioneering work to investigate and confirm the moderator effect of institutional factors in the relationship between the quality of marketing plan and business performance. Since only one institutional factor is considered here, future research should incorporate other institutional factors and the fruitful outcome will definitely enrich the theory of strategic marketing planning.

8.5 Limitations and implication for future research

The findings, conclusions and implications of this study are not free of limitations. These limitations suggest that caution is needed in interpreting the findings from the present study.

First, the respondents in this study were not randomly selected. The existence and role of process factors and behavioral factors should be investigated using a random sampling method. Therefore, the findings should be taken as exploratory, with generalisability still opens to debate. In addition, sampling firms from three regions may not be sufficient enough to represent the enormous geographic

diversity and economic disparity across China, caution should be made in generalizing the findings to other regions in China, particularly the findings here already indicate certain differences in strategic marketing planning behavior across the three regions. To increase the external validity of the findings of this study, future studies need to sample respondents from different regions.

Second, regarding the quantitative survey, the present study used one key informant from each participant firm to collect data to develop and validate the proposed model and to test the hypotheses. While nearly all of the respondents were in the best position to comment on the subject (Huber and Power, 1985); but different results might be the case if using data garnered from multiple respondents from each firm.

Third, initially the study was designed as cross-sectional one and cross-sectional data was used for analysis in the present study. Consequently, the time sequence for the relationships between strategic marketing planning and such variables as business performance cannot be determined unambiguously. In conclusion of Study II allows for comparison of the findings in two different periods with an aim of further testing their reliability. The results, therefore, might not be interpreted as proof of a causal relationship, but rather as lending support to a priori causal scheme. The development of a time-series database for longitudinal studies would provide more insights into the nature of causality pertaining to the proposed

relationships among the constructs incorporated here. For instance longitudinal studies will help track the lagged effect of the marketing plan on business performance and reveal greater impact of the quality of marketing plan on business performance.

Fourth, in addition, Kukalis (1989) found associations between environmental complexity and extensive planning and planning horizon whereas Bantel (1993) reported a positive relationship between environmental complexity and formality of strategic marketing planning. But the present study does not deal with the market turbulence issue and replication studies may consider incorporating this moderator for investigation. Beside, incorporating context variables of the firm like industry growth rate and demand uncertainty, and production technology represents another area for future research in this research stream.

Today it has been widely believed that the increasing use of strategic marketing planning is driven by the level of market turbulence and the growing complexity of the firm (Hooley, 1984; Vorhies and Morgan, 2003). Our findings seem to suggest that certain types of marketing planning behavior, though they are considered by conventionalists as deviant behavior, such as improvisation and opportunistic, could enable the firm to better deal with the challenges created by the vicissitudes in a turbulent and dynamic market like China. Therefore, future studies incorporating a measurement scale for market turbulence will unveil the true

relationship between a turbulent market environment and the contributions of strategic marketing planning.

Finally, other limitations include: First, though the use of multiple industries in the sample help generalize the findings, the small size of each sub-group alerts us to interpret the findings cautiously. The size of some industry groups is too small to ensure reliability of the findings and generalization of the findings on industry-based can be an issue. Second, if the level of environmental complexity and competition and the types of institutional constraints vary significantly from industry to industry, generalization of the findings across various industries is a major concern as well.

Besides, a recent empirical study by Krasnokov and Jayachandran (2008) shows that firm size, industry type, business nature (B2C or B2B) all have no significant effects on the relationship between marketing capabilities and firm performance; but the pressure and impact of industry-level competition differs for various types of firms (George, 2005). In China, firms of various ownership types expose to different institutional constraints, resources, and competitive advantages (Gao, Murray, Katabe and Lu, 2009; Peng et al., 2004). Amongst all, SOEs are usually entitled to plenty of resources and greater political power and received substantial governmental support (Li and Zhang, 2007; Peng et al., 2004; Tan, 2002). In addition, the resources available to firms of different size should be different and

this will affect the development of marketing capabilities including marketing planning capability. Therefore, future research designed to investigate the moderator effect of firm characteristics is encouraged.

As a high quality strategic marketing planning process is characterized with formalization and sophistication in the types of analysis and planning techniques and tools used throughout the process, firms with a high quality planning process are more likely use progressive management practice which has implications for organizational configuration. But the relationships amongst strategic marketing planning, marketing planning behavior and organizational configuration are not examined here and should be another agenda for future research.

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Appendix I:

Interview Questions for Qualitative Exploratory Case Study (Chinese)

定性探索案例研究问题

- a) 市场营销计划是如何在国有企业中发展？
- b) 谁主导市场营销活动？
- c) 组织中还有什么人参加了市场营销活动？
- d) 地方政府参与市场营销活动的程度如何？
- e) 大多数市场营销的时间框架如何？
- f) 中国企业在发展市场营销时使用什么样的工具和技术？
- g) 市场营销通常都涵盖了哪些因素？
- h) 中国经理人对市场营销的态度如何？
- i) 中国经理人对市场营销和其具体实施之间的关系怎样理解？
- j) 公司在中国进行市场营销活动时通常会碰到什么样的问题？对公司的影响程度有多大？
- k) 国有企业、集体企业、民营企业和中外合资企业的市场营销行为有大的差别吗？
- l) 这些差别对企业业绩的影响在哪些方面？影响的程度如何？

Appendix II :

Interview Questions for Qualitative Exploratory Case Study

(English)

- a) How are marketing plans developed within state-owned Chinese enterprises?
- b) Who are in charge of marketing planning activities?
- c) Who else from the same organization also participate in marketing planning activities?
- d) To what extent do local authorities interfere with, or facilitate, marketing planning activities?
- e) What is the time frame of most marketing plans?
- f) What kinds of planning tools and techniques are commonly employed by Chinese enterprises when developing marketing plans?
- g) What elements are normally covered in a marketing plan?
- h) What are the Chinese managers' attitudes towards marketing planning?
- i) What are the relationships between marketing planning and implementation as viewed by Chinese managers?
- j) What types of process and behavioral problems are commonly encountered by firms operating in the China market and what are their impacts of the quality of marketing plans?

- k) Are there significant differences in the marketing planning behavior among state-owned enterprises, collectively-owned enterprises, private enterprises, and joint ventures?
- 1) In what ways do such differences affect the quality of the marketing plan and its resultant impact on business performance?

Appendix III:

Questionnaire of Pilot Study

(Chinese)

企业营销管理调查表

本调查是为进行“中国企业营销管理研究”而开展的，该研究是由香港理工大学管理及市场学系研究人员主持，旨在为提高中国企业营销管理水平献计献策。为了解中国一些代表性企业目前营销管理工作现状，我们将在安徽、江苏两省选取若干具有一定影响的家电企业作为对象，通过问卷方式进行调查。希望贵公司市场营销管理人员能在百忙中给予合作，研究成果我们将及时反馈回贵公司，并将努力将贵公司的业绩予以宣介。

感谢您的大力支持与合作！

项目指导：香港理工大学管理及市场学系 陆定光博士

项目执行：香港理工大学管理及市场学系博士研究生 吴克明先生

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为了度量贵单位市场运作状况的调查表，请在 1-7 的范围内圈其中之一来表示你赞成或不赞成的状况。如果你很强烈地不赞成，请圈“1”；如果你很强烈地赞成，请圈“7”；如果你的感觉不强烈，请圈中间的一个数。答案没有正确与错误。请务必告诉我们你的真实想法。表中“单位”包括企业、事业单位和公共部门，“经理”表示单位高中层次的负责人，“主管”表示单位中低层次的负责人，“顾客”表示单位的服务对象。

(一)

序号	项 目	很不同意						很同意
1	在本公司中，营销职能与生产、财务、人事等职能相比是更为重要	1	2	3	4	5	6	7
2	本公司营销部门与其他职能部门之间的合作情况良好	1	2	3	4	5	6	7
3	本公司营销部门员工的收入水平与其他部门相比更高	1	2	3	4	5	6	7
4	市场营销规划工作在本公司整体发展规划工作中的地位很高	1	2	3	4	5	6	7
5	我认为中国各级政府的产业政策对本公司营销规划的过程及结果的影响不明显	1	2	3	4	5	6	7
6	定量分析手段在本公司营销规划工作中很重要	1	2	3	4	5	6	7
7	本公司的员工能不受工作类别、层级以及职权的限制对规划作出贡献	1	2	3	4	5	6	7
8	我在参与规划过程中在预测不同行为结果时感到难度不大	1	2	3	4	5	6	7
9	我对规划过程中涉及问题觉得很简单	1	2	3	4	5	6	7
10	我认为营销规划的过程及结果对组织内部的团结影响很大	1	2	3	4	5	6	7
11	本公司已制定了规划及计划工作	1	2	3	4	5	6	7

	的程序与规则							
12	本公司战略业务单位划分很明确	1	2	3	4	5	6	7
13	本公司有明确的战略业务单位划分	1	2	3	4	5	6	7
14	营销规划中根据产品所处生命周期的不同阶段采取不同的营销战略的灵活性很大	1	2	3	4	5	6	7
15	本公司感到对营销系统进行控制的难度很小	1	2	3	4	5	6	7
16	本公司目前为不同的顾客群体建立差别化产品和差别化渠道的工作很完善	1	2	3	4	5	6	7
17	本公司批发、零售及市场后勤管理系统很完善	1	2	3	4	5	6	7
18	我对公司的营销信息系统很满意	1	2	3	4	5	6	7
19	公司的主要产品目标市场很明确	1	2	3	4	5	6	7
20	公司主要产品营销战略很明确	1	2	3	4	5	6	7
21	公司营销规划制定后纵向分解的程度很高	1	2	3	4	5	6	7
22	公司制定营销规划后横向分解的程度很高	1	2	3	4	5	6	7
23	对营销规划的实施进行相应的检查控制和奖惩的措施很完善	1	2	3	4	5	6	7
24	我对各单位营销计划的实施的控制状况很满意	1	2	3	4	5	6	7
25	我对公司营销总体的管理很满意	1	2	3	4	5	6	7

(二)

序号	项 目	很不同意						很同意
1	对计划厌烦	1	2	3	4	5	6	7
2	将计划归档直到明年而不再看它	1	2	3	4	5	6	7
3	抵制计划的严谨要求	1	2	3	4	5	6	7
4	把市场营销计划作为一年一次的例行习惯	1	2	3	4	5	6	7
5	从计划者那儿保持信息，以便他们能控制所发生的事	1	2	3	4	5	6	7
6	避免想到及超过短期内一天又一天的活动以外的事情	1	2	3	4	5	6	7
7	抵制改变现状	1	2	3	4	5	6	7
8	认为高级经理们并非诚意，创造一个长期可行的计划	1	2	3	4	5	6	7
9	对不重要的问题不参与	1	2	3	4	5	6	7
10	抵制计划过程中的改变	1	2	3	4	5	6	7
11	缺乏一个作计划的计划	1	2	3	4	5	6	7
12	迫使别人找出计划中的弱点，而不是企业的弱点	1	2	3	4	5	6	7
13	认为自己部门较其他部门重要	1	2	3	4	5	6	7
14	对反对的态度会泄气	1	2	3	4	5	6	7
15	当更多的直觉思维被需要时，都过分依赖理性分析	1	2	3	4	5	6	7
16	宁愿分析当前趋势，而不是分析未来的机会	1	2	3	4	5	6	7
17	拼凑他们的计划而避免密切的度量	1	2	3	4	5	6	7
18	避免对可能得不到的目标表示同意	1	2	3	4	5	6	7
19	在共同关心的事物方面故意不愿分享信息	1	2	3	4	5	6	7

20	抵制创新的建议	1	2	3	4	5	6	7
21	在计划过程中，重点是争取资源而非只是新资源	1	2	3	4	5	6	7
22	害怕出错	1	2	3	4	5	6	7
23	对上级经理们的期望不能确定	1	2	3	4	5	6	7
24	不想学习市场营销计划	1	2	3	4	5	6	7
25	感到缺乏某种管理的一定支持	1	2	3	4	5	6	7
26	对随同的计划不能确信而感到不快	1	2	3	4	5	6	7
27	从员工那儿得不到充分支持	1	2	3	4	5	6	7
28	遵守目标，而不是对其做出承诺	1	2	3	4	5	6	7
29	对那些潜在的计划不提出疑问	1	2	3	4	5	6	7
30	忽略收集影响他们地区竞争条件的信息	1	2	3	4	5	6	7
31	避免对达到预先目标的负责	1	2	3	4	5	6	7
32	提出一些奇异的主张来把他们自己作为创新家	1	2	3	4	5	6	7
33	相信计划是员工的职责	1	2	3	4	5	6	7

(三)

不 重 要							重 要	指导语：以下是 21 条 市场营销分析技术，请 逐一仔细阅读，然后分 别就该项技术的重要性 及在贵公司的使用情况 作出判断，并在最适当 的数字下打“√”。	从 不							总 是	
	1	2	3	4	5	6				7	1	2	3	4	5		6
	1	2	3	4	5	6	7	1.经验曲线分析		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	2.市场营销战略对利润 的影响		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	3.计算机运作的模型 (computer based modelling)		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	4.产品及市场生命周期 分析		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	5.正规营销审核		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	6.比率分析		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	7.产品组合分析		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	8.市场份额分析		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	9.市场细分分析		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	10.商业环境分析		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	11.研究竞争对手		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	12.销售/市场预测模型		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	13.SWOT 分析 (S 优 势、W 劣势、O 机 遇、T 风险)		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	14.突发事件或应急方 案		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	15.营销策略		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	16.营销目标陈述		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	17.营销战略陈述		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	18.执行/具体行动计 划		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	19.界定营销/销售的 控制机制		1	2	3	4	5	6	7	
	1	2	3	4	5	6	7	20.市场测试		1	2	3	4	5	6	7	

1	2	3	4	5	6	7	21.使命宣言	1	2	3	4	5	6	7
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(四)

公司概况：

1、 贵公司目前产品及服务的范围是

- 1) 全部在中国国内销售 2) 大部分在中国国内销售
 3) 国内国外销售各占一半 4) 大部分在国外销售
 5) 全部在国外销售

2、 贵公司主体性质为

- 1) 国有及国有控股企业 2) 中外合资企业 3) 民营企业
 4) 外商独资企业 5) 股份制企业 6) 其它

3、 贵公司的业务性质是

- 1) 工业 2) 商业 3) 金融 4) 服务业
 5) 交通 6) 建筑 7) 房地产 8) 其他

4、 贵公司主导产品在国内市场份额 2002 年排名

- 1) 第一名 2) 前三名 3) 前五名 4) 前十名 5) 十名以后

5、 近年来，贵公司的销售营业额增长率为：

- 1) 负增长 2) 10%以下 3) 10-30%
 4) 30-70% 5) 70-100% 6) 100-150%
 7) 150-200% 8) 200%以上

APPENDIX IV:

Questionnaire of Pilot Study

Marketing Management Survey

(English)

This survey is designed for the research of enterprise marketing management. The purpose of this research is to get better understanding of enterprise marketing management. We are going to choose some enterprises from Anhui and Jiangsu province for this survey. We need your help and cooperation. The result of this survey will be sent to your company.

Thank you for your help!

Part One

	Item	Disagree						Agree
1	Marketing is more important than production, finance, personnel and other functions	1	2	3	4	5	6	7
2	Marketing department cooperate with other departments well	1	2	3	4	5	6	7
3	The income of employees in marketing department is more than other departments	1	2	3	4	5	6	7
4	Marketing is very important part of our strategic plan	1	2	3	4	5	6	7
5	The industrial policy of Chinese government has insignificant effect on our marketing plan	1	2	3	4	5	6	7
6	Quantitative analysis is important in our marketing plan	1	2	3	4	5	6	7
7	Our employees can contribute to the plan, not limited to their jobs, and rank	1	2	3	4	5	6	7
8	It's easy to predict outcomes .	1	2	3	4	5	6	7
9	It's easy to solve problems appearing in marketing plan.	1	2	3	4	5	6	7
10	Marketing plan is important to unity.	1	2	3	4	5	6	7
11	We have made protocols for planning.	1	2	3	4	5	6	7
12	There is a clear division of labor in our strategic plan.	1	2	3	4	5	6	7
13	Our marketing strategy is flexible according to the status of products.	1	2	3	4	5	6	7
14	It's easy for us to control the marketing system.	1	2	3	4	5	6	7
15	We established a perfect workflow for making personalized products	1	2	3	4	5	6	7
16	We have a good wholesale, retail and logistics management system.	1	2	3	4	5	6	7
17	I am satisfied with our marketing information system.	1	2	3	4	5	6	7
18	We have a clear target market.	1	2	3	4	5	6	7
19	We have a clear marketing strategy.	1	2	3	4	5	6	7
20	We have a complete vertical decomposition for marketing plan.	1	2	3	4	5	6	7
21	We have a complete horizontal decomposition for marketing plan.	1	2	3	4	5	6	7
22	We have a perfect management and evaluation system for marketing plan.	1	2	3	4	5	6	7

23	I am satisfied with our marketing plan managements.	1	2	3	4	5	6	7
24	I am satisfied with our marketing strategy managements.	1	2	3	4	5	6	7

Part Two

	Item	Disagree						Agree
1	Have become bored with planning	1	2	3	4	5	6	7
2	File away the plan until next year and do not look at it	1	2	3	4	5	6	7
3	Resist the discipline that planning requires.	1	2	3	4	5	6	7
4	See marketing planning as a once-a-year ritual.	1	2	3	4	5	6	7
5	Keep information from the planner so that they can control what is going on.	1	2	3	4	5	6	7
6	Avoid thinking beyond short-run day-to-day activities	1	2	3	4	5	6	7
7	Resist changes in the "status quo."	1	2	3	4	5	6	7
8	Feel that top managers are insincere about creating a viable long-range planning process.	1	2	3	4	5	6	7
9	Become side-tracked upon unimportant issues.	1	2	3	4	5	6	7
10	Resist changes in the planning process itself.	1	2	3	4	5	6	7
11	Lack a plan for planning.	1	2	3	4	5	6	7
12	Force others to find weakness in the plan rather than addressing weaknesses themselves.	1	2	3	4	5	6	7
13	View their part of the organization as more important than other parts.	1	2	3	4	5	6	7
14	Are discouraged from voicing dissent.	1	2	3	4	5	6	7
15	Have excessive reliance on "rational" techniques when more intuitive thinking is called for.	1	2	3	4	5	6	7
16	Project current trends rather than analyze the future for opportunities.	1	2	3	4	5	6	7
17	"Pad" their plan to avoid close measurement.	1	2	3	4	5	6	7

18	Avoid agreeing to goals they may not be able to reach.	1	2	3	4	5	6	7
19	Intentionally fail to share information on matters of mutual concern.	1	2	3	4	5	6	7
20	Resist innovative ideas.	1	2	3	4	5	6	7
21	Primarily bargain for resources rather than identify new resources.	1	2	3	4	5	6	7
22	Fear making mistakes.	1	2	3	4	5	6	7
23	Are uncertain about the expectations of upper level managers.	1	2	3	4	5	6	7
24	Do not want to learn about marketing planning.	1	2	3	4	5	6	7
25	Feel there is a lack of line management support.	1	2	3	4	5	6	7
26	Feel uncomfortable because of the uncertainty that accompanies planning.	1	2	3	4	5	6	7
27	Obtain inadequate support from staff.	1	2	3	4	5	6	7
28	Comply with rather than being committed to goals.	1	2	3	4	5	6	7
29	Don't question the underlying assumptions of the plan.	1	2	3	4	5	6	7
30	Neglect to collect information about competitive conditions affecting their areas.	1	2	3	4	5	6	7
31	Avoid responsibility for reaching forecasted goals	1	2	3	4	5	6	7
32	Propose outlandish ideas to establish themselves as creative thinkers.	1	2	3	4	5	6	7
33	Believe that planning is a staff function.	1	2	3	4	5	6	7

Part Three

unimportant							important	Below are 21 Measures for Formalization, please read them carefully, and check the appropriate number according to your situation.	Never							Always						
	1	2	3	4	5	6				7	1	2	3	4	5		6	7				
1	2	3	4	5	6	7	1	1.Experience curve analysis	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	2. PIMS	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	3.computer based modelling	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	4. Product/Market life cycle analysis	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	5. Formal marketing audits	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	6. Ratio analysis	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	7. Portfolio analysis	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	8. Market share analysis	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	9. Market segmentation analysis	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	10.Analysing the business environment	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	11.Studying competitors	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	12.Sales/Market forecasting models	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	13. SWOT analysis	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	14.Contingency or “what if”plans	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	15. Marketing tactics	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	16. Statement of marketing objectives	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	17. Statement of marketing strategies	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	18.Implementation/Specific actions plan	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	19. Defining control mechanisms for marketing/sales	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	20. Test marketing	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	2	3	4	5	6	7	1	21. Mission statement	1	2	3	4	5	6	7	1	2	3	4	5	6	7

Part Four

Company Profile

1. Products and Services

- 1) All in china 2) Most in china 3) Half in china, half abroad
4) Most abroad 5) All abroad

2. Types of business entity

- 1) State-owned enterprises 2) Joint venture 3) Privately-run enterprises
4) Foreign-capital enterprise 5) Co., Ltd. 6) other

3. Industry

- 1) Industry 2) Business 3) Financial 4) Services
5) Transport 6) Architecture 7) Real Estate 8) other

4. Your leading products in the domestic market share ranking in 2002

- 1)1 2)Top 3 3)Top 5 4) Top 10 5)other

5. Growth rate of sales

- 1) Negative growth 2) less than 10% 3) 10-30% 4) 30-70%
5) 70-100% 6) 100-150% 7) 150-200% 8)more than 200%

Appendix V

Questionnaire of Study 1 (Chinese)

中国企业营销管理调查

本调查是为进行“中国企业营销管理研究”而开展的,共由五个部分组成(总计 7 页),旨在为提高中国内地企业营销管理水平献计献策。希望您能给予大力支持与合作!研究成果我们将在教学中反馈,对贵公司提供的数据我们将予以严格保密!

问卷填写人应该是企业董事长、总经理、CEO、分管营销的副总经理、市场营销部经、MBA(MPA)学员等。

项目指导：香港理工大学管理及市场学系 陆定光博士

项目执行：香港理工大学管理及市场学系博士研究生 吴克明先生

说明：

1、本调查中所提及的“**市场营销规划**”具有两方面含义。其一是指企业为在目标、资源和各种市场机会之间建立与保持一种可行的适应性而采取的战略管理过程，以“**市场营销规划工作**”表示。其目标是塑造和不断调整公司业务与产品，以期通过它们获得目标利润和长远发展；其二是形成的结果，以“**市场营销规划**”表示（时间跨度一般在一年以上）。“**市场营销计划**”是指为指导企业在特定时期内通过创造、提供出售，并与他人交换产品价值，从而达到企业阶段性目标这一目的而制定的具体行动方案（时间跨度一般在一年以下）。

2、请给予客观真实实际的回答，我们对有关内容将严格保密。

3、问卷填写完整后，请交回测试者或寄往以下地址：

邮寄地址： 安徽省合肥市长江中路 221 号安徽省政府发展研究中心办公室
邮 编： 230001
传 真： 0551-2601626
联系电话： 0551-2601355

真诚感谢您的支持！

一、营销规划所使用的分析技术

指导语：以下是 21 条市场营销分析技术，请逐一仔细阅读，然后分别就该项技术的重要性及其在贵公司正式营销规划中的使用情况作出判断，并在最适当的数字下打“√”。	使用频度						
	从不	比较少	少	普通	多	比较多	总是
1.经验曲线分析	1	2	3	4	5	6	7
2.市场营销战略对利润的影响	1	2	3	4	5	6	7
3. 计算机辅助模拟（computer based modelling）	1	2	3	4	5	6	7
4.产品及市场生命周期分析	1	2	3	4	5	6	7
5.正规营销审核	1	2	3	4	5	6	7
6.比率分析	1	2	3	4	5	6	7
7.产品组合分析	1	2	3	4	5	6	7
8.市场份额分析	1	2	3	4	5	6	7
9.市场细分分析	1	2	3	4	5	6	7
10.商业环境分析	1	2	3	4	5	6	7
11.研究竞争对手	1	2	3	4	5	6	7
12.销售/市场预测模型	1	2	3	4	5	6	7
13.SWOT 分析（S 优势、W 劣势、O 机遇、T 风险）	1	2	3	4	5	6	7
14.突发事件或应急方案	1	2	3	4	5	6	7
15.营销策略	1	2	3	4	5	6	7
16.营销目标陈述	1	2	3	4	5	6	7
17.营销战略陈述	1	2	3	4	5	6	7
18.执行/具体行动计划	1	2	3	4	5	6	7
19.界定营销/销售的控制机制	1	2	3	4	5	6	7
20.市场测试	1	2	3	4	5	6	7
21.使命宣言	1	2	3	4	5	6	7

二、市场营销规划的行为细项

指导语：以下是 27 条有关营销规划阶段市场营销规划行为的描述，请逐一仔细阅读，并根据您对贵公司市场营销规划行为的实际感受，在最适当的数字下打“√”。	极不同意	不同意	不太同意	无意见	稍为同意	同意	极为同意
1.对规划感到厌烦	1	2	3	4	5	6	7
2.根据在组织中的可信度而不是达到规划目标的程度来作判断	1	2	3	4	5	6	7
3.视规划为一年一度的过场	1	2	3	4	5	6	7
4.向制定计划者隐瞒信息以便自己掌控进程	1	2	3	4	5	6	7
5.抵制现状改变	1	2	3	4	5	6	7
6.注意力转移往不重要的琐碎问题	1	2	3	4	5	6	7
7.抵制规划流程本身的变化	1	2	3	4	5	6	7
8.对规划缺乏计划	1	2	3	4	5	6	7
9.表达异议受到压抑	1	2	3	4	5	6	7
10.突出当前趋势而不是分析未来可能的机遇	1	2	3	4	5	6	7
11.填塞计划以避免周密的评估	1	2	3	4	5	6	7
12.避免赞同自己可能达不到的目标	1	2	3	4	5	6	7
13.花时间去装疯卖傻，以逃避规划系统	1	2	3	4	5	6	7
14.对于共同关心的事情故意地不去共享信息	1	2	3	4	5	6	7
15.拒绝创意	1	2	3	4	5	6	7
16.害怕犯错	1	2	3	4	5	6	7
17.认为规划的目的就是规划本身	1	2	3	4	5	6	7
18.对高层管理人员的期望不确定	1	2	3	4	5	6	7
19.不想学习营销规划	1	2	3	4	5	6	7
20.认为缺乏管理层的支持	1	2	3	4	5	6	7
21.对伴随规划的不确定性感到不安	1	2	3	4	5	6	7
22.没有获得员工的充分支持	1	2	3	4	5	6	7
23.被动的服从而不是主动承诺去实现目标	1	2	3	4	5	6	7
24.没有质疑与规划有关的假设	1	2	3	4	5	6	7
25.忽视收集影响自己所在区域的有关竞争情况的信息	1	2	3	4	5	6	7
26.当不能提出可接受的规划时，能摆脱困境	1	2	3	4	5	6	7
27.认为规划只是一种参谋功能	1	2	3	4	5	6	7

三、营销规划质量

指导语：以下是 16 条有关营销规划质量的描述，请逐一仔细阅读，并根据您对贵公司营销规划质量的实际感受，在最适当的数字下打“√”。

1.上次规划时，往年的信息在何种程度上被用作指导？

从不 总是

1 2 3 4 5 6 7

2.上次规划时，规划小组是如何搜寻信息的？

从不 总是

1 2 3 4 5 6 7

3.在作决策前，参加规划的小组或个人在何种程度上分析了相关信息？

很少 全部

1 2 3 4 5 6 7

4.规划期目标的解释清晰度如何？

很不清晰 很清晰

1 2 3 4 5 6 7

5.总的来说，规划小组或个人在重视相关信息和忽略无关信息方面的效率如何？

很低 很高

1 2 3 4 5 6 7

6.在上次规划期，形成最终决定的量化分析技术的重要程度如何？

很不重要 很重要

1 2 3 4 5 6 7

7.你如何描述对决定有最大影响的过程？

大部分是分析性的

大部分是直觉的

1 2 3 4 5 6 7

8.在形成决定时，规划小组在多大程度上相信作出的是正确的选择？

很小

很大

1 2 3 4 5 6 7

9.规划小组在多大程度上相信他们作出的决定是所有选择中最佳的？

很小

很大

1 2 3 4 5 6 7

10.一般认为营销规划是切实可行的

很不同意

很同意

1 2 3 4 5 6 7

11.一般认为营销规划是准确的且是建立在良好信息基础上的。

很不同意

很同意

1 2 3 4 5 6 7

12.一般认为营销规划能准确界定市场，为构建营销战略提供良好的基础。

很不同意

很同意

1 2 3 4 5 6 7

13.一般认为所有重要的营销元素已包含在营销规划中。

很不同意

很同意

1 2 3 4 5 6 7

14.一般认为在规划中对环境条件和市场区域的设想是切合现实的。

很不同意

很同意

1 2 3 4 5 6 7

15.一般认为有效管理的关键在于找出达到营销规划要求的途径。

很不同意

很同意

1 2 3 4 5 6 7

16.一般认为营销规划必须直接指导行动且为决策之基础。

很不同意

很同意

1 2 3 4 5 6 7

四、公司业绩评估

指导语：请回忆贵公司近三年在整个产业中之平均经营表现，然后逐项、尽可能客观地评估贵公司在同业中的位置，并在相应的□内打“√”。例如销售金额成长率在 100 家同业中应排名前 20 名，则请勾选“极优”位置，其余类推；即极优为同业中 80%以上，稍优为同业中 60%至 80%之间；中等为同业中 40%至 60%之间；稍差为同业中 20%至 40%之间；极差为同业中在 20%以下。

与同业中的比较地位

	极优	稍优	中等	稍差	极差
1.销售金额成长率	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.税后净利成长率	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.员工士气	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.市场占有成长率	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.企业形象	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

五、背景信息

1. 性别： (1)男 () (2)女 ()
2. 受教育程度：
 - (1)初中及其以下 () (2)高中/中专 () (3)大专 ()
 - (4)本科 () (5)硕士 () (6)博士 ()
3. 实足年龄：_____岁
4. 在目前单位的实足工龄：_____年
5. 职位：
 - (1)高层管理 () (2)中层管理 ()
 - (3)基层管理 () (4)普通员工 ()
6. 所在单位规模：
 - (1)50 人以下 () (2)50~99 人 ()
 - (3)100~999 人 () (4)1000 人以上 ()
7. 所在单位性质：
 - (1)国有企业 () (2)集体企业 ()
 - (3)股份合作企业 () (4)联营企业 ()
 - (5)有限责任公司 () (6)股份有限公司 ()
 - (7)私营企业 () (8)港澳台投资企业 ()
 - (9)外商投资企业 () (10)机关 ()
 - (11)事业单位 () (12)其他 ()
8. 所处行业：
 - (1)农、林、牧、渔业 () (2)采矿业 ()

Appendix VI:

Questionnaire of Study 1

(English)

Survey on Strategic Marketing Planning in China

This survey is designed for the research on firm's strategic marketing planning activities. The purpose of this research is to get better understanding of the characteristics of strategic marketing planning activities and behavior of firms who are operating in China and their impact on business performance. We need your help and cooperation. Survey results will be used for academic purposes, and your information will be kept strictly confidential.

1. Measures for Quality of Strategic Marketing Planning Process

Instructions: Below are 21 Measures for Formalization, please read them carefully, and check the appropriate number according to your situation.	Frequency of Usage						
	Never	Hardly Never	Seldom	Sometimes	Frequently	Almost Always	Always
1. Experience curve analysis	1	2	3	4	5	6	7
2. PIMS	1	2	3	4	5	6	7
3. Computer based modeling	1	2	3	4	5	6	7
4. Product/Market life cycle analysis	1	2	3	4	5	6	7
5. Formal marketing audits	1	2	3	4	5	6	7
6. Ratio analysis	1	2	3	4	5	6	7
7. Portfolio analysis	1	2	3	4	5	6	7
8. Market share analysis	1	2	3	4	5	6	7
9. Market segmentation analysis	1	2	3	4	5	6	7
10. Analysing the business environment	1	2	3	4	5	6	7
11. Studying competitors	1	2	3	4	5	6	7
12. Sales/Market forecasting models	1	2	3	4	5	6	7
13. SWOT analysis	1	2	3	4	5	6	7
14. Contingency or "what if" plans	1	2	3	4	5	6	7
15. Marketing tactics	1	2	3	4	5	6	7
16. Statement of marketing objectives	1	2	3	4	5	6	7
17. Statement of marketing strategies	1	2	3	4	5	6	7
18. Implementation/Specific actions plan	1	2	3	4	5	6	7
19. Defining control mechanisms for marketing/sales	1	2	3	4	5	6	7
20. Test marketing	1	2	3	4	5	6	7
21. Mission statement	1	2	3	4	5	6	7

2. Measurement Items for Problematic Marketing Planning Behavior

	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree
<i>Instructions: Below are 27 Measurement Items for Problematic Marketing Planning Behavior, please read them carefully, and check the appropriate number according to your situation.</i>							
1. Have become bored with planning.	1	2	3	4	5	6	7
2. Are judged on the basis of their credibility in the organization rather than upon reaching planned objectives	1	2	3	4	5	6	7
3. See marketing planning as a once-a-year ritual.	1	2	3	4	5	6	7
4. Keep information from the planner so that they can control what is going on.	1	2	3	4	5	6	7
5. Resist changes in the "status quo."	1	2	3	4	5	6	7
6. Become side-tracked upon unimportant issues.	1	2	3	4	5	6	7
7. Resist changes in the planning process itself.	1	2	3	4	5	6	7
8. Lack a plan for planning.	1	2	3	4	5	6	7
9. Are discouraged from voicing dissent.	1	2	3	4	5	6	7
10. Project current trends rather than analyze the future for opportunities.	1	2	3	4	5	6	7
11. "Pad" their plan to avoid close measurement.	1	2	3	4	5	6	7
12. Avoid agreeing to goals they may not be able to reach.	1	2	3	4	5	6	7
13. Spend time trying to "psych out" the planning system.	1	2	3	4	5	6	7
14. Intentionally fail to share information on matters of mutual concern.	1	2	3	4	5	6	7
15. Resist innovative ideas.	1	2	3	4	5	6	7
16. Fear making mistakes.	1	2	3	4	5	6	7
17. Consider the purpose of planning to be the plan itself.	1	2	3	4	5	6	7
18. Are uncertain about the expectations of upper level managers.	1	2	3	4	5	6	7
19. Do not want to learn about marketing planning.	1	2	3	4	5	6	7
20. Feel there is a lack of line management support.	1	2	3	4	5	6	7
21. Feel uncomfortable because of the uncertainty that accompanies planning.	1	2	3	4	5	6	7
22. Obtain inadequate support from staff.	1	2	3	4	5	6	7
23. Comply with rather than being committed to goals.	1	2	3	4	5	6	7
24. Don't question the underlying assumptions of the plan.	1	2	3	4	5	6	7
25. Neglect to collect information about competitive conditions affecting their areas.	1	2	3	4	5	6	7
26. When failing to produce an acceptable plan can "get off the hook".	1	2	3	4	5	6	7
27. Believe that planning is a staff function.	1	2	3	4	5	6	7

3. Quality of Marketing Plan

Instructions: Below are 16 Measures for Quality of Marketing Plan, please read them carefully, and check the appropriate number according to your situation.

1. Last time you planned, to what extent was information from past years looked over for guidance?

Never Always
 1 2 3 4 5 6 7

2. To what extent did the planning team search for information in the last planning round?

Never Always
 1 2 3 4 5 6 7

3. To what extent did the group or individual involved in planning analyze the relevant information before making a decision?

Rarely Completely
 1 2 3 4 5 6 7

4. To what extent were objectives of the planning cycle explicitly addressed?

Not Very
 1 2 3 4 5 6 7

5. In general, how effective was the planning team or individual at focusing its attention on relevant information and ignoring irrelevant information?

Very low Very high
 1 2 3 4 5 6 7

6. How important were quantitative analytical techniques in making the final decision in the previous planning cycle?

Unimportant Important
 1 2 3 4 5 6 7

7. How would you describe the process that had most influence on the decision?

Mostly analytical Mostly intuitive
 1 2 3 4 5 6 7

8. At the time the decision was made, how confident was the planning team that the correct choice was being made?

Not Very
 1 2 3 4 5 6 7

9. How confident was the planning team that the decision made was the best possible outcome given all possible alternatives?

Not Very
1 2 3 4 5 6 7

10. Generally believe the marketing plan is realistic and practical.

Disagree Agree
1 2 3 4 5 6 7

11. Generally believe that the marketing plan is accurate and based on good information.

Disagree Agree
1 2 3 4 5 6 7

12. Generally believe that the marketing plan defines markets precisely enough to give a good basis for building marketing strategies.

Disagree Agree
1 2 3 4 5 6 7

13. Generally believe that all the critical marketing elements are included in the plan.

Disagree Agree
1 2 3 4 5 6 7

14. Generally believe that the assumptions made in the plan about environmental conditions and markets area are realistic.

Disagree Agree
1 2 3 4 5 6 7

15. Generally believe that the key to effective management is to find ways around the requirements of the marketing plan.

Disagree Agree
1 2 3 4 5 6 7

16. Generally believe that the marketing plan should directly guide their action and be the basis for making their decisions.

Disagree Agree
1 2 3 4 5 6 7

4. Corporate Performance Assessment

Instructions: Below are Measures for Corporate Performance Assessment, please read them carefully, and check the appropriate item according to the performance of your company in the last 3 years. (Excellent=top 20%, Very Good=60%~80%, Good=40%~60%, Fair =20%~40%, Poor=bottom 20%)

Relative position in the industry

	Excellent	Very Good	Good	Fair	Poor
1. Growth rate of sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Growth rate of profit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Employee satisfaction and morale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Growth rate of market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Corporate image	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Background

1. Gender:

(1)Male ()

(2)Female ()

2. Education:

(1)Junior high school ()

(2)High school ()

(3)Associate degree ()

(4)Bachelor ()

(5)Master ()

(6)Doctor ()

3. Age:

4. Years of Experience:

5. Career Level:

(1)Senior Executive ()

(2)Executive ()

(3)Manager ()

(4)Entry Level ()

6. Size of your company:

(1)Less than 50 employers ()

(2)50~99 employers ()

(3)100~999 employers ()

(4)More than 1000 employers ()

7. Types of business entity:

(1)State-owned enterprises ()

(2)Collective enterprises ()

(3)Cooperative Enterprises ()

(4)Joint venture ()

(5)Co., LLC. ()

(6)Co. Ltd. ()

(7)Privately-run enterprises ()

(8)Hong Kong, Macao and Taiwan invested enterprises ()

(9)Foreign-invested enterprises () (10)Government agencies ()

(11)Public institution ()

(12)Other ()

8. Industry:

- (1) () Agriculture, Forestry, Fishing
- (2) () Mining
- (3) () Manufacturing
- (4) () Electricity, gas and water production and supply
- (5) () Architecture
- (6) () Education
- (7) () Transport, storage and postal
- (8) () Information technology
- (9) () Wholesale and retail trade
- (10) () Accommodation and Catering Services
- (11) () Financial Services
- (12) () Research, Technical Service and Geological Prospecting
- (13) () Leasing and Business Services
- (14) () Water, Environment and Public Facilities
- (15) () Resident Services and Other Services
- (16) () Real Estate
- (17) () Health, Social Security and Social Welfare
- (18) () Culture, Sports and Entertainment
- (19) () Public Administration and Social Organizations
- (20) () International Organizations

Thanks for your help!

Appendix VII:

Questionnaire of Study 2

(Chinese)

中国企业营销管理调查

本调查是为进行“中国企业营销管理研究”而开展的,共由五个部分组成(总计 7 页),旨在为提高中国内地企业营销管理水平献计献策。希望您能给予大力支持与合作!研究成果我们将在教学中反馈,对贵公司提供的数据我们将予以严格保密!

问卷填写人应该是企业董事长、总经理、CEO、分管营销的副总经理、市场营销部经、MBA(MPA)学员等。

项目指导：香港理工大学管理及市场学系 陆定光博士

项目执行：香港理工大学管理及市场学系博士研究生 吴克明先生

说明：

1、本调查中所提及的“**市场营销规划**”具有两方面含义。其一是指企业为在目标、资源和各种市场机会之间建立与保持一种可行的适应性而采取的战略管理过程，以“**市场营销规划工作**”表示。其目标是塑造和不断调整公司业务与产品，以期望通过它们获得目标利润和长远发展；其二是形成的结果，以“**市场营销规划**”表示（时间跨度一般在一年以上）。“**市场营销计划**”是指为指导企业在特定时期内通过创造、提供出售，并与他人交换产品 and 价值，从而达到企业阶段性目标这一目的而制定的具体行动方案（时间跨度一般在一年以下）。

2、请给予客观真实实际的回答，我们对有关内容将严格保密。

3、问卷填写完整后，请交回测试者或寄往以下地址：

邮寄地址： 安徽省合肥市长江中路 221 号安徽省政府发展研究中心办公室
邮 编： 230001
传 真： 0551-2601626
联系电话： 0551-2601355

真诚感谢您的支持！

一、 营销规划所使用的分析技术

指导语：以下是 21 条市场营销分析技术，请逐一仔细阅读，然后分别就该项技术的重要性及其在贵公司正式营销规划中的使用情况作出判断，并在最适当的数字下打“√”。	使用频度						
	从不	比较少	少	普通	多	比较多	总是
1.经验曲线分析	1	2	3	4	5	6	7
2.市场营销战略对利润的影响	1	2	3	4	5	6	7
3.计算机辅助模拟（computer based modelling）	1	2	3	4	5	6	7
4.产品及市场生命周期分析	1	2	3	4	5	6	7
5.正规营销审核	1	2	3	4	5	6	7
6.比率分析	1	2	3	4	5	6	7
7.产品组合分析	1	2	3	4	5	6	7
8.市场份额分析	1	2	3	4	5	6	7
9.市场细分分析	1	2	3	4	5	6	7
10.商业环境分析	1	2	3	4	5	6	7
11.研究竞争对手	1	2	3	4	5	6	7
12.销售/市场预测模型	1	2	3	4	5	6	7
13.SWOT 分析（S 优势、W 劣势、O 机遇、T 风险）	1	2	3	4	5	6	7
14.突发事件或应急方案	1	2	3	4	5	6	7
15.营销策略	1	2	3	4	5	6	7
16.营销目标陈述	1	2	3	4	5	6	7
17.营销战略陈述	1	2	3	4	5	6	7
18.执行/具体行动计划	1	2	3	4	5	6	7
19.界定营销/销售的控制机制	1	2	3	4	5	6	7
20.市场测试	1	2	3	4	5	6	7
21.使命宣言	1	2	3	4	5	6	7

二、 市场营销规划的行为细项

指导语：以下是 27 条有关营销规划阶段市场营销规划行为的描述，请逐一仔细阅读，并根据您对贵公司市场营销规划行为的实际感受，在最适当的数字下打“√”。	极不同意	不同意	不太同意	无意见	稍为同意	同意	极为同意
1.对规划感到厌烦	1	2	3	4	5	6	7
2.根据在组织中的可信度而不是达到规划目标的程度来作判断	1	2	3	4	5	6	7
3.视规划为一年一度的过场	1	2	3	4	5	6	7
4.向制定计划者隐瞒信息以便自己掌控进程	1	2	3	4	5	6	7
5.抵制现状改变	1	2	3	4	5	6	7
6.注意力转移往不重要的琐碎问题	1	2	3	4	5	6	7
7.抵制规划流程本身的变化	1	2	3	4	5	6	7
8.对规划缺乏计划	1	2	3	4	5	6	7
9.表达异议受到压抑	1	2	3	4	5	6	7
10.突出当前趋势而不是分析未来可能的机遇	1	2	3	4	5	6	7
11.填满计划以避免周密的评估	1	2	3	4	5	6	7
12.避免赞同自己可能达不到的目标	1	2	3	4	5	6	7
13.花时间去装疯卖傻，以逃避规划系统	1	2	3	4	5	6	7
14.对于共同关心的事情故意地不去共享信息	1	2	3	4	5	6	7
15.拒绝创意	1	2	3	4	5	6	7
16.害怕犯错	1	2	3	4	5	6	7
17.认为规划的目的就是规划本身	1	2	3	4	5	6	7
18.对高层管理人员的期望不确定	1	2	3	4	5	6	7
19.不想学习营销规划	1	2	3	4	5	6	7
20.认为缺乏管理层的支持	1	2	3	4	5	6	7
21.对伴随规划的不确定性感到不安	1	2	3	4	5	6	7
22.没有获得员工的充分支持	1	2	3	4	5	6	7
23.被动的服从而不是主动承诺去实现目标	1	2	3	4	5	6	7
24.没有质疑与规划有关的假设	1	2	3	4	5	6	7
25.忽视收集影响自己所在区域的有关竞争情况的信息	1	2	3	4	5	6	7
26.当不能提出可接受的规划时，能摆脱困境	1	2	3	4	5	6	7
27.认为规划只是一种参谋功能	1	2	3	4	5	6	7

三、营销规划质量

指导语：以下是 16 条有关营销规划质量的描述，请逐一仔细阅读，并根据您对贵公司营销规划质量的实际感受，在最适当的数字下打“√”。

1.上次规划时，往年的信息在何种程度上被用作指导？

从不
1 2 3 4 5 6 7
总是

2.上次规划时，规划小组是如何搜寻信息的？

从不
1 2 3 4 5 6 7
总是

3.在作决策前，参加规划的小组或个人在何种程度上分析了相关信息？

很少
1 2 3 4 5 6 7
全部

4.规划期目标的解释清晰程度如何？

很不清晰
1 2 3 4 5 6 7
很清晰

5.总的来说，规划小组或个人在重视相关信息和忽略无关信息方面的效率如何？

很低
1 2 3 4 5 6 7
很高

6.在上次规划期，形成最终决定的量化分析技术的重要程度如何？

很不重要
1 2 3 4 5 6 7
很重要

7.你如何描述对决定有最大影响的过程？

大部分是分析性的
1 2 3 4 5 6 7
大部分是直觉的

8.在形成决定时，规划小组在多大程度上相信作出的是正确的选择？

很小
1 2 3 4 5 6 7
很大

9.规划小组在多大程度上相信他们作出的决定是所有选择中最佳的？

很小
1 2 3 4 5 6 7
很大

10.一般认为营销规划是切实可行的

很不同意 很同意
1 2 3 4 5 6 7

11.一般认为营销规划是准确的且是建立在良好信息基础上的。

很不同意 很同意
1 2 3 4 5 6 7

12.一般认为营销规划能准确界定市场，为构建营销战略提供良好的基础。

很不同意 很同意
1 2 3 4 5 6 7

13.一般认为所有重要的营销元素已包含在营销规划中。

很不同意 很同意
1 2 3 4 5 6 7

14.一般认为在规划中对环境条件和市场区域的设想是切合现实的。

很不同意 很同意
1 2 3 4 5 6 7

15.一般认为有效管理的关键在于找出达到营销规划要求的途径。

很不同意 很同意
1 2 3 4 5 6 7

16.一般认为营销规划必须直接指导行动且为决策之基础。

很不同意 很同意
1 2 3 4 5 6 7

四、公司业绩评估

指导语：请回忆贵公司近三年在整个产业中之平均经营表现，然后逐项、尽可能客观地评估贵公司在同业中的位置，并在相应的□内打“√”。例如销售金额成长率在100家同业中应排名前20名，则请勾选“极优”位置，其余类推；即极优为同业中80%以上，稍优为同业中60%至80%之间；中等为同业中40%至60%之间；稍差为同业中20%至40%之间；极差为同业中在20%以下。

与同业中的比较地位

	极差	稍差	中等	稍优	极优
1.销售金额成长率	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.税后净利成长率	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.市场占有率成长率	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.企业形象	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

五、背景信息

1. 性别：(1)男 () (2)女 ()
2. 受教育程度：
- (1)初中及其以下 () (2)高中/中专 ()
- (3)大专 () (4)本科 ()
- (5)硕士 () (6)博士 ()
3. 实足年龄：_____岁
4. 在目前单位的实足工龄：_____年
5. 职位：
- (1)高层管理 () (2)中层管理 ()
- (3)基层管理 () (4)普通员工 ()
6. 所在单位规模：
- (1)50 人以下 () (2)50~99 人 ()
- (3)100~999 人 () (4)1000 人以上 ()
7. 所在单位性质：
- (1)国有企业 () (2)集体企业 () (3)股份合作企业 ()
- (4)联营企业 () (5)有限责任公司 () (6)股份有限公司 ()
- (7)私营企业 () (8)港澳台投资企业 () (9)外商投资企业 ()
- (10)机关 () (11)事业单位 () (12)其他 ()
8. 所处行业：
- (1)农、林、牧、渔业 () (2)采矿业 ()
- (3)制造业 () (4)电力、燃气及水的生产和供应业 ()
- (5)建筑业 () (6)教育 ()
- (7)交通运输、仓储和邮政业 () (8)信息传输、计算机服务和软件业 ()
- (9)批发和零售业 () (10)住宿和餐饮业 ()
- (11)金融业 () (12)科学研究、技术服务和地质勘查业 ()
- (13)租赁和商务服务业 () (14)水利、环境和公共设施管理业 ()
- (15)居民服务和其他服务业 () (16)房地产业 ()
- (17)卫生、社会保障和社会福利业 () (18)文化、体育和娱乐业 ()
- (19)公共管理与社会组织 () (20)国际组织 ()

9、贵公司过去五年在以下方面的变化：

	下降	维持	稍有进步	进步很多
市场营销规划能力	_____	_____	_____	_____
市场营销规划过程的系统性	_____	_____	_____	_____
市场营销规划工具应用	_____	_____	_____	_____

10、贵公司在过去五年对市场营销管理领导（总经理，副总裁，总监等级别）在营销计划的规划能力的培训活动是：

减少	维持	增加少许	大幅增加
_____	_____	_____	_____

11、贵公司所处的行业，主要是由：

政府调控 _____ 市场力量 _____ 主导。

12、评价贵公司所处的行业，政府调控 _____ 和市场力量 _____ 那个对公司业绩的影响更大。

13、下例因素对达到营销目标有不同程度的影响，根据贵公司过去五年的经验，评价每一因素对达致目标的影响程度：

	无影响	影响 力低	影响 一般	很有 影响	极大 影响
执行市场营销计划获相关政府部门的支持	_____	_____	_____	_____	_____

**问卷到此结束，请您确定有无遗漏未答之处，
并再次感谢您热心的协助与参与！**

Appendix VIII:

Questionnaire of Study 2

(English)

Survey on Strategic Marketing Planning in China

This survey is designed for the research on firm's strategic marketing planning activities. The purpose of this research is to get better understanding of the characteristics of strategic marketing planning activities and behavior of firms who are operating in China and their impact on business performance. We need your help and cooperation. Survey results will be used for academic purposes, and your information will be kept strictly confidential.

1. Measures for Quality of Strategic Marketing Planning Process

Instructions: Below are 21 Measures for Formalization, please read them carefully, and check the appropriate number according to your situation.	Frequency of Usage						
	Never	Hardly Never	Seldom	Sometimes	Frequently	Almost Always	Always
1. Experience curve analysis	1	2	3	4	5	6	7
2. PIMS	1	2	3	4	5	6	7
3. Computer based modeling	1	2	3	4	5	6	7
4. Product/Market life cycle analysis	1	2	3	4	5	6	7
5. Formal marketing audits	1	2	3	4	5	6	7
6. Ratio analysis	1	2	3	4	5	6	7
7. Portfolio analysis	1	2	3	4	5	6	7
8. Market share analysis	1	2	3	4	5	6	7
9. Market segmentation analysis	1	2	3	4	5	6	7
10. Analysing the business environment	1	2	3	4	5	6	7
11. Studying competitors	1	2	3	4	5	6	7
12. Sales/Market forecasting models	1	2	3	4	5	6	7
13. SWOT analysis	1	2	3	4	5	6	7
14. Contingency or "what if" plans	1	2	3	4	5	6	7
15. Marketing tactics	1	2	3	4	5	6	7
16. Statement of marketing objectives	1	2	3	4	5	6	7
17. Statement of marketing strategies	1	2	3	4	5	6	7
18. Implementation/Specific actions plan	1	2	3	4	5	6	7
19. Defining control mechanisms for marketing/sales	1	2	3	4	5	6	7
20. Test marketing	1	2	3	4	5	6	7
21. Mission statement	1	2	3	4	5	6	7

2. Measurement Items for Problematic Marketing Planning

Behavior

<i>Instructions: Below are 27 Measurement Items for Problematic Marketing Planning Behavior; please read them carefully, and check the appropriate number according to your situation.</i>	Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree
1. Have become bored with planning.	1	2	3	4	5	6	7
2. Are judged on the basis of their credibility in the organization rather than upon reaching planned objectives	1	2	3	4	5	6	7
3. See marketing planning as a once-a-year ritual.	1	2	3	4	5	6	7
4. Keep information from the planner so that they can control what is going on.	1	2	3	4	5	6	7
5. Resist changes in the "status quo."	1	2	3	4	5	6	7
6. Become side-tracked upon unimportant issues.	1	2	3	4	5	6	7
7. Resist changes in the planning process itself.	1	2	3	4	5	6	7
8. Lack a plan for planning.	1	2	3	4	5	6	7
9. Are discouraged from voicing dissent.	1	2	3	4	5	6	7
10. Project current trends rather than analyze the future for opportunities.	1	2	3	4	5	6	7
11. "Pad" their plan to avoid close measurement.	1	2	3	4	5	6	7
12. Avoid agreeing to goals they may not be able to reach.	1	2	3	4	5	6	7
13. Spend time trying to "psych out" the planning system.	1	2	3	4	5	6	7
14. Intentionally fail to share information on matters of mutual concern.	1	2	3	4	5	6	7
15. Resist innovative ideas.	1	2	3	4	5	6	7
16. Fear making mistakes.	1	2	3	4	5	6	7
17. Consider the purpose of planning to be the plan itself.	1	2	3	4	5	6	7
18. Are uncertain about the expectations of upper level managers.	1	2	3	4	5	6	7
19. Do not want to learn about marketing planning.	1	2	3	4	5	6	7
20. Feel there is a lack of line management support.	1	2	3	4	5	6	7

21. Feel uncomfortable because of the uncertainty that accompanies planning.	1	2	3	4	5	6	7
22. Obtain inadequate support from staff.	1	2	3	4	5	6	7
23. Comply with rather than being committed to goals.	1	2	3	4	5	6	7
24. Don't question the underlying assumptions of the plan.	1	2	3	4	5	6	7
25. Neglect to collect information about competitive conditions affecting their areas.	1	2	3	4	5	6	7
26. When failing to produce an acceptable plan can "get off the hook".	1	2	3	4	5	6	7
27. Believe that planning is a staff function.	1	2	3	4	5	6	7

3. Quality of Marketing Plan

Instructions: Below are 16 Measures for Quality of Marketing Plan, please read them carefully, and check the appropriate number according to your situation.

1. Last time you planned, to what extent was information from past years looked over for guidance?

Never Always
1 2 3 4 5 6 7

2. To what extent did the planning team search for information in the last planning round?

Never Always
1 2 3 4 5 6 7

3. To what extent did the group or individual involved in planning analyze the relevant information before making a decision?

Rarely Completely
1 2 3 4 5 6 7

4. To what extent were objectives of the planning cycle explicitly addressed?

Not Very
1 2 3 4 5 6 7

5. In general, how effective was the planning team or individual at focusing its attention on relevant information and ignoring irrelevant information?

Very low Very high
1 2 3 4 5 6 7

6. How important were quantitative analytical techniques in making the final decision in the previous planning cycle?

Unimportant						Important
1	2	3	4	5	6	7

7. How would you describe the process that had most influence on the decision?

Mostly analytical						Mostly intuitive
1	2	3	4	5	6	7

8. At the time the decision was made, how confident was the planning team that the correct choice was being made?

Not						Very
1	2	3	4	5	6	7

9. How confident was the planning team that the decision made was the best possible outcome given all possible alternatives?

Not						Very
1	2	3	4	5	6	7

10. Generally believe the marketing plan is realistic and practical.

Disagree						Agree
1	2	3	4	5	6	7

11. Generally believe that the marketing plan is accurate and based on good information.

Disagree						Agree
1	2	3	4	5	6	7

12. Generally believe that the marketing plan defines markets precisely enough to give a good basis for building marketing strategies.

Disagree						Agree
1	2	3	4	5	6	7

13. Generally believe that all the critical marketing elements are included in the plan.

Disagree						Agree
1	2	3	4	5	6	7

14. Generally believe that the assumptions made in the plan about environmental conditions and markets area are realistic.

Disagree						Agree
1	2	3	4	5	6	7

15. Generally believe that the key to effective management is to find ways around the requirements of the marketing plan.

Disagree						Agree
----------	--	--	--	--	--	-------

- (8) Hong Kong, Macao and Taiwan invested enterprises ()
 (9) Foreign-invested enterprises () (10) Government agencies ()
 (11) public institution () (12) other ()

8) Industry:

- (1) () Agriculture, Forestry, Fishing
 (2) () Mining
 (3) () Manufacturing
 (4) () Electricity, gas and water production and supply
 (5) () Architecture
 (6) () Education
 (7) () Transport, storage and postal
 (8) () Information technology
 (9) () Wholesale and retail trade
 (10) () Accommodation and Catering Services
 (11) () Financial Services
 (12) () Research, Technical Service and Geological Prospecting
 (13) () Leasing and Business Services
 (14) () Water, Environment and Public Facilities
 (15) () Resident Services and Other Services
 (16) () Real Estate
 (17) () Health, Social Security and Social Welfare
 (18) () Culture, Sports and Entertainment
 (19) () Public Administration and Social Organizations
 (20) () International Organizations

9) In the past five years, your company changes in the following areas:

	decrease	same	increase	increase dramatically
Marketing planning capability	_____	_____	_____	_____
Systematic marketing planning process	_____	_____	_____	_____
Application of marketing planning tools	_____	_____	_____	_____

10) In the past five years, your marketing planning capability training program (General Manager level):

Decrease dramatically	Same	Increase	Increase
_____	_____	_____	_____

11) Your industry is:

Government driven _____ Market driven _____。

12) Government _____ Market _____ has greater impact on your company

performance.

13) The following items have different effect on marketing, what is their impact according to your experience in the past five years:

	none	small	normal	big	huge
Support from the government	_____	_____	_____	_____	_____

Thanks for your help!