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The interplay between key marketing and supply chain management

capabilities: The role of integrative mechanisms

Abstract

Purpose-This paper identifies key marketing and SCM related capabilities and explores the nature of the linkages between these specific capabilities as shaped by the integrative mechanisms adopted by firms.

Design/methodology/approach-Based on the findings from dyadic interviews with   26 marketing and supply chain management executives from business-to-business firms,   we develop an empirically grounded conceptual framework.

Findings-We identify innovativeness and market learning capability as key marketing capabilities and supply chain agility and relational capability as key supply   chain management capabilities. We find that relationships between these strategic marketing and supply chain management capabilities follow a specific pattern. We also find that the application of unique integrative mechanisms can cultivate the potential tandem between marketing and supply chain management capabilities.

Research limitations/implications-Our study informs theory with regard to two key areas: relationships among key marketing and supply chain management capabilities and integrative mechanisms that shape the underlying mechanisms of capability relationships.

Practical implications-Application of organizational dynamics to key marketing and supply chain management provides a more nuanced understanding of the linkages among such capabilities. A better understanding and application of integrative mechanisms may   help managers develop better tools and means to bundle their key marketing and supply chain management capabilities effectively.

Originality/value-The qualitative and exploratory nature of the paper will be of significant interest to managers who would like to achieve greater synergy between marketing and supply chain management capabilities.

Key Words: Marketing and supply chain management, Integrative   mechanisms, Innovativeness, Market learning capability, Supply chain agility, Relational   capability

1. Introduction

The interface between marketing and supply chain management (SCM) has received increased attention from scholars (e.g., Jüttner, Christopher, & Baker, 2007; Mentzer & Gundlach, 2009). These two functions are inextricably intertwined (Mentzer & Gundlach, 2009) and are viewed as fundamental for firms' performance (Porter, 1998). They are also essential for understanding and creating customer value in complex and unfamiliar settings (Flint, 2004). In a similar vein, the important conundrum of allocating and bundling resources and capabilities between organizational functions (Prašnikar et al., 2008) makes understanding both the interaction between marketing and SCM related capabilities and the organizational underpinnings of those relationships imperative to understand.

However, despite the major advances in big data and just-in-time delivery as well as in scholarly research moving forward the knowledge on and awareness of the collaboration between marketing and SCM, the split between marketing and SCM strategies and activities persists (Tate et al., 2015). Furthermore, despite a growing body of research advocating the integration of marketing and SCM (Esper et al., 2010; Jüttner et al., 2007; Jüttner, Christopher, & Godsell, 2010), potential relationships between capabilities related to marketing and SCM have received little and fragmented attention to date (Gligor, 2014). There is scant empirical research offering an in-depth examination of the interplay between marketing and SCM capabilities that also accounts for the behavioral underpinnings of the interplay between marketing and SCM are embedded. In particular, little is known about the nature of specific marketing and SCM capabilities, how they interrelate (Wu, 2013), and how organizational forces shape the relationships between specific marketing and SCM capabilities.

Configuration theory has helped establish the importance of achieving synergy between the marketing function and the overall business strategy (Vorhies & Morgan, 2003).

Configuration theory suggests that there exists an ideal set of organizational characteristics for each set of strategic characteristics. Such an ideal set of organizational characteristics is argued to yield superior performance (Meyer, Tsui, & Hinings, 1993; Miller & Mintzberg, 1988). Thus, configuration strategy also provides impetus for examining synergies between marketing and SCM functions and the integrative mechanisms that facilitate these synergies.

The primary objectives of this study are to identify key marketing and SCM related capabilities and explore the nature of the linkages between these specific capabilities as shaped by the behavioral forces of integrative mechanisms within firms. Based on these objectives, the following research questions are examined: *What are the key marketing and SCM capabilities deployed by firms? Do behavioral mechanisms for cross-functional integration shape the interplay between the* specific marketing and SCM capabilities? Since this issue is largely underexplored and entails complex social processes involving people and their behaviors, we use a qualitative research method to address the research question and build our framework.

We make several key contributions. First, we identify the primary marketing and SCM capabilities that firms employ and extend the literature by offering empirically grounded insights into such capabilities. Second, we offer an understanding of how specific marketing and SCM capabilities of innovativeness, market learning capability, SCA, and relational capability interrelate. We delve into how the marketing and SCM capabilities emerged from our data influence each other. Third, intraorganizational relationships and structure are essential for both marketing and SCM (Jüttner et al., 2007; Jüttner et al., 2010; Martin & Grbac, 2003; Mentzer & Gundlach, 2009). Accordingly, we account for behavioral organizational forces in an effort to understand how they shape the relationships between marketing and SCM capabilities. This complements and expands the growing research base focusing on the marketing-SCM interface (e.g., Esper et al., 2010; Gligor, 2014; Jüttner et al.,

2007) by providing insights into how firms can alleviate the disconnect between marketing and SCM capabilities.

2. Theoretical foundations

2.1. Marketing and SCM capabilities

The marketing function creates demand for firms' products and services and the SCM function fulfills that demand (Esper et al., 2010). Thus, marketing and SCM are inextricably intertwined (Jüttner et al., 2007). Their interplay exhibits both intensive and extensive sets of activities and relationships (Mentzer & Gundlach, 2009). We believe that such a thick and intertwined relationship between marketing and SCM can also be reflected in the key capabilities (e.g., innovativeness, supply chain agility) related to and immersed in these functions.

Marketing capabilities are vital to firms as they allow them to capitalize on marketing activities that constitute a key source of competitive advantage and survival. Strategic capabilities need to meet the following conditions to fit the marketing domain: 1) having a strong marketing influence; knowledge is a central element in its development, 2) functioning as a tool for market knowledge absorption and diffusion, and 3) relating to inter-functional coordination (Barrales-Molina, Martínez-López, & Gázquez-Abad, 2014).

While typical operational capabilities within the SCM domain can address inefficiencies of the firm and its supply chain, strategic SCM capabilities are likely to improve both efficiency and effectiveness (Gligor, Holcomb, & Stank, 2013). Given their collective and path-dependent nature, strategic SCM capabilities are highly inimitable, and they entail major and sustained cross-firm investments on learning, time, and effort to achieve and retain superior rent generation via SCM (Iyer, 2014).

Theoretically, co-management and joint leverage of marketing and SCM are argued to generate and maintain superior performance (Esper et al., 2010; Jüttner et al., 2007). Scholars

developed a line of papers that promote the integration of both marketing and SCM functions and marketing and SCM-driven approaches to business (e.g., Esper et al., 2010; Jüttner et al., 2007; Tate et al., 2015). However, in practice, marketing's demand creation activities (e.g., promotion, advertising) are often disconnected from the activities required to fulfill that demand (e.g., manufacturing, delivery) due to conflicting objectives (Tate et al., 2015). This mismatch between what extant theory suggests and what managers do in practice implies that there might be unaccounted factors in the development of these theoretical frameworks. We believe the way in which firms bundle their capabilities across marketing and SCM, as well as the organizational dynamics and landscape that could shape how such capabilities are bundled and leveraged, could be the "black boxes" deserving further exploration to shed some light on the mismatch between theory and practice.

2.2. The interplay between marketing and SCM capabilities

The overall notion of possible synergies between marketing and other functions such as manufacturing (e.g.,Calantone, Dröge, & Vickery, 2002), R&D (e.g., Gupta, Raj, & Wilemon, 1986), and organizational behavior (e.g., Gronroos, 1990; Ketchen & Hult, 2011) is covered within the limited research conducted on this issue. The underlying common thread across these studies is that marketing can develop and leverage synergies with various functions on contingent basis depending on firm structure and type, intraorganizational dynamics, and other external forces. However, what has been largely missing in this line of is the examination of the interplay between specific marketing and SCM capabilities important to firms within their organizational context.

The benefits of individual resources differ based on a complex hierarchy of resource types and the various combinations of these resources within their organizational domain (Hunt & Morgan, 1995). As such, valuable insights can be gained from a better understanding of how combinations of capabilities work. Similar to relationships between

marketing and SCM, the relationship between marketing and SCM capabilities can be complicated and multifaceted.

Many core capabilities are often argued to exhibit complementarity in their development or application (Prašnikar et al., 2008). Reconfiguring them across various markets is vital. Teece (2009) argues that dynamic orchestration and simultaneous development of skills and capabilities create success; and, once apart, individual capabilities are less productive. However, organizations are organic entities, and organizational context plays an important role in firms' marketing strategy and managerial processes (Paolo & Federico, 2015; Tippmann, Scott, & Mangematin, 2014). Consequently, many firms still face challenges when it comes to integrating their functions (Silja & Jon Bingen, 2016). Because the organizational context is organic and intricate, organizational dynamics can play a subtle and sophisticated role in the relationships between marketing and SCM capabilities.

In summary, the theoretical argument for combining marketing and SCM strategies, for simultaneous development and deployment of marketing and SCM capabilities is compelling (Jüttner et al., 2007; Mentzer & Gundlach, 2009) but not explored in detail especially with regard to how they are intertwined with organizational dynamics. Since marketing and SCM capabilities are embedded primarily in their respective functions, how functions interact could be reflected in how capabilities interrelate. However, there is little empirical evidence on the in-depth nature of the links between marketing and SCM capabilities. This constitutes a key empirical gap.

3. Methodology

3.1. Research approach

This research delves into a behavioral, multifaceted, and socially complex issue that could be analyzed more in-depth and holistically via a qualitative approach (Gerbl et al., 2015). Thus, we employed a qualitative method to achieve a holistic and meaningful understanding of

complex, real-life processes and develop empirically grounded propositions embedded in contextual settings. In doing so, we followed an explorative approach. Our aim was to build a mid-range theory (Brodie et al., 2008) of marketing-SCM integration grounded in data (Gligor, Esmark, & Golgeci, 2016) at the level of functional capabilities by including context-excluded and context-embedded elements together in our research design and data analysis. We utilized field data to identify and explore firms' key marketing and SCM capabilities and develop the research propositions linking those capabilities and integrative mechanisms.

3.2. Sampling

The unit of analysis in this study was the participant firms. Turkey was deemed a proper research context choice. Turkey has a large presence of business-to-business industries and a dynamic environment that characterize important emerging markets. Given the higher intensity of marketing and SCM operations in industries where product transformation and flow are the primary business activities (Van Weele, 2010) we chose a relevant sample of firms in the business-to-business industries with product-intensive processes. The final sample base consisted of 14 firms (Table 1).

[Insert Table 1 Here]

Semi-structured, face-to-face interviews conducted with 26 medium to executive level managers were our key data source. Interviews were mainly dyadic -one manager with marketing responsibilities and one with SCM responsibilities- to capture insights from both functions: marketing and SCM. In two cases only one firm representative was able to participate. These representatives were deemed proficient to represent both sides of their firms, as they have had long managerial experience and intense interaction across both functions. These two interviews were longer to cover both perspectives of the interviewees.

The interviews lasted about 45 minutes on average, were recorded (with three exceptions), transcribed verbatim, and translated into English by a native Turkish-speaking analyst. For the three exceptions, we took detailed notes on site to enable a thorough analysis of the data. The managers' responses to the common interview questions were largely consistent within each firm, which reinforced the accuracy of the findings via cross-informant validation (Ghauri, 2004). We supplemented interviews with company documents, website resources, and in some cases, observations made during site visits, all of which revealed complementary and interesting insights and helped develop "converging lines of inquiry" and achieve data triangulation to strengthen the study's internal validity (Yin, 2009). All interviews were discovery-oriented to allow sensitivity and structure-flexibility balance and to facilitate innovative, candid, and insightful findings from the participants (Wilkinson & Young, 2004). Establishing the balance between breadth and depth of data was a priority to achieve the right quantity and quality of data (Easton, 1995). Data collection lasted until we reached theoretical saturation, and clear and consistent themes emerged (Gligor et al., 2016). We stopped collecting data at the point where no meaningfully novel insights were gained on the key marketing and SCM capabilities, the relationship between them, and the organizational forces that underlie those relationships.

3.3. Analysis

The data analysis started immediately after the first round of data collection. Data analysis were iterative and conducted by two researchers (Corbin & Strauss, 2008; Gligor et al., 2016). First, we carried out the initial open coding (generating provisional groups and first-order codes), following an extensive analysis of the data. During this stage, we constantly compared different pieces and aspects of the data to identify similarities and differences among them. Subsequently, preliminary themes started to emerge from the data. Next, we established broad categories which enabled proceeding to further analysis via axial coding

(creating second-order themes by incorporating first-order codes into each other) and selective coding (merging theoretical dimensions) (Corbin & Strauss, 2008). The analysis of codes, memos, and resulting categories led to the emergence of the research propositions.

3.4. Trustworthiness

Earlier social sciences research recommends that credibility, transferability, dependability, confirmability, and integrity of qualitative research should be evaluated (e.g., Hirschman, 1986; Lincoln & Guba, 1985; Wallendorf & Belk, 1989). These criteria were evaluated holistically and thoroughly. Specifically, (a) a summary of initial interpretations was provided to participants for feedback (*credibility*), (b) purposive and diverse sampling was used (*transferability*), (c) the guidelines for data collection and interpretation were strictly followed (*dependability*), (d) an auditor was used to confirm interpretations prior to journal submission (*confirmability*), (e) and participants were assured of anonymity (*integrity*).

4. Findings

4.1. Key marketing and SCM capabilities revealed

We spent a considerable amount of time during the interviews talking about marketing and SCM capabilities with the research participants in order to identify the most relevant marketing and SCM capabilities to their firms. During the in-depth interviews, the participants, without being prompted, identified several (typically between two and ten) key marketing and SCM capabilities emerging out of their practical experiences. Participants discussed the intrinsic nature and value of these capabilities, the role of these capabilities in their firms and everyday operations, and the relationships among them. As the interviews were discovery-oriented, only after the initial impromptu discussion of key capabilities in light of participants' own sensemaking, researchers probed further to identify capabilities that

could have been initially overlooked. This iterative process yielded a broad view of potential capabilities relevant to marketing and SCM.

We applied the following selection criteria to the data to identify the most relevant marketing and SCM capabilities according to the research participants: being cited by at least 12 participants and having at least 30 open codes referring to them. We selected these cut-off points based on the significant difference in relevance to respondents. Specifically, the other potential marketing and SCM related capabilities were mentioned by significantly fewer participants (range of 0-5) and had substantially fewer open codes referring to them (range of 0-20). In addition, respondents consistently highlighted these capabilities as key capabilities within their respective firms and spent considerably more time discussing these capabilities and their relevance. Furthermore, we evaluated these capabilities to ensure that they are strategic in nature: they are dedicated to the modification of operating routines (Zollo & Winter, 2002), they facilitate resource reconfiguration and utilization for competitive purposes (Teece, 2009). Four specific capabilities emerged as key capabilities to be further examined with regard to their interplay. Figure 1 depicts the overview of data structure and illustrates the means by which aggregate theoretical dimensions of the four strategic marketing and SCM capabilities are explained by the data.

[Insert Figure 1 Here]

4.2.1. Key marketing capabilities

The primary capability within the realm of marketing that emerged as salient was innovativeness. *Innovativeness* refers to willingness and ability to change existing processes, routines or product and service offerings (Geigenmüller et al., 2012). The majority of managers highlighted that their firms continuously sought innovation to create demand for their products. For example, the *Rootsteel* Procurement Director said *"Based on customer requirements, we continuously focus on innovation. We pay particular interest to innovation,*

and we strive to offer new products and services to our customers." Likewise, the *Chem* Procurement Manager highlighted the role of innovativeness in marketing and the firm's success: *"We have standard older products, but we also constantly introduce new products. We operate in both, traditional and niche fields and invest heavily in innovation to ensure we stay competitive."* Innovativeness was also viewed as a means to follow macro trends, as the *Chique* SCM Director stated: *"Clothing became a passion, a means to differentiate, convey personality, and satisfy impulses. ... Therefore, we have to be innovative with our marketing in order to be unique and respond to diverse customer needs."* As shown in Figure 1, innovativeness was underlined by various innovative capabilities reported.

The second key marketing capability marketing managers frequently highlighted was the market learning capability, necessary to build and use market knowledge. *Market learning capability (MLC)* is defined as the capacity of the firm to acquire, disseminate, unlearn, and integrate market information to value creating activities of the firm (Weerawardena, 2003). Participants perceived MLC as a multidimensional and inclusive capability pertaining to the dynamic management of market knowledge to underpin, promote, and communicate value creation as noted in Figure 1. Several firms, including *VMine, IntBdn,* and *Sanguine*, claimed it to be vital. For example, the Crunch CEO stated: *"Through their relationships, our marketing managers gain valuable information from our partners. We learn from our partners and they learn from us."* Following, the Crunch Deputy CEO stated: *"The guiding principle for our marketing strategy is to apply what we learn from market actors in terms of what products sell better, what products are trendy. We use that information to gain competitive advantage."* This quote highlights that the MLC is pivotal for creating demand that matches market needs. The *ComTech* Marketing Director explained the mechanism by which the MLC manifests within firms: *"Our marketing function can clearly see where the market is heading, because it is in close touch with the market. Because the*

marketing function knows about changes in products, changes in markets, it can communicate this knowledge to our SCM function, and our supply chain managers can act based on this input."

4.1.2. Key supply chain management capabilities

When it comes to SCM capabilities, supply chain agility (SCA) dominated other capabilities in terms of its perceived presence, relevance, utility, and importance. *SCA* refers to the firm's ability to stay alert and quickly and easily adjust strategies, tactics, and operations within its supply chain to cognizantly respond to changes in its environment (Gligor, 2013). According to participants, speed was the most important dimension of SCA with additional references to flexibility and responsiveness. Most participants acknowledged that being agile was imperative for them and their supply chains to strategically respond and adapt to dynamic market demand. The *CycleComp* Sales Manager attested that agility is critical to quickly addressing and fulfilling customers' requirements, which was shared by The *Chem* Procurement Manager and the *ComTech* Marketing Director. SCA manifested itself in various ways. For example, the *Crunch* CEO stated: "*Because we keep back-up suppliers, if a supplier cannot meet product requirements, we have the capability to quickly switch to another supplier.*" Such ability to swiftly switch between suppliers enabled *Crunch* to meet customer requirements and fulfill their needs. Likewise, the *Rootsteel* Procurement Director said "*We try to be as responsive as possible in terms of our products. For example, we can use our supply chain to quickly play with product structures and shapes, based on customer requirements*". The *CycleComp* Sales Manager confirmed the pivotal role of SCA and stated that "*What we are really good at is to use our supply chain's ability to respond to what customers want swiftly, because, no matter what, customers want a quick response.*" Thus, SCA was considered a vital capability to survive and succeed in vibrant markets.

Moreover, relational capability was considered highly critical for SCM. *Relational capability* denotes the firm's capability to create, manage, and leverage the overall structure of the relationships in its network (supply chain) over time (Capaldo, 2007) and is an important enabler of social capital that is pivotal for business activities and market innovation (Yao, Yu, & Songyue, 2016). This capability was most often mentioned with regard to managing buyer-supplier relationships, which typically fits the domain of SCM (Mentzer, Stank, & Esper, 2008). The *FlexiComp* and *Chem* Procurement Managers highlighted relational capability's role in facilitating coordination and collaboration with suppliers and customers. The *VMine* Foreign Logistics Manager provided a similar view: *"Thanks to our boundary spanning supply chain managers, we get a better understanding of customer requirements and supplier capabilities and can leverage that. These managers are in direct contact with our customers and suppliers."* The role of relational capability extends beyond coordination and collaboration of supply activities. The *IntBdn* International Marketing Manager highlighted the role of relational capability in developing a common vision for the supply chain *"Our supply chain function ability to develop relationships allows us to create and instill a common vision in our supplier network. This ensures we all work toward the same goals."* Further, the C*omTech* Marketing Director highlighted relational capability's role in accessing resources and exerting influence over suppliers. Overall, relational capability was considered pivotal to SCM on several fronts. The *FlexiComp* Procurement Manager epitomized this notion: *"In our business, everything is dependent on personal relationships. Our supply chain managers allow us to develop those needed relationships."*

Following the identification of the four relevant strategic capabilities to firms, our focus shifted to exploring the linkages between key marketing and SCM capabilities of innovativeness, MLC, SCA, and relational capability.

4.2. The relationships between emergent marketing and SCM capabilities

As shown in figure 2, our results indicate that the multifaceted relationships between the emergent marketing and SCM capabilities are shaped by the integrative mechanisms applied or referred to by the participant firms. Below, we explain these findings and put forth propositions.

[Insert Figure 2 Here]

We found that relational capability nurtures both MLC and innovativeness of marketing functions of the participant firms. Starting with MLC, interviewees stated or implied that the management of boundary spanning activities with their supply chain partners had notable implications for what firms learn from these partners and from the business environment. The *Crunch* CEO suggested that the relational capability of employees working in the SCM fostered the learning capability of their marketing employees. Exemplifying the role of relational capability beyond the firm, the *NJuice* Logistics Director stated: *"Our relationships with supply chain partners are the source of our packaging innovations that resulted in very popular customer response."* Moreover, both Procurement Engineer and International Marketing Manager from *IntBdn* stated that they had a competitive supplier base. They indicated that utilizing this supplier base as a market learning tool required skilled procurement managers who can effectively manage business relationships. The *FlexiComp* Procurement Manager stated: *"Relationships with suppliers are very important to us. In many activities such as sourcing of raw materials from abroad, we rely on our ability to coordinate and learn from suppliers. Through such linkages with suppliers, we learn about their markets."* Likewise, the *VMine* Export Marketing Manager stated: *"Our sales and supply chain specialists are key to our firm's success. They bring in unique and valuable market knowledge."* She indicated that these employees were able to communicate and extract relevant market and technological knowledge from the firm's suppliers. Thus, we propose that:

Proposition 1: *Firms' relational capability underpins their market learning capability by facilitating acquisition and assimilation of market   knowledge.*

One of the core utilities of relational capability is the management of diversity and   external ties to drive increased innovation performance (Capaldo, 2007), and the research participants supported this notion. *Flexicomp* engaged suppliers in product innovation activities.   Its Procurement Manager stated: *"Because they know the core properties of the main components of our products, their insights are very valuable for developing new products."* Obtaining such unique and specific insights from supply chain partners often   commands development of a strong relational capability. Likewise, the *Crunch* CEO and the *RootSteel* Procurement Director stated that the SCM communicated with firm customers concerning demanded product types and directed firm product innovation activities accordingly.   Beyond obtaining new ideas and insights about new product development, some participant firms utilized relational capability to adopt managerial innovations. The CycleComp SCM   Director stated: *"Our main supplier is an excellent resource for us. As our relationship develops, we are able to observe them and further improve our marketing-related managerial processes."* These statements underpin the idea that relational capability can provide meaningful inputs for innovativeness through leverage of novel ideas gained from business   networks. Accordingly, the findings indicate that relational capability is an enabler of innovativeness, especially in networked and marketing-intensive contexts. Thus, we   suggest:

Proposition 2: *Firms' relational capability enhances their innovativeness by cultivating the idea and knowledge flow in their business   networks.*

Our findings indicate that the emergent marketing capabilities can also support the key SCM capabilities. First, we found that MLC fostered SCA. The *ComTech* Marketing   Director exemplified why MLC is important for agility *"Many firms produce superior, high-quality products with good prices, but they cannot lead the market and sometimes fail because their*

marketing sense is weak. They fail to be in touch with and respond to market realities." According to several participants, the capability of sensing and utilizing market knowledge enabled SCM's quick and smooth responses to market changes. For instance, the *Sanguine* SCM Specialist stated that her firm's ability to collect and process market intelligence boosted its speed. Likewise, the *ComTech* SCM Director argued that *"Thanks to our marketing function's capability in accessing and integrating market knowledge, our SCM function can better respond to market changes"*. The *Rootsteel* Procurement Director stated: *"We are not rigid and we try to adapt. We place special emphasis on market knowledge which also helps us quickly execute our supply chain initiatives. Utilizing market knowledge makes our supply chain faster than our competitors."* Thus, our findings reveal that firm's MLC has a positive influence on SCA. Thus, we suggest:

Proposition 3: *Firms' market learning capability foster their supply chain agility by enabling the utilization of market knowledge for effective responses to customer needs.*

Furthermore, we found that innovativeness positively influences SCA. The *Chem* Procurement Manager stated: *"Whenever our marketing function focuses on development and marketing of new products, our SCM function also benefits from that knowledge which allows us to get products to customers much quicker."* The opportunities stemming from such marketing innovation-related activities boosted SCA. Similarly, the *Log* Operations Development Specialist suggested a positive link between innovativeness and the agility of his firm's SCM function. He argued that marketing-related innovations increased the firm's supply chain speed. The *CycleComp* Sales Manager said *"We follow innovative practices to better respond to customers' needs. Product innovation goes hand-in-hand with supply initiatives so we can quickly translate what customers want into action."* The SCM Director of the same firm supported this statement: *"Marketing-related innovations allow our supply chain to be more responsive. We develop new products and add new features to existing*

products. We use the information that comes with that to be quicker when executing our supply chain operations." Thus, we propose that:

Proposition 4: *Firms' innovativeness underpins their supply chain agility by allowing novel means of responding to market demand.*

4.3. Integrative mechanisms

Though propositions above depict the essence of the linkages between key marketing and SCM capabilities, these linkages are by no means void of behavioral influences. Rather, we found that these linkages are shaped by specific behavioral forces that we call integrative mechanisms. *Integrative mechanisms* refer to behavioral means by which the greater harmony and cohesion between marketing and SCM functions are pursued. Evidence on the five key dimensions of these mechanisms is presented in Table 2. We also depict the overview of data structure that shows the means by which the aggregate theoretical dimension of integrative mechanisms is explained in Figure 3. As some quotes illustrate, though not all of these five key behavioral forces were present in all participant firms as integrative mechanisms, the majority of the participants perceived that these forces were needed for better synergy between marketing and SCM capabilities.

[Insert Figure 3 Here]

[Insert Table 2 Here]

The first key integrative mechanism, *organizational alignment,* relates to the alignment and synchronization of firm strategy, structure, culture, and activities across functions. Nearly all participants acknowledged that organizational alignment was a key driver of integration. For example, the *IntBdn* International Marketing Manager argued,

"Obviously, the alignment between the two functions engenders success. I fully believe in that." The key issues the participants state concerning organizational alignment were the alignment of key performance indicators (KPIs) and goals, activity synchronization, and joint

ownership of overall objectives. Interestingly, the *FlexiComp* Marketing & Sales Director stated: "*We [marketing function] cannot benefit from the capabilities of SCM, because their [SCM's] goals and activities were not aligned to ours*". This quote and additional evidence suggest that organizational alignment were often viewed as essential to effective capability bundling, regardless of the reality matching this desire or not.

Second, *cross-functional awareness* refers to the extent to which employees of different functions are knowledgeable about the activities, goals, and technicalities of each other. Some participants suggested possible means to foster cross-functional awareness that was considered conducive to the integration of marketing and SCM. For example, the *CycleComp* Sales Manager stated: "*Two functions in our firm do not know much about the realities of each other, and as a result, we [marketing function] sometimes have wrong expectations from the SCM function. This really hurts cooperative capability leverage between us.*" The *ComTech* Marketing Director also shared this position. As a remedy to this challenge, s/he offered *task rotation*, which s/he claimed could increase both cross-functional awareness and capability interactions across functions through firsthand task experience. In turn, the *Log* Distribution Sales Director suggested that cross-functional awareness in his/her firm led to higher confidence in what was being marketed and deploying relevant marketing capabilities. Similarly, the *IntBdn* International Marketing Manager stated: "*In order to perform well, it is necessary for SCM function to consider our [marketing function's] realities and feedback as much as they consider suppliers' feedback*". Thus, our findings signal that cross-functional awareness fosters cross-functional capability synergies through diminished discrepancies and increased sensitivity between employees and processes.

Holistic approach denotes strategic thinking and execution with an inclusive and professional approach to business activities. Participants indicated that the underpinning elements enabling the realization of holistic approach were long-term orientation, unity, and

shared vision. For instance, both participants from *Sanguine* attributed their success and market position to a holistic and systematic approach of their firm instead of creating and working in silos. In fact, *ComTech* Marketing Director aspired to a holistic approach for similar reasons. Likewise, the *Log* Distribution Sales Director stated, *"Unlike blinded, divisive, and conflictive practices in our industry, we try to view marketing and SCM as one, and create working teams that consider themselves as one".* Hence, holistic approach emerged as another integrative force that positively influenced capability relationships between marketing and SCM.

Furthermore, *power balancing* between marketing and SCM was viewed as an important factor in bridging the divide between these functions and fostering synergy between marketing and SCM capabilities. Power asymmetry was argued to lead to grievances and reduced collaboration and integration, due to its venomous impact on cross-functional cohesion and trust. For instance, the *Log* Distribution Sales Director said *"We have, rather than a hierarchy, a transparent and candid organizational culture and structure that remove the distance and barriers among people and establish open-mindedness. We reap the benefits of this reality".* In contrast, the *LConfect* Assistant CEO attributed the performance deficiencies of their marketing activities and capabilities to the marketing being "bashed" by a much stronger SCM function, and revealed plans for achieving greater power balance between two focal functions as shown in Table 2. The evidence on the two sides of the organizational power dynamics revealed that power balancing could be an effective mechanism to achieve greater cross-functional capability synergy.

The last key integrative mechanism we found was *streamlining*, the simplifying and smoothing firm structure and activities by eliminating redundant or wasteful activities and structural inhibitors. As illustrated in Table 2, there were several complaints of structure and activity complexity hindering the effectiveness of cross-functional interactions. Participants,

particularly from larger firms, contented that complex and clumsy processes and structures actually harmed and obscured integration and potential to leverage synergies. For example, the *VMine* Foreign Logistics Manager stated, "*Even getting by in such a complex system is a success.*" Participants' statements revealed that streamlining structures and activities could facilitate realizing the potential interactions between complementary capabilities by simplifying the marketing-SCM interface.

As the quotes in Table 2 suggest, many participants were aware of the potential of integrative mechanisms to enable effective management of their core marketing and SCM activities and capability relationships. We found that the influence of these integrative mechanisms on the interplay between cross-functional capabilities was consistent across emphasized marketing and SCM capabilities. Thus, we found that they could positively influence the interplay between the marketing and SCM capabilities as a prevalent embodiment of overall interactions among cross-functional capabilities. Thus, we suggest:

Proposition 5: *Integrative mechanisms of a) organizational alignment, b) cross-functional awareness, c) holistic approach, d) power balancing, and e) streamlining applied between marketing and SCM functions facilitate potential synergies between firms' marketing and SCM capabilities.*

5. Discussion and conclusions

5.1. Theoretical contributions

This research offers several important theoretical contributions. First, we identify four key capabilities within the domains of marketing and SCM. This extends the literature by offering a clear understanding of the specific capabilities that firms should develop and promote in their intra-organizational networks to gain competitive advantage. We find that these marketing and SCM capabilities of innovativeness, MLC, SCA, and relational capability are strategic, multidimensional, and applicable to the broader set of activities.

Second, we offer a better understanding of the relationship between specific marketing and SCM capabilities. Our findings reveal that the relationships between the key marketing and SCM capabilities are generally symbiotic but follow a specific pattern, further highlighting the value of configuring and bundling the right capabilities in a right way. Specifically, we find that SCA could be deployed and utilized more effectively when bundled with MLC and innovativeness. This finding supports the demand management view of SCA which positions demand management as a key enabler of SCA (Gligor, 2014). Moreover, relational capability, as an overarching SCM capability that underlies the core function of SCM (Mentzer et al., 2008), appears to underpin MLC and innovativeness. As such, a bilateral intertwining of marketing and SCM capabilities contrasts the dominant view of the literature that adopts a linear approach to marketing and SCM activities and often views the SCM's role as a unilateral supporter of marketing (Martin & Grbac, 2003; Porter, 1998).

Finally, we discover several integrative mechanisms and their role in shaping relationships between specific marketing and SCM capabilities. We find that the alignment of organizational goals and activities, cross-functional awareness, adopting a holistic approach to value creation and delivery, power balancing between marketing and SCM, and streamlining of organizational activities and structures as representatives of integrative mechanisms play a subtle yet pivotal role in facilitating the synergy between innovativeness, MLC, SCA, and relational capability. Thus, our study expands the growing literature focusing on resource and capability relationships and demand and supply strategies (e.g., Esper et al., 2010; Gligor, 2014; Jüttner et al., 2007). Overall positive relationships between marketing and SCM capabilities are consistent with what the extant theory on the marketing-SCM interplay advocates. However, organizational forces and, in particular, the lack or presence of integrative mechanisms influence these relationships in a subtle way unlike the extant theory that subtly assumes a clear-cut approach to the potential links between

marketing and SCM capabilities. Hence, including integrative mechanisms helps to understand underlying reasons behind the mismatch between the theory and practice. As such, our findings offer a better understanding of how firms can alleviate or amplify disconnect between marketing and SCM capabilities through unique integrative mechanisms.

5.2. Managerial implications

The primary managerial problem we seek to address is the joint use of specific capabilities to succeed in marketing and SCM. Configuring and deploying key capabilities related primarily to respective functions are pivotal in addressing challenges. This research offers managerial implications that offer guidance addressing such challenges.

First, managers can focus on the development of the four identified marketing and SCM capabilities as a source of competitive advantage. The interweaving thread between the four capabilities is that they are all broadly applicable and operant on other ordinary capabilities. They are also not bounded to specific activities. This presents the second managerial implication: capabilities underpinning key desirable attributes are strategic. Such capabilities can also be more malleable to various settings and situations than activity-centered capabilities such as market planning capability. Thus, managers are advised to invest in these strategic marketing and SCM capabilities of innovativeness, MLC, SCA, and relational capability. Third, though SCM capabilities are often viewed as supportive of marketing activities and not so vice versa, this research reveals that a reverse direction is also possible and synergy could be bilateral but follow a specific pattern. Hence, managers are advised to pay attention to capability bundling and configuration issues and utilize unexpected tandem opportunities between capabilities pertinent to different functions.

We also suggest that managers can employ integrative mechanisms to boost synergy between respective marketing and SCM capabilities and eliminate disconnect between marketing and SCM. We make several noteworthy contributions by unveiling specific

mechanisms that managers employ. First, organizational alignment emerged as a salient integrative mechanism. Managers suggested several approaches to enhance *organizational alignment*, such as alignment of key performance indicators and goals, activity synchronization, and joint ownership of overall objectives. Second, *cross-functional awareness* was identified as a key mechanism. Our findings indicate that managers can increase *cross-functional awareness* by employing task rotation. Third, *holistic approach* appeared as an important mechanism that managers can develop by promoting long-term orientation, unity, and shared vision. Fourth, *power balancing* emerged as an important mechanism for bridging the divide between marketing and SCM. Our interviews revealed that managers can support this important mechanism by promoting a transparent and candid organizational culture that downplays hierarchical structures and eliminates distance and barriers among employees. Finally, *streamlining* was identified as a key mechanism for bridging the divide. Our findings revealed that managers can enhance synergy between specific marketing and SCM capabilities by reducing the complexity of work processes and the number of steps required to complete a task. Firms can employ these identified integrative mechanisms to achieve and sustain better synergies between marketing and SCM activities and realize the successful implementation of integrated demand and supply strategy.

5.3. Conclusions and future research

In this study we explored whether firms can achieve synergy between their marketing and SCM capabilities and how organizational forces shape such potential synergy. We employed a qualitative approach, which allowed for rich description and in-depth understanding of the phenomenon under investigation. However, one limitation arising from our method is the lack of generalizability. Future research can address this limitation by employing a quantitative approach, using a larger sample, to test the research propositions developed in this manuscript. Another limitation of our study resulted from our context choice of focusing

on firms from Turkey. By focusing on a single context, we gained a better understanding of strategic capabilities but have yet to verify to what extent our findings are supported when tested in other contexts. Future research should also explore the "why" question behind the identified key capabilities examined in this study. Likewise, as some evidence in our findings show the application of the revealed integrative mechanisms may not be as simple as it may first seem. It may involve paradoxes of competing demands and priorities that firms need to make sense and tackle (Patel, 2011). Future research may be interested in exploring such paradoxes.

Additional research is also needed on the integrative mechanisms identified in this study. It is possible that the mechanisms identified in this study do not play an equal role in the interplay between various marketing and SCM capabilities. Certain mechanisms might be more effective at creating or fostering synergy depending on different internal and external conditions. Future research should explore which mechanisms are more effective across different contexts and for different sets of marketing and SCM capabilities.

In summary, while this study offers an important building block in the process of elaborating theory in this area, additional research is needed. Given the nature of the firm's core value proposition, firms can't afford to separate the development and deployment of their marketing capabilities from that of their SCM capabilities. Understanding their relationships and the factors facilitating the integration of such capabilities can provide firms with a much-needed source of competitive advantage.

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Firm	Industry	Firm size	Participant Position
Log	Logistics	Large	Operations Development Specialist
			Distribution Sales Director
Chem	Chemicals	Medium	Marketing Director
			Procurement Manager
RawChem	Chemicals	Medium	Logistics Director
			Sales Operations Manager
ComTech	Electronics	Small	Marketing Director
			SCM/Operations Director
Chique	Clothing & Retailing	Medium	SCM Director
			Export Marketing Manager
Sanguine	Clothing & Retailing	Large	SCM Specialist
			Export Manager
Crunch	Food & Beverage	Small	CEO - SCM/Operations
			Deputy CEO – Marketing
NJuice	Food & Beverage	Medium	Logistics Director
			Marketing Manager
LConfect	Food & Beverage	Large	Assistant CEO
VMine	Mining	Large	Export Marketing Manager
			Foreign Logistics Manager
RootSteel	Metal	Large	Procurement Director
FlexiComp	Automotive	Medium	Procurement Manager
			Marketing & Sales Director
IntBdn	Automotive	Large	Procurement Engineer
			International Marketing Manager
CycleComp	Automotive	Medium	Sales Manager
			SCM Director

Table 1: Participant company characteristics and participant positions

Integrative Mechanisms	Example Quotes
Organizational Alignment	"I think establishing aligned KPIs [key performance indicators] is essential to create synergy between capabilities and activities. Some people see it [aligning KPIs] like a fashion or an unnecessary thing, but I really think it can add a lot of value to a firm." – *CycleComp* Sales Manager "We [our company] are currently trying to develop an aligned management system, in order to overcome our problems and miscommunication issues. Actually, we brought in a new HR manager to establish this system. We hope to finish implementing this system not only for SCM and marketing units but for all units in a month, and improve our collaboration and synergy levels." – *FlexiComp* Marketing & Sales Director
Cross-functional Awareness	"I think harmony between us [two units] is important. In my opinion, it is necessary to rotate people between units. I mean employees in SCM and marketing unit should rotate for a while in order to increase awareness of what the other party does. I think it will eventually create synergy and contribute to our firm. Because, people need to understand how the product is produced and what constitute its cost components when selling these products" – *CycleComp* Sales Manager "Unfortunately, marketing and SCM do not speak same language in our company. Marketing does not know internal structure, capabilities, and working mechanisms of SCM. Same is also valid for SCM. I think this a critical problem for us." – *LConfect* Assistant CEO
Holistic Approach	"Perhaps because we are a small company, we [employees] all view the company as whole and work as a whole. Look, my brother and I apparently have different titles, but we actually work in same room and always pass things to each other. I think this helps us to survive in this tough market conditions despite our size disadvantage." – *Crunch* CEO - SCM/Operations "When you establish effective and working system, that system becomes the future of the firm. Its most important capital. Individual contributions of marketing and SCM are to some extent, but, in essence, establishing firm's functioning into a holistic system and including everything to that system has a key value." – *ComTech* SCM/Operations Director
Power Balancing	"Despite its age, our firm has established marketing department only four years ago. The title of "SCM department" is even newer, only 1,5 years old, but its sub-branches of production, planning, logistics, procurement, and warehouse management have long existed since the establishment of the firm. … This power imbalance, the fact that SCM unit has a definite say in many strategic decisions, has a harmful effect on long term performance of our firm. Therefore, we are now trying to undertake an effort to break the dominant position of SCM unit in order to increase marketing's influence." – *LConfect* Assistant CEO Many firms produce superior, high quality products with good prices, but they cannot lead the market and sometime fail because their marketing sense is weak. … Therefore, I think we [our firm] need to increase the power of marketing here, and make the whole firm more market oriented. – *ComTech* Marketing Director
Streamlining	"Given our firm's size (actually we can be the top exporter in this country in terms of the tonnage of the products exported), number of locations we operate, and ownership status, we have to constantly deal with complexity and bureaucracy in our operations. … Thanks to recent transformation in our organizational structure and processes, things are getting simpler and more effective. How did we do it? By reducing the number of steps we have in our processes" – *VMine* Foreign Logistics Manager "Our firm has a quite intricate and interdependent organizational structure. It gets worse as we serve multiple markets with various market specifications and customer requirements, because we need to adapt tailor style production to survive against giants. This complexity sometimes causes communication problems and conflict of interests between the units." – *IntBdn* Procurement Engineer

Table 2: Evidence on integrative   mechanisms

Figure 1: Overview of data structure for marketing and SCM   capabilities
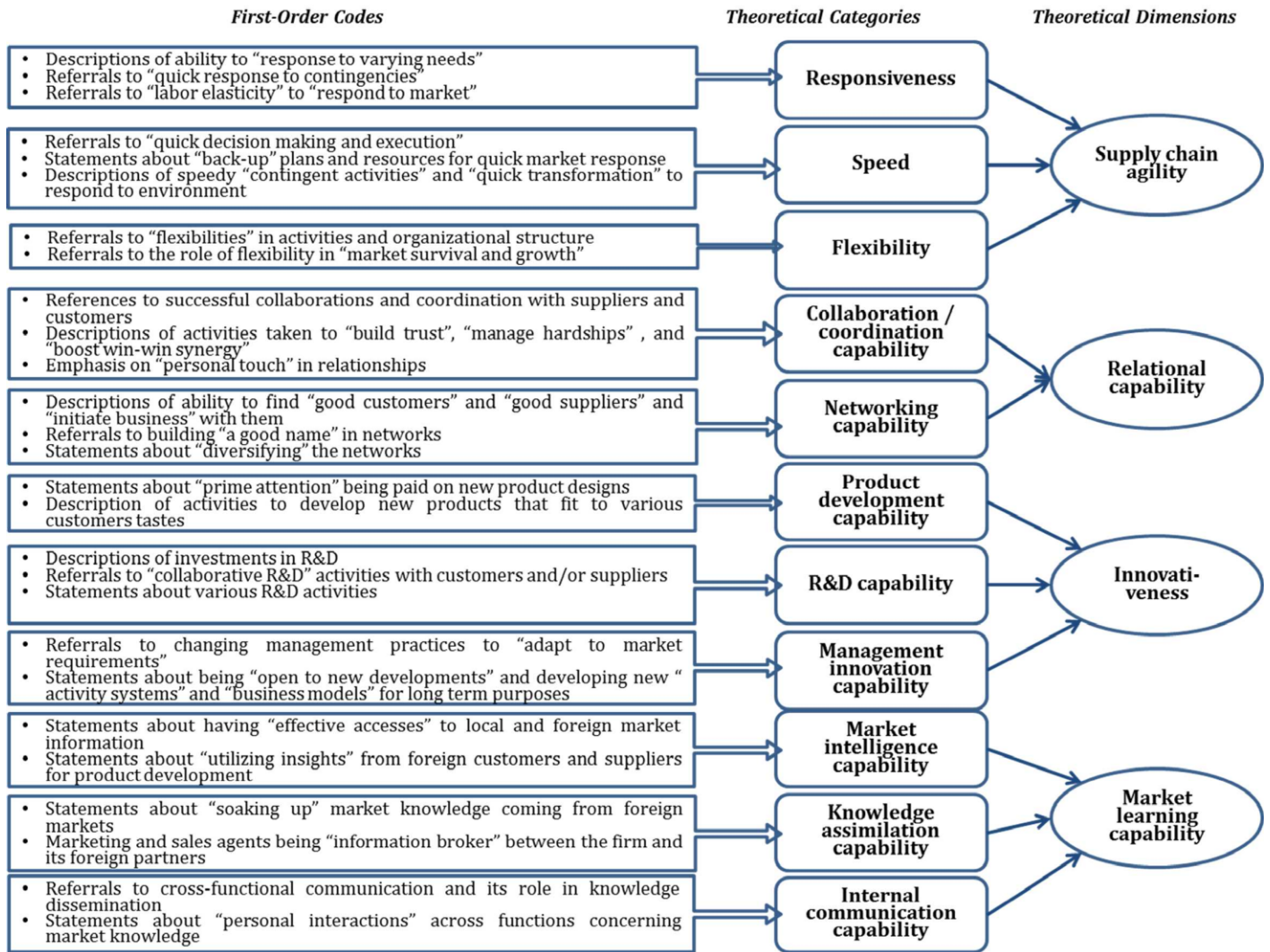
Figure 2: Comprehensive model of key capabilities and integrative   mechanisms

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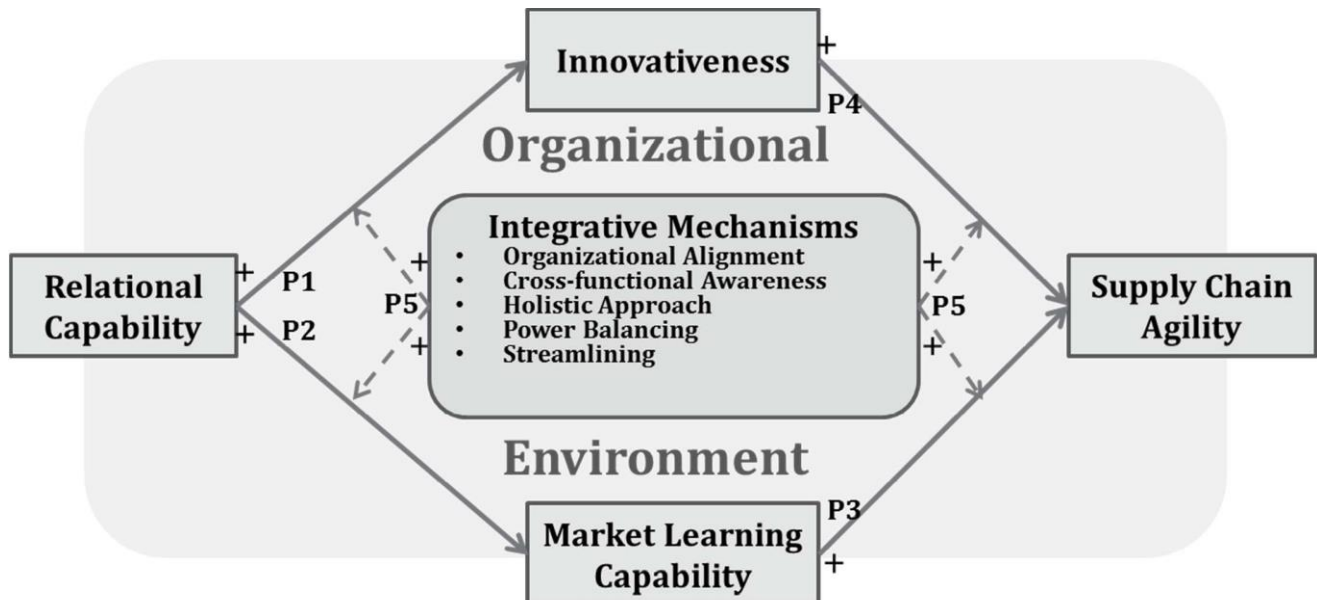**Figure 3: Overview of data structure for integrative   mechanisms**

First-Order Codes | *Theoretical Categories* | *Theoretical Dimensions*

- Statements about "establishing aligned KPIs"
- Referrals to "developing aligned management systems"
- Statements about "conflict resolution" and "cross-functional coordination"

→ **Organizational alignment**

- Suggestions for creating "harmony" and rotating "people between units"
- Referring to the importance of marketing and SCM people "speaking the same language"
- Statements about enacting "common understanding across functions

→ **Cross-functional awareness**

- Statements about "being whole" and "working as a whole"
- Referrals to "establishing a holistic system"
- Referrals to "integrative approaches" promoted by top management

→ **Holistic approach**

- Statements about the implications of "cross-functional power imbalance" and referrals to activities adopted against remedies against it
- Suggestions for "increasing the power of marketing" in firms with more powerful SCM function
- Referrals to both "SCM dominance" and "marketing dominance" and problems tied to them

→ **Power balancing**

- Referrals to making work processes getting "simpler and more effective"
- Statements about cross-functional challenges of "complex processes"

→ **Streamlining**

Integrative mechanisms