İşletme Araştırmaları Dergisi
ISSN: 1309 - 0712

Journal Of
Business Research
Turk
www.isarder.org

The Relationships Among The Emotional and Marketing Capabilities, and Their Impact On Business Performance

Süreyya YILMAZ
Üsküdar University, Faculty of Health Sciences,
Department of Health Management,
Üsküdar/İstanbul, Turkey
sureyya.yilmaz@uskudar.edu.tr

Extensive Summary

1. Introduction

The fundamental question in the field of strategic management has been how organizations gain and sustain competitive advantages (Lee, 2001, p. 324). Scholars noted that a firm's competitive advantage may be best explained by the organizational capabilities and their application, rather than by differences in industry characteristics (Teece et al., 1997; Barney, 1991). The theory of organizational capabilitiy is an extension of the resource-based view (RBV), which argues that the performance of firms is explained by the rare, valuable, inimitable and non-substitutable resources that the firms own (Wang et al., 2011, p.2).

However, the literature largely focuses on organizational capabilities ignoring the emotions so far. Emotions are part of the organizational life and permeate the workplace, as the organizations are composed of the people, and people have emotions (Akgün et al., 2009).

Organizational emotional capability denotes a firm's ability to perceive, understand, monitor, regulate, and use its members' emotions and to manifest them in the organization's routines and structures (Huy, 1999, p. 325). An effective management of emotions in an organization can facilitate a competitive advantage. The aim of this study is to empirically test the impact of a firm's emotional capability on its performance both directly and indirectly via marketing capability which is one of the core-competencies of organization.

2. Method

To test the hypotheses of the theoretical model (see Figure 1), multi-item scales adopted from prior studies for the measurement of the constructs were used. All constructs were measured using 5-point Likert scales ranging from ‘strongly disagree’ (1) to ‘strongly agree’ (5).

The emotional capability questions were derived from Akgün et al. (2007; 2009; 2011). Eight questions were asked for the dynamics of encouragement; seven questions for the dynamics of experiencing; six questions for the display freedom; five questions each for the dynamics of playfulness, reconciliation and and identification.

The marketing capability questions were derived from different studies. For the customer knowledge and relations were derived four questions from Wang et al. (2004) and two from Orr et al. (2011). For the competitor knowledge were adopted four questions each from Wang et al. (2004) and Vorhies et al. (2011). For the marketing communication were derived six questions from Vorhies and Morgen (2005) and four from Vorhies et al. (2011). For the sales management were asked six questions from Vorhies and Morgen (2005) and two from Wang et al. (2008). For the management of logistics and distribution channels were asked three questions from Lu and Yang (2006) and two each from Eng and Spikett-Jones (2009) and from Lynch et al. (2000).

To measure business performance, eleven questions were asked that were adopted from Akgün et al. (2008).

The sampling population consisted of 800 firms located mainly in İstanbul (64,5%), but also in different areas of Turkey (see Table 2). Of the 800 firms act in various sectors (see Table 3) contacted mostly via e-mail, 211 agreed to participate with 307 managers in the survey study (see Table 1).

3. Findings

The reliability and validity of the constructs were evaluated using confirmatory factor analysis (CFA). By using SPSS 21, all twelve constructs (involving 82 question items) were investigated in one CFA model. 17 items from emotional capability and 5 items from marketing capability constructs tended to crossload on other factor. After eliminating these 22 items from the measures, the remaing 19 items from emotional capability are seperated to three dimensions; 30 items from marketing capability are seperated to its estimated five dimensions and 11 items from business performance are not seperated (as seen in Tables 7-9).

After CFA, all constracts were subjected to a purification process to assess their reliability. Cronbach Alpha coefficients of all 9 constracts are greater than 0,80 (see Table 10), which indicates a very good reliability. The correlation analysis (see Table 11) revealed a positive significant results among all dimensions of emotional capability as well as marketing capability and business performance.

Simple linear regression analysis is used to test the hypothesis. As shown in Table 12, emotional capability explains 16,5% of the variance in business performance (Adjusted R^2 =,165). With regard to emotional capability dinamics it was found that business performance has a positive association with dynamics of encouragement (ß=,223, p<,01) and dynamics of identification (ß=,276, p<,001) where there is no association with dynamics of experiencing (ß=-,023, Sig=,779), supporting H_{1a} and H_{1c}.

Table 13.1 shows that emotional capability explains 34,4% of the variance in customer knowledge and relations (Adjusted R^2 =,344). With regard to emotional capability dinamics it was found that customer knowledge and relations has a positive association with dynamics of encouragement (ß=,346, p<,001) and dynamics of identification (ß=,346, p<,001) where there is no association with dynamics of experiencing (ß=-,023, Sig=,758), supporting H_{2a} and H_{2c}. H_{2b} is not supported.

The results in Table 13.2 shows that emotional capability explains 13,0% of the variance in competitor knowledge (Adjusted R^2 =,130). With regard to emotional capability dinamics it was found that competitor knowledge has a positive association only with dynamics of identification (ß=,307, p<,001), where there is no association with dynamics of encouragement (ß=,142, Sig=,082) and dynamics of experiencing (ß=-,034, Sig=,687). H_{2f} is supported; H_{2d} and H_{2e} are not supported.

As shown in Table 13.3, emotional capability explains 18,4% of the variance in marketing communication (Adjusted R^2 =,184). With regard to emotional capability dinamics it was found that marketing communication has a positive association only with dynamics of encouragement (ß=,301, p<,001), where there is no association with dynamics of experiencing (ß=,066, Sig=,416) and dynamics of identification (ß=,148, Sig=,059). H_{2g} is supported; H_{2h} and H_{2i} are not supported.

Table 13.4 shows that emotional capability explains 27,8% of the variance in sales management (Adjusted R^2 =,278). With regard to emotional capability dinamics it was found that sales management has a positive association with dynamics of encouragement (ß=,300, p<,001) and dynamics of identification (ß=,286, p<,001) where there is no association with dynamics of experiencing (ß=,043, Sig=,571), supporting H_{2j} and H_{2l}. H_{2k} is not supported.

As shown in Table 13.5, emotional capability explains 18,6% of the variance in management of logistics and distribution channels (Adjusted R^2 =,186). With regard to emotional capability dinamics it was found that management of logistics and distribution channels has a positive association with dynamics of encouragement (ß=,328, p<,001) and dynamics of identification (ß=,213, p<,01) where there is no association with dynamics of experiencing (ß=-,048, Sig=,554), supporting H_{2m} and H_{2o}. H_{2n} is not supported.

Finally, the results in Table 14 show that marketing capability explains 47,4% of the variance in business performance (Adjusted R^2 =,474). With regard to marketing capability dimensions it was found that only the dimension of sales management has a positive association with business performance (ß=,569, p<,001). There is no association between business performance and customer knowledge and relations (ß=,0471 Sig=,384), competitor knowledge (ß=,132, Sig=,063), marketing communication (ß=,015, Sig=,836) and management of logistics and distribution channels (ß=,110, Sig=,113). H_{3d} is supported; $H_{3a,}$ H_{3b} H_{3c} and H_{3e} are not supported.

4. Discussion

Developing an organizational level of emotional capability is one of the core-competencies of firms. Emotions are part of the organizational life and saturate the workplace. Organizational structure, routines and culture is shaped by the collective actions and interactions bonded by emotions. In this sense, an organizational emotional capability is tacit and embedded in the social system of a group of individuals, in their relationships/interactions and their networks/ shared experiences; and emerges throughout the interactive organizational processes.

As resistance to change is primarily an emotional reaction to change, managers have an essential role in facilitating strategic change within organizations. Management should remain flexible and prevent reconciling ideas and emotions from becoming too rigid when there is a change in the industry, competition or consumer.

This sudy shows clearly that managers should enhance the emotional capability of their staff. From this perspective, managers should: (a) establish a psychologically safe environment where team members are safe to interact with each other without feeling punished, to exchange knowledge, skills, and feelings during the interactions; (b) promote collaboration and mutual interaction between members; and (c) encourage people to use their previous experience during their daily activities.

In this study, it was investigated the impact of a firm's emotional capability on business performance both directly and indirectly via marketing capability which is one of the core-competencies of organization. The results showed that a firm's ability to instill hope among of all its members, i.e. managers' encouragement of enthusiasm and efforts to infuse hope and joy in the organization (i.e. dynamic of encouragement) performs better in market place and increases its financial effectiveness.