

Schriften zum europäischen Management
Hrsg.: Roland Berger Strategy Consultants –
Academic Network

Roland Berger
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Adele J. Huber

Effective Strategy Implementation

Conceptualizing Firms'
Strategy Implementation Capabilities
and Assessing Their Impact
on Firm Performance



RESEARCH

Adele J. Huber

Effective Strategy Implementation

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Adele J. Huber

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Strategy Implementation Capabilities
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With a foreword by Prof. Dr. Alexander Haas



RESEARCH

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To my family

Foreword

In the present book, Adele J. Huber proposes that a firm's strategy implementation capability is key to understanding a strategy's performance outcomes and, ultimately, a firm's performance. Based on a thorough review of the relevant literature, she integrates extant knowledge on firms' strategy implementation and capabilities and conceptualizes strategy implementation as an organizational capability of firms. The author develops and validates a way to measure a firm's strategy implementation capability. Using data from more than 250 senior marketing managers and sophisticated data analysis techniques, she convincingly shows that a firm's strategy implementation capability is both an important determinant of firm performance as well as a key element of the mechanism that links marketing strategies to a firm's performance.

This dissertation is no doubt highly important to managers. By and large, marketing managers agree that market success depends heavily upon the implementation of the marketing strategy. In addition, firms invest huge amounts of money in strategy implementation. As a result, they are extremely interested in ensuring that this implementation is effective and efficient. However, in practice there is insufficient knowledge for effective and efficient strategy implementation, as many strategy implementation initiatives fall far below expectations. Against this background, her research informs managers about how they can increase the performance of given strategies. The author also argues that a firm's strategy implementation capability is an important resource for the firm's competitive advantage, and offers insights into how this resource can be managed effectively.

The present dissertation also makes a major contribution to research. The majority of the research on the effectiveness of strategy implementation and its importance for the success of strategies has so far been conceptual. The few empirical studies have focused on specific aspects, providing fragmented findings and little basis for explanation. Adele J. Huber has used this research to identify research gaps and develop a conceptual framework,

the focus of which is on implementation-related capabilities. This will help future research address issues that are relevant to both research and management. In addition, she has contributed not only the construct of a firm's strategy implementation capability and a scale for measuring it, but also provided evidence for the importance of the construct to explain strategy implementation effectiveness, breaking ground for empirical implementation research that focuses on the firm's capabilities. Last but not least, Adele J. Huber demonstrates that the construct of a firm's strategy implementation capability is central to understanding the implementation and performance outcomes of marketing strategies. In sum, the results not only significantly extend our knowledge on strategy implementation but also have the potential to strongly influence and stimulate future research on the implementation of marketing strategies.

Overall, her work notably advances our understanding of how marketing strategies translate into performance. Consequently, I hope that the present book will become a must-read for, and provide inspiration to, many managers and researchers.

Prof. Dr. Alexander Haas

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"I can no other answer make but thanks, And thanks;..."

(William Shakespeare, Twelfth Night, Act III, Scene 3)

As with any multi-faceted and extended endeavor, this dissertation would not have been possible without the support of many people, to whom I offer my sincere thanks.

First, I owe my deepest gratitude to my advisor, Prof. Dr. Alexander Haas. In the course of this dissertation, I learned a great deal from his profound methodological knowledge and his vast experience. As supervisor, sparring partner, and mentor, he continuously challenged my ideas, stimulated provocative thoughts and encouraged me to go the extra mile in the literature-related, creative and analytical phases of the dissertation, constantly providing constructive feedback. Given his sensitivity to the needs of a Ph.D. student in the various phases of a dissertation project, he set a fine example of a worthy role model and will always have my deepest respect.

I offer great thanks to Prof. Dr. Dirk Morschett from the University of Fribourg for sharing his comments during our discussion of an earlier draft of this version, and for reviewing my dissertation.

Furthermore, I owe my gratitude to Dr. Phillip C. Nell for providing inspiring research discussions and steady encouragement, and to Prof. Dr. Lars Schweizer for engaging in literature- and theory-related debates.

The national brand associations from Switzerland (Promarca), Germany (Markenverband e.V.) and, Austria (Österreichischer Verband der Markenartikelindustrie) supported the data collection of this dissertation, and I owe my thanks to the 15 experts who participated in the comprehensive, qualitative study of this dissertation project. The constructive discussions, sharing experiences, and helpful remarks contributed to the development of the quantitative study and, thus, to the overall success of this research.

I am also grateful to the three academics and 27 brand managers, strategy consultants, and experts who provided qualitative feedback on the survey as part of the pretest, as well as to the 340 respondents of the online survey's two language versions between the end of October 2009 and the beginning of March 2010.

Additional credit belongs to the participants at the Academy of Marketing Science's First Biennial Doctoral Consortium in Oslo, Norway, in 2009, as well as to the anonymous reviewers of the 2010 American Marketing Association Winter Marketing Educators' Conference in New Orleans, LA, the 2010 American Marketing Association Summer Marketing Educators' Conference in Boston, MA, and the 2010 Strategic Management Society's 30th Annual International Conference in Rome, Italy, for helpful comments on earlier drafts of the papers that comprise this dissertation.

I am pleased to acknowledge the commitment of those junior research assistants at the University of Bern who supported the data collection of this research. Further thanks go to my fellow Ph.D. students and the postdoctoral research assistants at the Faculty of Economics and Social Sciences at the University of Bern as well as many (former) colleagues.

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Last, many thanks go to all my faithful friends, Robert C. and Mary Ann Beard, and my family for endorsing me throughout this endeavor, a highly appreciated favor that I can never hope to repay.

Without all this support, this dissertation and its related research would never have seen the light of day.

Adele J. Huber

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Paper III

**How Innovative Marketing Strategies Translate into Firm Performance:
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List of abbreviations and symbols

AMA	American Marketing Association
AVE	Average variance extracted
BSI	Brand strategy implementation
B2B	Business-to-business
B2C	Business-to-consumer
C	Conceptual study
cf.	confer
CFI	Comparative fit index
CR	Composite reliability
df	Degrees of freedom
E	Empirical study (Paper I); English (Papers II and III)
e.g.	for example (Latin: <i>exempli gratia</i>)
et. al.	and others (Latin: <i>et alii/alia</i>)
F	Female
FL	Factor loading
FMCG	Fast moving consumer goods
G	German
HR	Human resources
i.e.	that is (Latin: <i>id est</i>)
ITT	Item-to-total
M	Male
MLMMs	Mid-level marketing managers
MSC	Marketing strategy comprehensiveness
MSD	Marketing strategy development
ns	nonsignificant
OL	Organizational learning
OLCs	Organizational learning capabilities
p.	page(s)
RMSEA	Root mean squared error of approximation
SBU	Strategic business unit

SF	Strategy formulation
SI	Strategy implementation
SIC	Strategy implementation capability
S.D.	Standard deviation
S.E.	Standardized estimates
S.L.	Standardized loadings
TFL	Transformational leadership
TRL	Transactional leadership
VM	Vorhies and Morgan
α	Cronbach's alpha
χ^2	Chi-square
$\Delta\chi^2$	Chi-square difference
χ^2/df	Chi-square-degrees of freedom ratio

"Without successful implementation, a strategy is but a fantasy."
Hambrick and Canella (1989, p. 278)

Preface

"The art is not strategy formulation – the brand strategy's success depends on its effective implementation."

(CEO in Tourism)

"You actually need to be very conscious of implementation when you are developing a strategy because if you develop a strategy separate from even thinking about implementation you will undoubtedly have issues."

(Management consultant)

These two introductory quotes from this research's qualitative study summarize in a nutshell the main relevant points regarding strategy implementation (SI). SI is commonly seen and accepted as an important academic research field highly relevant to practitioners as well. Among scholars, there is agreement on the relevance of SI in enhancing performance outcomes (e.g., Aaker 1996; Keller and Lehmann 2006); yet, related research still is limited (Hutzschenreuter and Kleindienst 2006; Piercy 1998). Likewise, practitioners have a strong interest in how to make strategy execution more effective, as many SI efforts still fall short of expectations (Bigler 2001; Raps 2005; Sterling 2003).

One possible explanation why that many companies do not succeed in executing their strategies is the failure to pay attention to organizations' implementation capabilities as theorized by scholars (Egelhoff 1993; Pryor et al. 2007; Sterling 2003). Some marketing researchers have started initial research on marketing capabilities (Vorhies and Morgan 2005) or organizational communication capabilities (e.g., Scheer et al. 2010); yet, much still to be done. Accordingly, only recently The Marketing Science Institute has identified *"Developing Marketing Capabilities for a Customer-focused Organization"* as one priority topic published in its 2010-2012 Research Priorities.

The overall objective of this dissertation is to understand SI effectiveness and to investigate its contribution to strategy success, that is the strategies' performance outcomes.

In doing so, this dissertation fills an important gap in implementation literature on firms' capabilities and answers researchers' call for a more integrative operationalization of firm capabilities (Grant 1996), drawing on the theory of organizational learning (OL) and considering the intertwined nature of strategy formulation and strategy implementation.

The cumulative dissertation presents three distinct research papers related to strategy implementation.

Paper I reviews extant literature on marketing and brand strategy implementation and develops a conceptual framework for comprehensively investigating SI. The findings highlight that SI as field of interest still is not well understood. Despite the variety of particular research conducted, little is known regarding SI and SI success (Noble and Mokwa 1999). In particular, the literature review showed that SI is a fragmented field and that central factors or determinants to explain SI effectiveness have not yet been identified. Paper I also identifies implementation capabilities as a relevant research topic and provides a framework that may guide future research.

Building on this finding of a firm's strategy implementation capability as a potential driver of SI effectiveness, Paper II focuses on this factor – SI capability – and develops a measure for it. The paper provides a conceptualization of a firm's SI capability based on the theory of Organizational learning (OL) and develops a measure of the construct of a firm's SI capability. The following figure summarizes the higher-order construct and its hypothesized construct's dimensions and dimensional facets. The precise structure is described in Paper II, which also suggests shorter alternative scales for easier integration into future research related to SI if the original SI capability scale is too demanding to be employed given research constrictions.

Strategy implementation capability									
Dimension	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Strategy implementation pattern maintenance</th> <th style="width: 25%;">Strategy implementation goal attainment</th> <th style="width: 25%;">Strategy implementation integration</th> <th style="width: 25%;">Strategy implementation external interface</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Strategy implementation knowledge • Implementation orientation • Strategy orientation </td> <td> <ul style="list-style-type: none"> • Implementation planning • Implementation execution • Implementation improvement </td> <td> <ul style="list-style-type: none"> • Information integration • Process coordination • Implementation agility </td> <td> <ul style="list-style-type: none"> • Feedback generation • Strategy translation </td> </tr> </tbody> </table>	Strategy implementation pattern maintenance	Strategy implementation goal attainment	Strategy implementation integration	Strategy implementation external interface	<ul style="list-style-type: none"> • Strategy implementation knowledge • Implementation orientation • Strategy orientation 	<ul style="list-style-type: none"> • Implementation planning • Implementation execution • Implementation improvement 	<ul style="list-style-type: none"> • Information integration • Process coordination • Implementation agility 	<ul style="list-style-type: none"> • Feedback generation • Strategy translation
Strategy implementation pattern maintenance	Strategy implementation goal attainment	Strategy implementation integration	Strategy implementation external interface						
<ul style="list-style-type: none"> • Strategy implementation knowledge • Implementation orientation • Strategy orientation 	<ul style="list-style-type: none"> • Implementation planning • Implementation execution • Implementation improvement 	<ul style="list-style-type: none"> • Information integration • Process coordination • Implementation agility 	<ul style="list-style-type: none"> • Feedback generation • Strategy translation 						
Dimensional facets									

Source: Developed based on Schwandt's (1997) research work.

Figure: Learning-based conceptualization of a firm's strategy implementation capability

Paper III underlines the role of the SI capability scale in understanding the performance outcomes of innovative strategies. To this end, the construct of a firm's SI capability is analyzed as a mediator of the performance effects of innovative strategies. The paper also analyzes moderator effects of SI capability on various relationships.

Overall, this dissertation suggests a firm's SI capability as a valuable approach in explaining how strategies translate into action and provides various avenues for future implementation-related research.

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Paper I

Effective Brand Strategy Implementation:

Review of Literature and Avenues for Future Research

As a cornerstone of marketing, branding is critical for success on many markets. Companies therefore spend considerable time and effort developing sound brand strategies. While there is some knowledge on brand strategy formulation, there is little knowledge on how brand strategies may be implemented effectively. This is in contrast to the extant literature that highlights the importance of strategy implementation for performance outcomes of (brand) strategies. This also disregards the many companies whose brand strategies fail because of insufficient implementation. Against this background, this paper reviews relevant literature on brand strategy implementation and introduces a theoretical framework and propositions for future research.

Keywords:

Brand strategy implementation, brand strategy, implementation, literature review

Acknowledgements:

The author expresses her appreciation to the participants of the Academy of Marketing Science's First Biennial Doctoral Consortium in Oslo, Norway in 2009 and three anonymous reviewers of the 2010 AMA Winter Marketing Educators' Conference in New Orleans (LA) for their helpful and constructive comments on earlier drafts of this manuscript.

Understanding brand strategy implementation (BSI) has been a long-standing goal of researchers and managers alike. Since scholars widely agree on the importance of BSI in enhancing firm performance (e.g., Aaker 1996; Keller and Lehmann 2006), a good deal of research has investigated effective BSI efforts empirically (e.g., Ailawadi et al. 2001; Noble 1999; Thorpe and Morgan 2007a; Rosier et al. 2010; Slater et al. 2010; White et al. 2003). While the focus of this research has been on marketing instruments, only limited attention has been given to organizations' BSI capabilities and those capabilities' links to firm performance, so they still are not understood well (Chimhanzi and Morgan 2005; Hickson et al. 2003; Menon et al. 1999; Noble and Mokwa 1999; Piercy 1998a; Pryor et al. 2007). As a result, although organizations invest significant amounts of resources in BSI efforts, many implementation initiatives fall far short of expectations (Bigler 2001; Hickson et al. 2003; Ind 2007; Piercy 1998b; Wong and Merrilees 2007).

There are at least four reasons for the limited understanding of what capabilities lead to effective BSI. First, extant empirical findings have not been integrated (e.g., by linking research results to established bodies of theory), leaving unclear what has been learned, how existing evidence can be organized and explained, and where future research may be directed best – a deficit mentioned also in general marketing literature (Anderson 1983). Second, the question concerning the core elements of organizational BSI capabilities remains open. Third, researchers have not investigated the link between brand strategy formulation and BSI although previous research has suggested this link is important to understanding effective BSI efforts (Bourgeois and Brodwin 1984; Keller and Lehmann 2006; Noble 1999; Piercy 1998b; Shocker et al. 1994). Fourth, the relationship between organizational BSI capabilities and firm performance is unclear (Hutzschenreuter and Kleindienst 2006; Shocker et al. 1994).

The objective of this paper is to investigate effective BSI conceptually by reviewing the extant conceptual and empirical literature on BSI and, based on that review, developing a framework of effective BSI that integrates previous

BSI-related research, organizes and explains the existing evidence developed in this research, and provides suggestions for theory-driven, systematic future research on BSI.

In terms of theory, this paper identifies the core elements of organizational BSI capabilities, clarifies the link between brand strategy formulation and BSI, and answers to the question of how concerning BSI capabilities affect firm performance. As for managerial implications, the paper supports organizations and managers in their efforts to enhance BSI effectiveness and BSI's contribution to firm performance by suggesting the key variables and mechanisms of effective BSI that deserve managerial attention.

Following a review of the literature on BSI, a conceptual framework is introduced and propositions are developed. The paper concludes with the framework's implications for theory and management and suggestions for future research.

Literature review

Figure 1 illustrates the organizing framework for the literature review on BSI. In line with extant research (e.g., Noble and Mokwa 1999), the framework consists of four groups of variables:

- (1) BSI characteristics (e.g., BSI processes),
- (2) determinants of BSI (e.g., organization-related determinants),
- (3) outcomes of BSI (e.g., firm performance), and
- (4) variables that moderate relationships among the framework's variables.

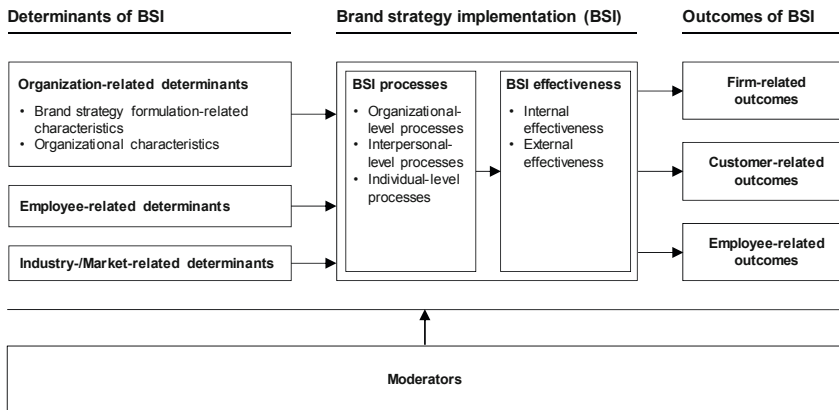


Figure 1: Organizing framework for literature review

Brand strategy implementation characteristics

Bonoma (1984; 1985) has developed the basis of a comprehensive conceptualization of strategy implementation in marketing. Brand strategy implementation (BSI) is defined as the communication, interpretation, adoption, and enactment of a brand strategy or a brand strategy initiative (Noble and Mokwa 1999). As Table 1 shows, research on BSI has addressed both its effectiveness and processes.

Author(s)	E/ C	Theoretical foundation	Focus	Key findings
<i>BSI effectiveness</i>				
Bonoma (1984)	C -		Effective implementation of marketing strategies	Argues that marketing strategy formulation and implementation affect each other. Proposes four types of managerial skills that facilitate implementation: (1) interacting with parties involved in implementation, (2) allocating resources, (3) monitoring information and control systems, and (4) organizing information flows internal and external to the organization.
Nutt (1998)	E -		Success of managerial implementation approaches in strategy execution	Conceptualizes and empirically measures implementation success with multiple measures related to adoption (sustained and complete), economic value (decision value rating) and efficiency (duration).
Noble and Mokwa (1999)	E	Grounded theory	Antecedents to marketing strategy implementation effectiveness	Study focuses on antecedents to marketing strategy implementation effectiveness with a particular interest in the influence of managerial commitment to strategy on strategy implementation. Defines implementation success as the degree to which an implementation effort is considered successful by the organization (i.e. measured by managerial perceptions on the implementation success of the strategy under question).
Slater, Hult, and Olson (2010)	E	Contingency theory	Impact of environmental conditions and business unit strategy on marketing strategy creativity and strategy implementation effectiveness	Confirms positive relationship between marketing strategy implementation effectiveness and firm performance. Demonstrates that marketing implementation effectiveness is significantly related to firm performance for Low Cost Defenders but not related to performance for Analyzers or Differentiated Defenders.
Rosier, Morgan, and Cadogan (2010)	E -		Antecedents to and consequences of mid-level marketing managers' procedural justice perceptions	Argues that implementation effectiveness of well-formulated strategies by mid-level managers will lead to better market performance and confirms the hypothesized positive impact of marketing strategy implementation effectiveness on market performance.
<i>BSI processes on organizational level</i>				
Bonoma (1985)	C -		Conceptualization of marketing strategy implementation	Develops a conceptual model of marketing implementation. Applies a case study approach to investigate differences between strategists and implementers (e.g., highlights that implementers emphasized the role of corporate culture in both strategy formulation and implementation less than strategists did).
Argyris (1989)	C	Theory of organizational learning; Theories of control	Organizational defensive routines as obstacles to successful strategy implementation	Refers to organizational defensive routines as commonly accepted actions or practices that prevent an organization's members from being embarrassed and, simultaneously, hinder them from learning how to eliminate the causes for the discomfort. Raises the issue that most companies develop those routines, which may also lead to differences in the perception of strategy and implementation-related issues, and, thus, irritate or decrease the level of implementation success.
Day (1994)	C	Capabilities approach to strategy; Resource-based theories	Role of an organization's capabilities in supporting market orientation	Theorizes on the identification and use of particular classified capabilities on the organizational level according to the orientation and focus of the defining processes along a spectrum: Outside-in processes (external emphasis), inside-out processes (internal emphasis), and spanning processes (integrative). Emphasizes that market-oriented firms shift the span of all processes more to the external end of the orientation dimension and employ unique capabilities that differentiate them from others.
Piercy (1998a)	C	Application of lean thinking for the analysis of the role of marketing	Marketing strategy implementation in the context of a weakening marketing paradigm	Describes an organization's implementation capabilities as a function of the individuals' behaviors and motivation and the underlying organizational context in which the process operates. Conceptualizes that the underlying beliefs and attitudes of an organization's members, as well as prevailing management interests, corporate culture and the weakening of the marketing paradigm (i.e. the loss of the formal organizational role of the marketing discipline as a strategic force in the organization) influence the effectiveness of strategy implementation.

Note. E: Empirical study; C: Conceptual study.

Table 1: Selected literature on Brand Strategy Implementation (BSI) characteristics

Author(s)	E/ C	Theoretical foundation	Focus	Key findings
<i>BSI processes on organizational level (continued)</i>				
Kostova and Roth (2002)	E	Institutional theory; Reference to Tolbert and Zucker (1996)	Adoption of organizational practices by subsidiaries of multinational corporations in the context of institutional duality; implementation and internalization	Conceptualizes and models the adoption of organizational practices (in a strategic business unit context) in two dimensions: (1) Implementation as a behavioral dimension, referring to external and objective behaviors and corresponding actions required or implied by the practice. (2) Internalization as an attitudinal dimension in terms of employees' appraisal of the new practice as valuable and employees' commitment to the respective practice.
Miller, Wilson, and Hickson (2004)	E -	-	Organizational context conditions and managerial activities related to implementation	Argues that managerial expertise and know-how on previous, similar strategic efforts facilitate implementation efforts. First empirical findings show that implementation efforts tend to fail if both the experience-based approach (i.e. related to the organizational experience base and results from the activities of planning and organizing) and the readiness-based approach (i.e. related to a "receptive" climate that provides the favorable conditions for implementation) are absent. Also, highlights findings related to the strategy formulation process and reveals no significant influence of the manager's know-how on how the strategic decision was made (decision process) on performance.
Chimhanzi and Morgan (2005)	E	Constituency-based theory of the firm (Anderson, 1982)	Examination of relationship factors in the context of the marketing/HR dyad in service firms and the impact on psychosocial variables	Confirms positive relationships between organizational BSI process variables (i.e. senior management support, relationship effectiveness) on BSI effectiveness and analyzes the relationships between interpersonal BSI process variables (e.g., connectedness, interpersonal communication, informal integration) and organizational BSI process variables (e.g., relationship effectiveness and interfunctional conflict as psychological variables).
Pryor, Anderson, Toombs, and Humphreys (2007)	C	Reference to conceptualization of core competency by Hamel et. al. (1990)	Integrative model of effective strategy implementation	Highlights the central role of implementation and develops an attempt of a comprehensive integrative model of effective strategy implementation that is comprised of 5 P's (i.e. purpose of the firm, principles of the organization, processes, people and performance). Argues in favor of strategy implementation as core competency.
<i>BSI processes on interpersonal level</i>				
Noble (1999)	C -	-	Comprehensive overview on conceptualizations and definitions of implementation	Proposes interpersonal views of process as the second key dimension of strategy implementation besides organizational and individual level, as also outlined by Noble and Mokwa (1999). Suggests that the interpersonal process view focuses on strategic consensus among managers, autonomous strategy behaviors, diffusion-related processes, and the effects of leadership and implementation styles, communication and other interaction processes.
Kennedy, Goolsby, and Arnould (2003)	C	Theory of customer orientation; Reference to Kohli and Jaworski (1990)	Organizational adoption of a customer-oriented policy by refining understanding on the role of interfunctional coordination	Theorizes interfunctional coordination of work processes with the ultimate customer driven by prioritization, personalization and empowerment as a key success factor in strategy implementation. Draws on Kohli and Jaworski's (1990) hypothesis that organizational consistency (both in formal and decentralized approaches) leads to the improved "esprit de corps" that is associated with improved performance outcomes.
Wieseke, Homburg, and Lee (2008)	E	Expectancy theory; Social learning theory; Theory of planned behavior	Adoption of new brand strategy by sales force	Confirms the cross-level effect that sales managers' adoption positively influences salespeople's brand adoption. Both sales managers and salespeople use their personal perceptions of innovative brand attributes to form an expectation of likely customer demand (positive influence). Analyzes besides these interpersonal BSI process variables also various organization- and employee-related determinants and interpersonal and individual-level BSI process variables.
<i>BSI processes on individual level</i>				
Noble and Mokwa (1999)	E	Grounded theory	Influence of managerial commitment to strategy on SI	Focuses on mid-level managers' perceptions of strategy-related implementation-role-related factors including a manager's commitment to strategy as influencing part of BSI on the individual level.

Note: E: Empirical study; C: Conceptual study.

Table 1: Selected literature on Brand Strategy Implementation (BSI) characteristics (continued)

Research on BSI effectiveness relates to the degree to which an implementation effort is considered successful by its organizational members (Noble and Mokwa 1999), differentiating between *internal effectiveness* (e.g., the degree to which organizational members display strategy-conforming behavior) and *external effectiveness* (e.g., customers perceive the brand image as intended by the organization) (e.g., Brakus et al. 2009). Research on BSI processes involves *organizational-level processes*, *interpersonal-level processes* (Kennedy et al. 2003), and *individual-level processes* (Noble and Mokwa 1999).

As Table 1 shows, prior research on BSI has investigated numerous variables related to organizational-level processes (e.g., implementation capabilities, communication) (Noble and Mokwa 1999; White et al. 2003), interpersonal-level processes (e.g., empowerment, managers' implementation approach), and individual-level processes (e.g., strategy commitment, intellectual and emotional involvement). While prior research has produced many insights on BSI (e.g., on the importance of mid-level managers and employees for BSI), no research has yet integrated the many findings and linked them to an established body of theory (Keller and Lehmann 2006; Pryor et al. 2007; Shocker et al. 1994).

Determinants of brand strategy implementation

As Table 2 shows, BSI determinants investigated in the literature relate to characteristics of an organization's strategy formulation process, its employees, industry and market.

Author(s)	E/ C	Theoretical foundation	Focus	Key findings
<i>Strategy formulation-related determinants</i>				
Hambrick and Cannella (1989)	C	-	Communication and interaction processes in implementation	Conceptualizes key characteristics of successful strategists: flexible, open-minded and with a permanent focus on potential threats to strategy implementation. Emphasizes that strategists require the skill to envisage potential implementation obstacles already during strategy formulation.
Floyd and Woodridge (1992)	C	-	Strategic consensus as a source of ineffective strategy implementation	Theorizes that successful strategy implementation depends on the level of managerial strategic consensus, i.e. the level of shared understanding and commitment among managers. Besides the level of consensus (strong, low, informed skepticism, blind devotion), consensus content and scope characterize the role of consensus in strategy formulation and implementation.
Egelhoff (1993)	C	-	Comparison of competitive modes of superior strategy vs. superior strategy implementation	Analyzes the competitive modes of superior strategy in terms of unique strategies in contrast to a focus on "superior" implementation (i.e. alternating the nature or intensity of implementation, viewing implementation as strategic rather than as a purely operational task). Argues that competitors with superior implementation may even outperform their counterparts with superior strategies because of their particular superior implementation capabilities.
Noble and Mokwa (1999)	E	Grounded theory	Influence of managerial strategy commitment on strategy implementation	Empirically confirms that managers' implementation performance as an individual BSI process variable has a positive impact on implementation success. Also confirms the strong direct effect of buy-in on implementation success.
Menon, Bharadwaj, Adidam, and Edison (1999)	E	Organizational learning theory	Process issues in making marketing strategy	Confirms the positive impact of organizational BSI process variables (i.e. consensus commitment, resource commitment) and strategy-related characteristics (e.g., strategy creativity, situation analysis) on organizational learning. Analyzes the process of making marketing strategy, which can be interpreted as capabilities of the strategist.
Atuahene-Gima and Murray (2004)	E	Institutional theory; Contingency theory	Marketing strategy comprehensiveness (MSC)	Confirms process reward, extra-industry relationships of project members and collaborative conflict resolution (not hypothesized) as positive antecedents of MSC, which is a key component of a quality marketing strategy.
Thorpe and Morgan (2007b)	E	-	Evaluation of types of strategy implementation against contextual and process characteristics of marketing strategy implementation from mid-level managers' perspective	Confirms that marketing strategy implementation is more effective in the case of hierarchical structures and strong top-down influences (in contrast to the literature that also emphasizes bottom-up planning approaches), because hierarchical implementation styles positively contribute to the performance of the executed strategies.
<i>Employee-related determinants</i>				
Hardaker and Fill (2005)	C	-	Role of employee involvement in internal branding processes	Argues for considering employees' preferred information-processing style as an influencing factor on the degree of subsequent brand-conforming behavior. Revealed communication strategy and employees' intellectual and emotional involvement as key components of the internal branding process, based on a case study approach.
<i>Industry-/Market-related determinants</i>				
Menon, Bharadwaj, Adidam, and Edison (1999)	E	Organizational learning theory	Process issues in making of marketing strategy	Confirms environmental turbulence as a positive influencing factor on organizational learning.
Wieseke, Homburg, and Lee (2008)	E	Expectancy theory; Social learning theory; Theory of planned behavior	Adoption of new brand strategy by sales force	Identifies the positive influence of market competitiveness on adoption as an individual-level BSI process variable.

Note. E: Empirical study; C: Conceptual study.

Table 2: Selected literature on determinants of Brand Strategy Implementation (BSI)

Some research on organization-related determinants of BSI has dealt with strategy formulation and other potential determinants of BSI (e.g., buy-in, consensus commitment). A few studies have focused on identifying the characteristics of the strategy formulation process that are relevant to BSI, the characteristics of brand strategists¹ (e.g., flexibility, open-mindedness), and the characteristics of brand strategy itself (e.g., fit with the external environment) as possible determinants of BSI. While this research has suggested that brand strategists and brand strategies affect BSI, it has not provided a systematic investigation of what characteristics of strategists and strategies do so.

Research has also investigated employee-related determinants of BSI (e.g., employees' self-efficacy, employees' organizational and role commitment) and industry-related determinants of BSI such as industry structure (e.g., Day 1994; Noble and Mokwa 1999), but the accumulated knowledge on these issues is limited.

Outcomes of brand strategy implementation

Table 3 shows that the outcomes of BSI addressed by prior research have related to the firm, its customers, and/or its employees.

¹ Referring to the person(s) primarily responsible for brand strategy formulation within an organization.

Author(s)	E/ C	Theoretical foundation	Focus	Key findings
<i>Firm-related outcomes of BSI</i>				
White, Conant, and Echambadi (2003)	E	Hart and Banbury (1994); Resource based view; Theory of competitive rationality	Implementation capability as mediator between variables of strategy formulation process (i.e. marketing strategy development (MSD) styles) and firm performance	Confirms the positive impact of implementation capability on firm performance. Provides evidence of implementation capability as a full mediator on the relationship between strategy formulation characteristics (i.e. the number of MSD styles used) and firm performance. Highlights the relationship between the number of MSD styles used and implementation capability as curvilinear (an inverse U-shaped relationship), resulting in a limit to the beneficial use of multiple MSD styles during strategy formulation (i.e. 3-4 MSD styles within one firm).
<i>Customer-related outcomes of BSI</i>				
Hartline and Ferrell (1996)	E	Banduara's (1977) Social learning theory; Job characteristic theory of Hackman and Oldham (1980)	Analysis of perceptions and judgments across managers, employees and customers	Demonstrates that employee's self-efficacy (a stronger effect than job satisfaction) and job satisfaction both increase perceived service quality. However, finds no evidence of a relationship between employee adaptability and customers' perception of service quality.
Brakus, Schmitt, and Zarantonello (2009)	E	Derivation of experiences from extensive literature review	Measurement of customers' brand experience and its impact on customer satisfaction and loyalty	Confirms the positive direct effect of customer's brand experience on both consumer satisfaction and loyalty as well as an indirect effect through brand personality. Conceptualizes customers' brand experiences as "subjective, internal consumer responses and behavioral responses to brand-related stimuli, measured along four dimensions" (i.e. sensory, affective, intellectual and behavioral).
<i>Employee-related outcomes of BSI</i>				
Miles and Mangold (2004)	C	-	Conceptualization of employee branding process	Anticipates higher levels of employee satisfaction and reduced employee turnover as employee-related consequences of the conceptualized employee branding process.
Morhart, Herzog, and Tomczak (2009)	E	Transactional leadership style; (Social) Identity theory; Motivation theory; Self-determination theory	Influencing factors on sales managers' brand adoption	Confirms that brand-specific transactional leadership (TRL) influences employees through a process of compliance, leading to increased turnover intentions and a decrease in in-role and extra-role brand-building behaviors. By contrast, points out that transformational leadership (TFL) influences employees through a process of internalization, leading to decreased turnover intentions and an increase in in-role and extra-role brand-building behaviors. Demonstrates that TRL is less effective and less functional than brand-specific TFL and can even reveal a dysfunctional pattern regarding its effects on follower's brand-building behaviors.

Note. E: Empirical study; C: Conceptual study.

Table 3: Selected literature on outcomes of Brand Strategy Implementation (BSI)

Research on firm-related outcomes of BSI is limited (Noble 1999; Keller and Lehmann 2006; Piercy 1998a); in fact, few empirical studies have been conducted recently on the relationship between BSI effectiveness and firm performance (Slater et al. 2010; Rosier et al. 2010; Atuahene-Gima and Murray 2004), while most research has focused on firm-related outcomes of various BSI process variables, such as availability of relevant know-how and priority of implementation (Miller et al. 2004; Stock-Homburg 2008; Atuahene-Gima and Murray 2004). Some research also considered customer-related

outcomes such as customers' brand experience (Brakus et al. 2009) or perception of service quality (Hartline and Ferrell 1996). Because of the many different variables involved, the results have not provided a clear picture of how these variables relate to outcomes of BSI. Similarly, only a small amount of research has been done on customer-related outcomes of BSI (e.g., on customer satisfaction and loyalty) (Brakus et al. 2009) or employee-related outcomes of BSI (e.g., on employee satisfaction and retention) (Miles and Mangold 2004; Morhart et al. 2009).

Moderators

Table 4 illustrates that relatively little research has dealt with possible moderators of the relationships between BSI and its outcomes or determinants, respectively. Gupta and Govindarajan (1984) identified the type of strategy as a moderator on the positive relationships between employee-/manager-related personality characteristics, such as willingness to take risks or tolerance for ambiguity, and strategy effectiveness. Although few other relationships have been addressed, research on the moderators of BSI still is in its infancy.

Author(s)	E/ C	Theoretical foundation	Focus	Key findings
Gupta and Govindarajan (1984)	E	Contingency perspective; Decision theory; Resource allocation decision theory	Influence of managerial or personality characteristics of a strategic business unit's (SBU) manager on the manager's perceived effectiveness of strategy implementation at SBU level	Identifies the type of strategy (build, harvest) as a moderator on the positive relationships between employee-/ manager-related personality characteristics (i.e. willingness to take risks, tolerance for ambiguity and marketing/sales experience) and strategy effectiveness.
Piercy (1998a)	C	Application of lean thinking for the analysis of the role of marketing	Marketing strategy implementation in the context of a weakening marketing paradigm	Theorizes that the organizational stretch eventually required during strategy implementation may negatively influence implementation effectiveness, e.g., when a "believed" synergistic strategy (new strategy, good fit) reveals itself as a "stretch" strategy (new strategy, poor fit).
Atuahene-Gima and Murray (2004)	E	Institutional theory; Contingency theory	Antecedents and outcomes of marketing strategy comprehensiveness (MSC) as a key component of a quality marketing strategy	Confirms that implementation speed and technology uncertainty have positive moderating effects on the relationship between MSC (as a strategy characteristic) and performance. Demonstrates that market uncertainty has a negative moderating effect on the relationship between MSC and performance. Also identifies the moderating effects of conflict avoidance on the relationship between task conflict and MSC. Collaborative conflict resolution was not identified as a moderator of the relationship between task conflict and MSC.
Thorpe and Morgan (2007a)	E	Role theory; Locus-of-control concept	Role of mid-level marketing managers (MLMMs) in strategy implementation	Analyzes and confirms the moderating effects between employee-related determinants and individual-level processes, on one hand, and BSI effectiveness on the other. Firms where the MLMM's role performance is explained by an external (internal) locus-of-control, the product-market strategy is highly effective (ineffective). MLMMs with external locus-of-control view their behavior as strongly influenced by the firm's dominant system whereby external factors beyond their control determine the MLMM's role within the organization.
Wieseke, Homburg, and Lee (2008)	E	Expectancy theory; Social learning; Theory of planned behavior	Adoption of new brand strategy by sales force	Provides evidence of a moderating effect of an individual-level BSI process variable (expected customer demand of salespeople) on the cross-level effect, i.e. the influence of an organizational determinant (sales managers' brand adoption) on an individual-level BSI process variable (salespeople's brand adoption).
Morhart, Herzog, and Tomczak (2009)	E	Transactional leadership style; (Social) Identity theory; Self-determination theory; Motivation theory	Influencing factors on sales managers' brand adoption	Confirms brand-specific transactional leadership as a (managerial-level) moderator on the influence of brand-specific transformational leadership (TFL) in a non-linear, inverse U-shaped way, so that a medium level of transactional leadership (TRL) maximizes the positive effects of transformational leadership. The level of brand-specific TRL influences TFL: when applied at a low-moderate level, TRL "adds" to brand-specific TFL (thus strengthening the positive effects on followers' role experiences); however, when used at higher levels, TRL undermines the positive effects of TFL.

Note. E: Empirical study; C: Conceptual study.

Table 4: Selected literature on moderators of Brand Strategy Implementation (BSI)

Conclusion

The variety of conceptual work, along with the limited but growing body of empirical evidence has still not drawn a clear picture of what constitutes effective BSI, in part because some research has not used theory at all and other research has used a wide range of different theories. For example,

scholars have adopted grounded theory approaches (e.g., Menon et al. 1999; Noble and Mokwa 1999) and have used theories as diverse as role theories, social exchange theories, marketing control theories, and learning theories (King and Grace 2005; Thorpe and Morgan 2007a; Wieseke et al. 2008). The absence of theory in some research and the variety of theoretical approaches and perspectives in other research led Noble (1999) to label marketing strategy implementation research as "eclectic." Given the fragmented empirical evidence and the fact that what evidence there is has not been integrated systematically (Pryor et al. 2007), understanding of BSI and what makes it effective still requires conceptual research that integrates previous BSI-related research, organizes and explains existing evidence in the research (e.g., by using well established bodies of theory), and provides suggestions for theory-driven, systematic future research on BSI (Anderson 1983; Reibstein et al. 2009).

The literature review also shows that issues important to understanding effective BSI such as the conceptualization of organizational BSI capabilities, the effect of brand strategy formulation on implementation, and the relationship between organizational BSI capabilities and firm performance are still limited and require further investigation.

Conceptual framework and propositions

Figure 2 shows the conceptual framework proposed for investigating effective BSI. The basic elements of the framework are

- (1) BSI effectiveness,
- (2) implementation-related brand strategy formulation capabilities as determinants of BSI effectiveness,
- (3) firm performance as an outcome of BSI effectiveness, and
- (4) organizational learning capabilities (OLCs) as moderators of the relationship between brand strategy formulation capabilities and BSI effectiveness.

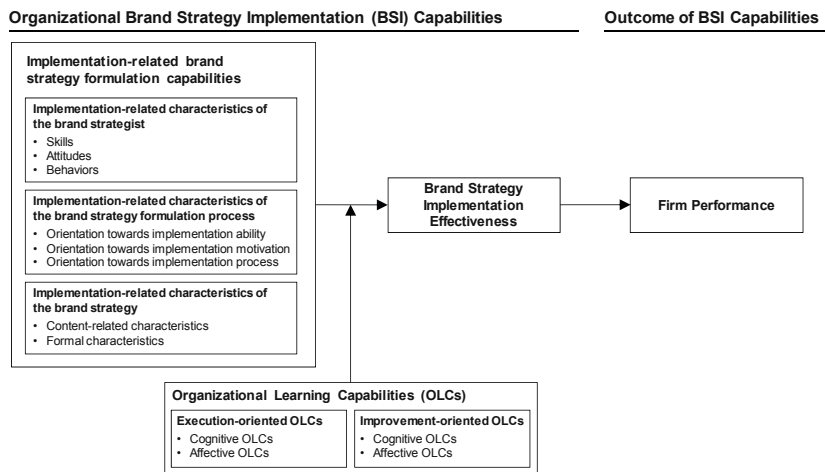


Figure 2: Conceptual framework

The framework links organizational BSI capabilities to firm performance and suggests that implementation-related brand strategy formulation capabilities, organizational learning capabilities (OLCs), and BSI effectiveness are core elements of organizational BSI capabilities. The framework organizes the key variables related to effective BSI and the extant evidence on it, building on scholars' conclusions that better integration of brand strategy formulation and brand strategy implementation would result in higher BSI effectiveness (Noble 1999; Thorpe and Morgan 2007b). More specifically, the rationale of the current research is that brand strategists, the strategy formulation process, and brand strategy, all of which are usually considered elements of strategy formulation, have implementation-related characteristics that strongly affect BSI effectiveness.²

Organizational learning theory (Argyris 1989; Huber 1991; Kim 1993; Levitt and March 1988) and the resource-based theory of competitive advantage (Barney 1991; Barney 2001) are used to link organizational

² While brand strategists may affect the brand strategy formulation process and, as an outcome of this process, the brand strategy (Menon et al. 1999), this paper focuses on these variables' direct effects on BSI effectiveness.

BSI capabilities to firm performance, and based on these theories, to identify key variables of effective BSI and to explain how these variables relate to one another (Sutton and Staw 1995). The framework focuses on a set of relationships that theory and previous research suggest are key to the investigation of effective BSI. However, based on its theoretical rationale, additional relationships may be identified and integrated into the framework.

Implementation-related brand strategy formulation capabilities and the effectiveness of brand strategy implementation

BSI effectiveness relates to an overall assessment of an organization's BSI efforts and is defined as the degree to which an implementation effort is considered successful by the organization (Noble and Mokwa 1999) in terms of the quality, time required, and costs of BSI efforts. These measures may involve objectives internal to the organization, such as strategy internalization or strategy-conforming behavior of employees, or external to the organization, such as customers' perceptions of the brand image (Nutt 1998; Chimhanzi and Morgan 2005; Kostova and Roth 2002;). Already more than 25 years ago Bourgeois and Brodwin (1984) argued that strategy formulation is closely related to strategy implementation. Implementation-related brand strategy formulation capabilities relate to the characteristics that affect the organization's learning in terms of understanding and use of the brand strategy (Menon et al. 1999; Miller et al. 2004), such as a brand strategist's implementation experience, the integration of implementation-relevant information into the strategy formulation process, and the extent to which a new brand strategy is different from the former brand strategy (Nutt 1998; Miller et al. 2004;). The present research proposes that such strategy formulation capabilities affect BSI effectiveness. This proposal builds on prior research that has suggested, and found some evidence, that characteristics of an organization's strategy formulation process may affect strategy implementation effectiveness (e.g., Bonoma 1985; Piercy 1998a). For

example, some researchers theorized that a strategist's implementation experience and the organization's consensus on strategy have a positive influence on strategy implementation (Floyd and Wooldridge 1992; Menon et al. 1999; Miller et al. 2004). Other researchers have found that certain characteristics of the marketing strategy formulation process and the marketing strategy itself affect strategy implementation (Bonoma 1985; Menon et al. 1999; Noble and Mokwa 1999; White et al. 2003).

The theoretical rationale for linking organizations' capabilities in brand strategy formulation with BSI effectiveness rests on organizational learning theory (Argyris 1989; Huber 1991; Kim 1993). This theoretical approach is in line with prior research that suggests interpreting strategy implementation as an organizational learning effort (Argyris 1989) that may involve organizational-level, interpersonal-level, and individual-level characteristics of BSI. Learning increases the organization's capacity to take effective action (Kim 1993), and BSI starts with a new strategy that must be learned by the organization, unfolds as an organizational learning process (i.e. attempts to integrate the new brand strategy into the organization's knowledge base and behavior), and produces a given implementation level of the brand strategy as the result of the brand strategy-related learning effort of the organization (i.e. BSI effectiveness) (Hurley and Hult 1998; Slater and Narver 1995).

Based on organizational learning (OL) theory, BSI effectiveness is argued to increase (decrease) to the extent to which the characteristics of an organization's brand strategy formulation facilitate (inhibit) the organization's strategy-related organizational learning. The framework distinguishes among three groups of brand strategy formulation variables related to BSI: implementation-related characteristics of the (a) brand strategist, (b) the brand strategy formulation process, and (c) the brand strategy itself.

Implementation-related characteristics of the brand strategist. Brand strategists are those responsible for the formulation or modification of brand

strategies (Aaker 1996; Low and Fullerton 1994)³. Bonoma (1984) has made a distinction between specific skills of strategists and implementers. Implementation-related characteristics of brand strategists in the current research refer to their skills, attitudes, and behaviors that affect the organization's learning of the brand strategy. While *implementation-related skills* refer to variables such as a brand strategist's BSI experience, ability to anticipate possible BSI obstacles, and knowledge about BSI processes (Hambrick and Cannella 1989; Miller et al. 2004), *implementation-related attitudes* involve variables such as a brand strategist's attitude towards those who implement or execute the brand strategy (e.g., brand managers, key account managers, customer-contact employees) and the strategist's attitude towards BSI in general (Piercy 1998a). *Implementation-related behaviors* include the strategist's orientation towards implementation and the strategist's implementation approach (Nutt 1983; Nutt 1998) and relative focus on ease of implementation (as opposed to strategy strength) in developing a brand strategy.

This research paper proposes that brand strategists' characteristics affect BSI effectiveness because prior research has suggested that strategy formulation affects the effectiveness of BSI (White et al. 2003) and because brand strategists are key actors in developing brand strategies (Low and Fullerton 1994). Further, some of the conceptual research has suggested that strategists may have characteristics that are related to effective strategy implementation (e.g., Hambrick and Cannella 1989). Against this background and based on this paper's theoretical rationale, it is argued that brand strategists affect the extent to which an organization may learn (i.e. implement) the brand strategies developed by the strategists. For example, brand strategists who have considerable implementation experience should be more aware of the fact that to achieve strategy effectiveness BSI is

³ A brand strategist's function may also be carried out by a team (Aaker 1996; Menon et al. 1999). Then, the strategist's characteristics discussed subsequently would relate to the brand strategy team.

required and should be better able to plan for and ensure effective BSI processes (Miller et al. 2004) than less experienced strategists are. For example, brand strategists with a negative attitude towards customer-contact employees may consider these employees' opinions about the strategy irrelevant and thereby negatively affect those employees' intentions to display brand-conforming behavior. Further, brand strategists who engage in behaviors aimed at facilitating a brand strategy's implementation while they develop the strategy (e.g., pre-announcing strategy changes to brand managers) make it easier for the organization to adapt and align organizational structures and routines with the new brand strategy. Although empirical evidence on the relationship between brand strategists and BSI effectiveness is virtually non-existent, based on the rationales the following is proposed:

P1: The brand strategist affects BSI effectiveness.

Or, as examples of more specific propositions:

P1: Brand strategists' implementation experience (a), attitude towards customer-contact employees (b), orientation towards implementation (c) positively affect BSI effectiveness.

Implementation-related characteristics of the brand strategy formulation process. A brand's strategy formulation process is the set of activities, processes and routines involved in its design (Menon et al. 1999). Implementation-related characteristics of this process refer to those components of the process that affect the organization's learning of the brand strategy. These characteristics involve aspects of the brand strategy formulation process such as the analysis of an organization's capability, the implementation team's motivation, and feasible ways of implementing the strategy. The integration of these implementation-related characteristics into the conceptual framework reflects both the growing recognition of the intertwined nature of strategy formulation and implementation as well as some

empirical evidence on the effects of strategy formulation processes on implementation (Hutt et al. 1988; Menon et al. 1999).

The framework distinguishes among three groups of variables related to the brand strategy formulation process:

- (1) *Orientation towards implementation ability*, which is comprised of strategy formulation activities oriented to formulating a strategy that can be implemented by the organization (e.g., by analyzing organizational strengths and weaknesses, assessing the feasibility of strategic objectives, integrating implementation managers into the strategy design process),
- (2) *Orientation towards implementation motivation*, comprising strategy formulation activities oriented to a strategy that motivates the organizational members to implement it (e.g., by identifying relevant motives of organizational members important to effective implementation, assessing the fit between the brand strategy and employees' values), and
- (3) *Orientation towards implementation process*, which is comprised of strategy formulation activities oriented at a strategy that reflects feasible ways of executing the strategy (e.g., by considering alternative courses of implementation, assessing the fit between possible strategies and implementation processes).

This differentiation reflects prior research on the distinct types of organizational learning processes that contribute to effective organizational learning (e.g., Kim 1993), such as knowing what to do, and why and how to effectively implement a new brand strategy.

Thus, this research proposes that the greater the extent to which the types of organizational learning are considered during the brand strategy formulation process (i.e. the better the orientations towards implementation ability, implementation motivation, and implementation process during the strategy formulation process), the more effective the BSI. This proposition is in line with Hambrick and Cannella's (1989) suggestion that implementation-

related aspects need to be considered already during the strategy formulation phase. The proposition also builds on preliminary empirical evidence. For example, Miller, Wilson and Hickson (2004) found strategy implementation to be affected by the extent to which what had to be done was determined beforehand. Hence,

P1: The brand strategy formulation process affects BSI effectiveness.

As shown previously, the framework also allows the derivation of more specific propositions by identifying learning-related characteristics of the formulation process. For example,

P2: Considering the roles of implementation managers (a), assessments of strategy-employee fit (b), and implementation process (c) positively affects BSI effectiveness.

Implementation-related characteristics of brand strategy. Implementation-related characteristics of a brand strategy are defined as the content-related and formal attributes of the brand strategy that affect the organization's learning of the brand strategy. Content-related characteristics involve variables such as brand strategy type (e.g., functional, symbolic) (Park et al. 1986), brand personality (Aaker 1997), and the brand strategy's fit with the organization's overall vision (Noble and Mokwa 1999). Formal brand strategy characteristics refer to variables such as the strategy's clarity (Thorpe and Morgan 2007b), creativity (Menon et al. 1999; Nutt 1998), and complexity (Tornatzky and Klein 1982). Prior research has suggested that the distinctions among content-related and formal strategy characteristics are relevant for future research (Varadarajan and Jayachandran 1999).

The present research proposes that one effect that brand strategy characteristics have on BSI effectiveness is related to what an organization has to learn during its implementation efforts. What an organization has to learn has been shown to influence an organization's ability to learn (i.e. organizational learning) (Argyris 1994; Beer and Eisenstat 2000).

The rationale for this proposal is in line with prior research that provides some empirical evidence for the influence of a business's characteristics, along with the characteristics of its marketing strategy on implementation (e.g., Noble and Mokwa 1999; Menon et al. 1999; Nutt 1998; Park et al. 1986).

Based on this paper's theoretical perspective, specific brand strategy characteristics that are relevant to BSI (i.e. those that affect an organization's ability to learn the strategy) can be identified. For example, symbolic brand strategies are more difficult to understand because they involve more abstract meanings and tacit knowledge than functional brand strategies do (Park et al. 1986). Therefore, the type of brand strategy should impact BSI effectiveness in that functional brand strategies should be implemented more effectively than symbolic brand strategies. As the complexity of brand strategy increases, organizational members find it more difficult to understand the strategy and integrate its various facets into their daily behavior and organizational routines (Tornatzky and Klein 1982). Thus, the complexity of a brand strategy is expected to have a negative influence on BSI effectiveness. Since extant empirical evidence on marketing strategy implementation provides support for the organizational learning-based rationale that links brand strategy and BSI effectiveness (e.g., Menon et al. 1999; Noble and Mokwa 1999), it is proposed:

P3: The brand strategy affects BSI effectiveness.

Examples for more specific propositions are:

P3: A functional brand strategy leads to more effective BSI than a symbolic brand strategy (a), and brand strategy complexity negatively affects BSI effectiveness (b).

Organizational learning capabilities as moderators of BSI effectiveness

Organizational learning capabilities (OLCs) are defined as all characteristics and activities of an organization and its members that contribute to the development of an organization's knowledge base and behavior (Huber 1991).

As organizational learning involves translating an organization's knowledge base into employee behaviors and integrating employees' experiences and accumulated knowledge into the organization's knowledge base (Kim 1993; Sinkula 1994), OLCs are comprised of *organizational-level* variables (e.g., organizational information processing and culture), *interpersonal-level* variables (e.g., mid-level managers' implementation approaches and leadership styles), and *individual-level* variables (e.g., employees' attitudes about sharing information and supporting change initiatives) (Homburg et al. 2007; Huber 1991; Shrivastava 1983; Sinkula 1994).

In this paper, two types of OLCs are conceptualized:

- (1) *execution-oriented OLCs* that primarily relate to executing a given brand strategy and
- (2) *improvement-oriented OLCs* that mainly refer to making improvements to a brand strategy and related implementation processes while implementing the brand strategy.

This distinction rests on the difference between single-loop learning and double-loop learning suggested in extant research (Argyris 1989; Argyris and Schön 1978; Kim 1993). "*Single-loop learning*" aims at better matching outcomes of organizational actions with intentions (e.g., by correcting ineffective activities) while "*double-loop learning*" aims at improving an organization's knowledge (e.g., by questioning and updating norms, practices, and underlying assumptions and beliefs hitherto accepted in the organization). While execution-related OLCs build on the literature on business and marketing strategic planning, which suggests that efficient implementation of deliberate strategies is the main goal of BSI, improvement-related OLCs focus on how incremental strategy formulation and strategy implementation processes may improve a strategy's effectiveness and implementation (e.g., Menon et al. 1999; Mintzberg and Quinn 1996).

Further, in line with extant research (Homburg et al. 2007; Huber 1991; Shrivastava 1983; Sinkula 1994), a distinction is made between cognitive and affective OLCs. *Cognitive OLCs* involve the characteristics and activities of an

organization and its members that affect the organization's learning and that are either formally planned and established by the organization or relate to employees' cognitive characteristics. Therefore, cognitive OLCs are comprised of organizational-level variables such as an organization's information-processing procedures and standard operating procedures (Homburg et al. 2007); its interpersonal-level variables, such as formal communication and task-oriented conceptualizations of leadership (e.g., task-oriented leadership, transactional leadership) (Morhart et al. 2009); and its individual-level variables, such as implementation experience and brand-oriented boundary spanning behaviors (e.g., Bettencourt and Brown 2003). In contrast, *affective OLCs* are not formally planned and established by the organization. Examples of affective OLCs are organizational-level variables, such as the learning orientation of an organization's culture and employees' shared values (Hurley and Hult 1998), interpersonal-level variables such as informal communication and person-oriented conceptualizations of leadership (e.g., person-oriented leadership, transformational leadership) (Morhart et al. 2009), and individual-level variables such as commitment to a strategy and resistance to change (Noble and Mokwa 1999; Punjaisri and Wilson 2007).

This paper proposes that OLCs moderate the relationships between the characteristics of brand strategy formulation (i.e. the implementation-related characteristics of the brand strategist, the brand strategy formulation process, and the brand strategy itself) and BSI effectiveness. More specifically, it is expected that the effects of an organization's implementation-related brand strategy formulation capabilities on BSI effectiveness are positively affected by the organization's execution-oriented OLCs and negatively affected by its improvement-oriented OLCs. Execution-oriented OLCs "amplify" the implementation effects of brand strategy formulation. Although improvement-oriented OLCs may "repair" the resulting difficult implementation efforts resulting from poor implementation-related brand strategy formulation capabilities (e.g., from a complex brand strategy) when implementation-related brand strategy formulation capabilities are strong, they may also lead

to a reduction in implementation efficiency without gaining much implementation effectiveness.

The distinction between cognitive and affective OLCs is also meaningful because it allows for the derivation of distinct hypotheses. For example, symbolic brand strategies involve more abstract meanings and tacit knowledge than functional brand strategies do (Park et al. 1986) and, thus, relate more closely to values stored in the organizational culture than to information that could be processed by an organization's information system (cf. Homburg et al. 2007). Thus, it is proposed that affective improvement-oriented OLCs can "repair" the implementation problems of symbolic brand strategies that are due to complexity better than cognitive improvement-oriented OLCs can.

Given some preliminary evidence that supports the rationales (e.g., Homburg et al. 2007; Hardaker and Fill 2005; Miller et al. 2004), it is proposed:

P4: OLCs moderate the relationships between brand strategy formulation capabilities and BSI effectiveness.

Or, as examples for more specific propositions:

P4: Execution-oriented OLCs enhance the relationship between brand strategy complexity and BSI effectiveness (a) while improvement-oriented OLCs diminish that relationship (b).

Brand strategy implementation capabilities and firm performance

The framework links organizations' BSI capabilities (i.e. implementation-related brand strategy formulation capabilities, organizational learning capabilities, and BSI effectiveness) to firm performance, which refers to brand-related outcome measures such as a brand's sales, market share, profit contribution, and brand equity (Wong and Merrilees 2007) and overall performance measures such as a firm's profit and value (Rao et al. 2004; Morgan and Rego 2009).

Using the resource-based view of competitive advantage (Barney 1991) as a theoretical foundation, it is proposed that organizations' BSI capabilities positively affect firm performance. From this perspective, organizations' BSI capabilities are valuable resources that are rare (as the high amount of implementation failures indicates; e.g., Aaker and Joachimsthaler 2000; Hutzschenreuter and Kleindienst 2006; Pryor et al. 2007; Wong and Merrilees 2007) and can not be substituted or easily imitated (e.g., because they are socially complex; Aaker 1996).

The proposed positive effect of organizations' BSI capabilities on firm performance is not trivial because, if brand strategies are poor, strong strategy implementation capabilities would lead to effective implementation of the poor strategies and, thereby, negatively affect firm performance (Atuahene-Gima and Murray 2004). However, given that the comprehensive conceptualization of organizations' BSI capabilities is comprised of improvement-oriented OLCs, it is proposed that organizations that have strong BSI capabilities engage in BSI processes that may remedy weak brand strategies or difficult BSI processes that result from poor implementation-related brand strategy formulation capabilities. Thus, the framework predicts a consistently positive effect of organizations' BSI capabilities on firm performance. This prediction is consistent with conceptual suggestions by Pryor et al. (2007) and White, Conant and Echambadi's (2003) empirical findings of a positive effect of strategy implementation capability on performance. Recent research on BSI effectiveness also tends towards a positive relationship between the effectiveness of strategy implementation and firm performance (Rosier et al. 2010; Slater et al. 2010).

The framework may also be used to investigate how specific organizational BSI capabilities relate to firm performance. For example, the implementation focus of brand strategy formulation, defined as the extent of an organization's focus on strategy implementation relative to its focus on strategy effectiveness during the organization's brand strategy formulation, could be a characteristic of organizations' BSI capabilities because it impacts

the organization's ability to learn the brand strategy. The relationship between the implementation focus of the brand strategy formulation process and firm performance is expected to take an inverted U-shape, because a strong focus on strategy implementation – and, thus, a weaker focus on strategy effectiveness – would increase BSI effectiveness at the expense of the strategy's performance outcomes. Conversely, a weak focus on strategy implementation – and, thus, a strong focus on strategy effectiveness – would result in a highly effective strategy with little impact on performance, because of its poor implementability. Taken together, these two proposals suggest that a "balanced" approach would lead to the best firm performance:

P5: Organizations' BSI capabilities increase firm performance.

An example of a more specific proposition would be

P5: The relationship between the implementation focus of a brand strategy formulation process and firm performance takes an inverted U-shape.

Conclusion

Although previous marketing and strategy implementation research has provided empirical findings on BSI and its link to firm performance, efforts to integrate them systematically (e.g., by linking them to established bodies of theory) have not been consistent, so these findings remain scattered and fragmented (Anderson 1983; Noble 1999). Since a research area like this one requires conceptual research (Anderson 1983; Reibstein et al. 2009), the existing conceptual and empirical literature on BSI was reviewed and, based on the literature review, a framework of effective BSI that is in line with extant evidence was suggested. This framework integrates previous BSI-related research, organizes and explains the existing evidence provided by this research, and provides suggestions on which future theory-driven research on BSI can be based.

In terms of theory, this paper identifies the core elements of organizational BSI capabilities (i.e. implementation-related brand strategy formulation capabilities, execution- and improvement-oriented OLCs, and BSI effectiveness), suggests organizational learning theory and the resource-based view as useful in linking organizations' BSI capabilities to firm performance, and based on these theories, identifies the key variables and mechanisms of effective BSI (Sutton and Staw 1995). Further, it clarifies the link between brand strategy formulation and BSI, which the literature review has identified as important, but which has been largely overlooked by previous research. Also, the paper provides an answer to the question concerning how organizations' BSI capabilities affect firm performance, adding to the literature on performance-related organizational skills (Day 1994).

The paper also suggests key variables and mechanisms on which managers should focus in their efforts to enhance BSI effectiveness and BSI's contribution to firm performance. For example, the framework leads to the suggestion that managers should be aware of the effects of brand strategy formulation on implementation, the BSI capabilities that can improve poor brand strategies and implementation processes, and trade-offs between brand strategy formulation and BSI effectiveness.

Future research may test the framework using the examples provided of how the framework may be used to identify relevant relationships and derive testable hypotheses. Moreover, future research may also refine the framework since, with this paper's focus on organizations' BSI capabilities, possible moderators of the relationship between those capabilities and firm performance are not investigated even though previous research on the resource-based view would suggest that there are variables that affect this relationship (e.g., market turbulence) (Barney 2002). Thus, identifying these variables would provide valuable avenues for future research.

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Paper II

The Strategy Implementation Capability (SIC) Scale: A Learning-Based Measure of How To Make Strategy Implementation Effective

Although scholars and managers agree on the relevance of effective strategy implementation (SI) for performance, related research remains limited and SI effectiveness still is not understood well. This is mainly because research largely has neglected to focus on SI as a key organizational capability. Drawing on organizational learning (OL) theory, this paper provides a conceptualization of and develops a higher-order measure for a firm's strategy implementation capability (SIC). The scale is validated and empirically tested with two samples (sample 1: 268 senior implementation managers with experience in strategy implementation; sample 2 with 72 strategy developer-implementer dyads). Additionally, the paper proposes reduced scales of the construct of SIC for easier integration into future implementation-related research. In terms of theory, this paper advances our understanding of organizational capabilities and SI effectiveness. Managerially it suggests ways to build and manage this important resource effectively for competitive advantage.

Keywords:

Strategy implementation, organizational learning, organizational capabilities, scale development, higher-order construct

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Researchers and managers alike seek to understand strategy implementation (SI). There is broad agreement among scholars that SI is important in enhancing firm performance (e.g., Aaker 1996; Bonoma 1984; Keller and Lehmann 2006). Extant literature even suggests that

"ineffective implementation can cripple the firm"
(Pryor et al. 2007, p. 4)

and that

"strategy execution will emerge as one of the critical sources of sustainable advantage in the twenty-first century."
(Bigler 2001, p. 29).

Consequently, research has begun to investigate effective SI efforts empirically (e.g., Ailawadi et al. 2001; Noble 1999), although this research still is limited and SI effectiveness still is not well understood (Chimhanzi and Morgan 2005; Hickson et al. 2003; Hutzschenreuter and Kleindienst 2006; Menon et al. 1999; Noble and Mokwa 1999; Piercy 1998a). Thus, despite significant investments in SI efforts many of these initiatives fall far short expectations (Bigler 2001; Hickson et al. 2003; Ind 2007; Wong and Merrilees 2007).

Two important factors have particularly contributed to the limited understanding on effective SI. First, research has largely failed to focus on SI as a key organizational capability. It has been already theorized that a firm's SI capabilities may play an important role in understanding effective strategy implementation and superior firm performance. For example, more than 15 years ago, Egelhoff (1993, p. 49) observed:

"More firms need to shift (...) from relying on superior strategy to developing superior strategy implementation capabilities,"

and Pryor et al. (2007, p. 3) recently called for research with a focus on

"a more inclusive framework so that strategic implementation (...) might emerge as a core competency."

A likely reason for the dearth of research on implementation-related firms' capabilities is the absence of a sound conceptualization and the lack of a valid

measure of a firm's strategy implementation capability (SIC). The present research fills this important void. Second, previous research on SI often failed to account sufficiently for issues related to organizational learning, and

"[i]t is when we neglect the learning aspects of the social system that we begin to fail at the implementation of strategic plans."
(Schwandt 1997, p. 355).

The objective of this paper is to address these important issues related to prior research and to stimulate implementation-related research by identifying the construct of a firm's strategy implementation capability as the key to understanding SI effectiveness, by conceptualizing the construct, and by developing a measure for the construct. Specifically, the paper:

- (1) Suggests a conceptualization of the construct of a firm's strategy implementation capability (SIC) based on organizational learning (OL) theory;
- (2) Develops a scale for measuring the construct of a firm's SIC; and
- (3) Proposes reduced scales for easier integration of the construct of SIC into future implementation-related research initiatives.

While generation of the SIC scale is based on extant literature and in-depth interviews with 15 managers, data from 268 managers and dyadic data from 72 strategy developer-implementer dyads are used to refine and validate the scale. In line with the construct's conceptualization, empirical results confirm SIC as a third-order construct, consisting of four dimensions and 11 dimensional facets and that SIC has a significant impact on SI effectiveness.

In terms of theory, this paper advances our understanding of organizational capabilities and SI effectiveness by integrating the literatures of organizational capability and implementation, introducing the new construct of SIC into the literature, developing a scale for the construct's measurement, and providing evidence for SIC's role in understanding strategy implementation. In doing so, the present research also develops and validates several new measures of variables relevant to understanding strategy implementation (i.e., SIC's dimensional facets). From a managerial perspec-

tive, this research suggests that SIC is an important driver of effective SI, offers insights into the nature of a firm's SIC, and proposes ways to build and manage this important resource effectively for competitive advantage.

Conceptualization of construct

Strategy implementation as organizational learning

In line with extant literature (e.g., Noble 1999), strategy implementation (SI) is defined as the communication, interpretation, adoption, and enactment of a strategy or a strategy initiative (e.g., Noble and Mokwa 1999), so SI relates to both processes and results. SI processes involve such organizational activities as executing strategic plans, coordinating implementation processes, and disseminating information to concerned and involved parties. The results of SI refer to process outcomes that are internal (e.g., employees' adoption of behaviors consistent with strategy) and external (e.g., achieving the intended brand image among customers) to the organization (Ataman et al. 2008; Chimhanzi and Morgan 2005; Kostova and Roth 2002; Nutt 1998).

Organizational learning (OL) is a valuable approach to understanding SI. OL occurs when an organization acquires or creates knowledge, develops new ways of thinking, and modifies its behavior to reflect new knowledge and insights (Argyris and Schön 1978; Huber 1991; Levitt and March 1988). OL contains two broad types of learning processes, one aimed at doing a better job of matching outcomes of organizational actions with intentions (e.g., by correcting ineffective activities – "*single-loop learning*") and the other aimed at improving an organization's knowledge (e.g., by questioning and updating norms, practices, and underlying assumptions and beliefs hitherto accepted in the organization – "*double-loop learning*") (Argyris and Schön 1978; Argyris 1992; Argyris 1994; Kim 1993). Prior research has acknowledged OL as an important theoretic perspective from which to understand SI (Argyris 1989; Schwandt 1997) and has suggested that OL is a critical source of competitive advantage (Sinkula 1994; Vorhies and Morgan 2005). The

growing interest in OL has led some implementation researchers to investigate the concept itself (Sinkula et al. 1997), while others have focused on its relationships with a number of implementation-related organizational variables (Menon et al. 1999).

While initial efforts have been promising, extant research has not exploited the full potential of using OL theory to understand SI. Current knowledge on SI suffers from three major limitations. First, previous implementation research generally has conceptualized OL as a variable and examined its relationships to other constructs (e.g., Menon et al. 1999). However, if one accepts the propositions that organizations are social systems that can learn (Argyris and Schön 1978; Schwandt 1997) and that SI requires organizations to learn (Argyris 1989), then it would be more useful to investigate SI using OL as a comprehensive theoretic perspective (Schwandt 1997). Second, prior implementation research has focused on issues related to strategy execution issues (i.e., single-loop learning) (Piercy 1998b; Pryor et al. 2007), assuming that double-loop learning occurs, if at all, during strategy formulation and thus neglecting organizations' capacity to detect and correct errors in a strategy while implementing it. However, from an OL perspective, SI can involve such processes as questioning the assumptions and decisions reflected by a poor strategy (i.e., double-loop learning), and doing so can increase the strategy's performance outcomes. Third, although scholars have theorized about the potential benefits of investigating implementation as a core competency (Egelhoff 1993; Pryor et al. 2007), implementation research has neglected to explicate and empirically examine firms' SI capabilities. Since extant literature suggests that OL is a core competency that would help organizations build and maintain a competitive advantage (Sinkula 1994; Vorhies and Morgan 2005), an OL-based conceptualization of SI should reveal SI as a distinct organizational capability with important positive effects on a firm's performance and competitive position.

This current research's approach to investigating SI addresses the limitations of previous research: SI is investigated as an organizational capability,

with OL used as a comprehensive theoretic perspective to conceptualize, and develop a measure for the construct of a firm's SIC.

Strategy implementation capability

In line with extant research on firms' capabilities (e.g., Day 1994; Vorhies and Morgan 2005), a firm's strategy implementation capability (SIC) is defined as a set of bundles of SI-relevant skills and accumulated knowledge, exercised through organizational processes that contribute to superior performance.

The present research develops an OL-based conceptualization of a firm's SIC. Strategy implementation requires organizations to learn (Argyris 1989) and learning theorists have suggested that the collective learning capacity of social systems such as organizations is reflected by the fulfillment of four functions carried out by four learning subsystems: the memory and meaning subsystem, the action and reflection subsystem, the structuring subsystem, and the environmental interface subsystem (Parsons 1951; Schwandt 1997). The memory and meaning subsystem relates to the function of maintaining patterns and involves storing and retrieving collective knowledge, meanings, and values. The action and reflection subsystem carries out the function of goal attainment by organizing for effective pursuit of a particular learning system's (i.e., firm's) goals. The structuring subsystem matches the transfer of information and knowledge with the requirements of the other subsystems. The environmental interface subsystem links the OL system to its environment and refers to the mechanisms that the learning system uses to secure, filter, and expel information and knowledge from its environment proactively and reactively (Schwandt 1997).

Based on this framework of a firm's learning capacity as being reflected by the fulfillment of four functions, a firm's SIC is conceptualized as consisting of four dimensions: SI pattern maintenance, SI goal attainment, SI integration, and SI external interface.

SI pattern maintenance. SI pattern maintenance is defined as a bundle of organizational knowledge and skills that ensure the alignment of SI activities with the firm's symbolic and cultural universe (cf. Parsons 1951) by storing and retrieving collective SI-relevant knowledge, meanings, and values (Schwandt 1997). Consequently, the present research conceptualizes SI pattern maintenance as consisting of three dimensional facets: implementation knowledge, implementation orientation, and strategy orientation. *Implementation knowledge* relates to an organization's ability to maintain, augment and make available to its members the organization's knowledge on successful SI. It involves such processes as documenting or storing SI-related knowledge and maintaining SI experts within the organization. Implementation orientation and strategy orientation are conceptualized based on the literature on learning-related organizational meanings and values (Sinkula et al. 1997). *Implementation orientation* is the set of organizational values that influence the firm's ability to adopt and enact a strategy. It relates to such issues as considering SI as the key to the company's advantage, employees' showing great passion during strategy execution, and the organization's having a strong disposition toward action. While implementation orientation influences the intensity of SI, strategy orientation influences the direction of implementation. *Strategy orientation* refers to the set of organizational values that influence the firm's propensity to agree with and support a strategy. It involves such issues as agreement on the strategy-related vision across all organizational levels and functions, commitment to the strategy's content, and considering the strategy as key to organizational success.

SI goal attainment. SI goal attainment is defined as a bundle of organizational knowledge and skills that define the goals of SI efforts and that mobilize and manage resources and effort to attain the goals (cf. Parsons 1951). SI goal attainment ensures effective pursuit of the organization's goals and pertains to such issues as translating strategy goals

into feasible implementation plans, efficiently executing SI plans, and improving implementation efforts (Schwandt 1997). Thus, the present research conceptualizes SI goal attainment as implementation planning, implementation execution, and implementation improvement. *Implementation planning* refers to an organization's ability to conceive implementation processes that achieve the strategy's goals effectively and efficiently (cf. Vorhies and Morgan 2005) by planning SI processes and tasks and translating a strategy's goals into feasible implementation objectives. *Implementation execution* relates to an organization's ability to transform intended implementation plans into resource deployments; it involves such activities as executing implementation tasks in an efficient manner and organizing to deliver SI plans effectively (Bonoma 1984; Noble and Mokwa 1999). While implementation planning and implementation execution are manifestations of organizational single-loop learning, implementation improvement is grounded in an organization's double-loop learning capacity. *Implementation improvement* relates to an organization's ability to enhance implementation knowledge and performance-related outcomes of implementation efforts by questioning and improving implementation content and activities. It refers to such issues as identifying improvements of a SI process and using lessons learned on SI to improve it.

SI integration. SI integration is characterized by a firm's ability to match information and knowledge transfer actions with the requirements of organizational units and members. It establishes control, inhibits deviant tendencies, maintains coordination among SI activities, and avoids serious disturbances of SI efforts (Parsons 1951; Schwandt 1997). Accordingly, SI integration consists of information integration, process coordination, and implementation agility. *Information integration* is an organization's ability to identify, collect, and synthesize information relevant to SI success and involves such processes as merging available information that supports SI projects and identifying and integrating information relevant to a strategy's

successful implementation from internal and external sources (cf. Day 1994; Slater et al. 2010). *Process coordination* describes an organization's ability to effectively align implementation activities by providing information to and exchanging information with stakeholders concerning how they can contribute to and support SI efforts (cf. Slater and Narver 1995). This ability refers to involving concerned parties and coordinating SI processes by means of information and knowledge flows, leadership, and the like. *Implementation agility* is defined as an organization's ability to modify SI content and activities to optimally meet internal and external requirements relevant to successful SI. Implementation agility involves such activities as being proactive in seizing opportunities, reacting to problems (cf. Hambrick and Cannella 1989) and efficiently adjusting SI efforts to changing demands and requirements during SI projects.

SI external interface. SI external interface is defined as a firm's ability to establish relationships between the firm and entities in the external environment relevant to its SI efforts and to use those relationships to support SI (cf. Parsons 1951). SI external interface is characterized by bringing in and exporting knowledge and information required for successful strategy execution (Schwandt 1997), so it includes feedback generation and strategy translation. *Feedback generation* describes an organization's ability to gather and process external information relevant to SI success (cf. Kohli and Jaworski 1990). It refers to such processes as generating knowledge about external issues and influences that may affect the success of SI efforts and analyzing external information relevant to SI projects. *Strategy translation* relates to an organization's ability to convey a strategy's content to stakeholders who are relevant to successful implementation of the strategy (cf. Hambrick and Cannella 1989). This ability involves such skills as brand image management skills and such processes as understanding stakeholders' expectations and how stakeholders interpret strategy-related information, and translating the strategies' content to customers, partners and stakeholders.

Therefore, in line with the conceptualization of SIC as a set of bundles of SI-relevant skills and accumulated knowledge, SIC is conceptualized as a third-order construct consisting of four dimensions (i.e., the bundles) that are comprised of a total of 11 dimensional facets. The conceptualization of SIC, then, includes firms' abilities to match outcomes of SI actions with strategic intentions and implementation plans, as well as their abilities to question and update implementation content and processes to improve SI's performance outcomes as OL theory would prescribe. Figure 1 shows the learning-based conceptualization of the construct of SIC.

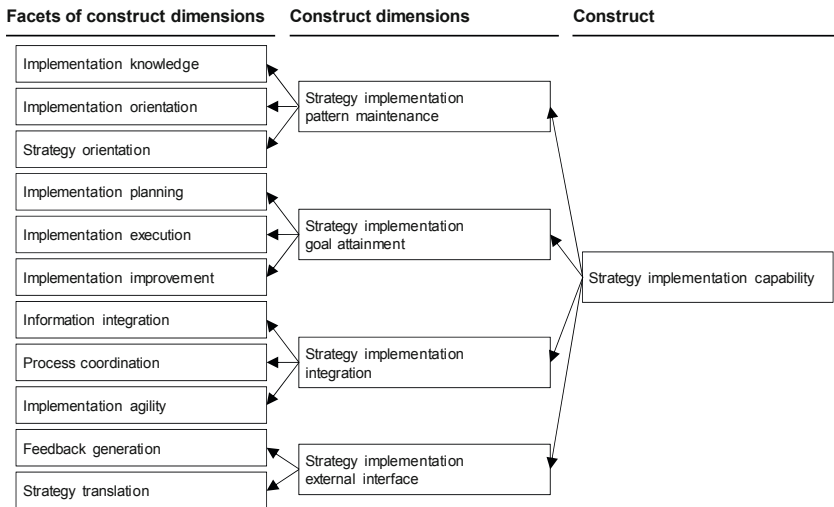


Figure 1: Strategy implementation capability (SIC) of a firm: Conceptual structure of the construct

Scale development

The procedure used to develop a measure of a firm's SIC followed well-established guidelines from the extant literature (e.g., Churchill Jr. 1979; Nunnally 1978) and employed both qualitative and quantitative methods. As Figure 2 illustrates, the scale development process consisted of three steps: scale generation, scale refinement, and scale validation.

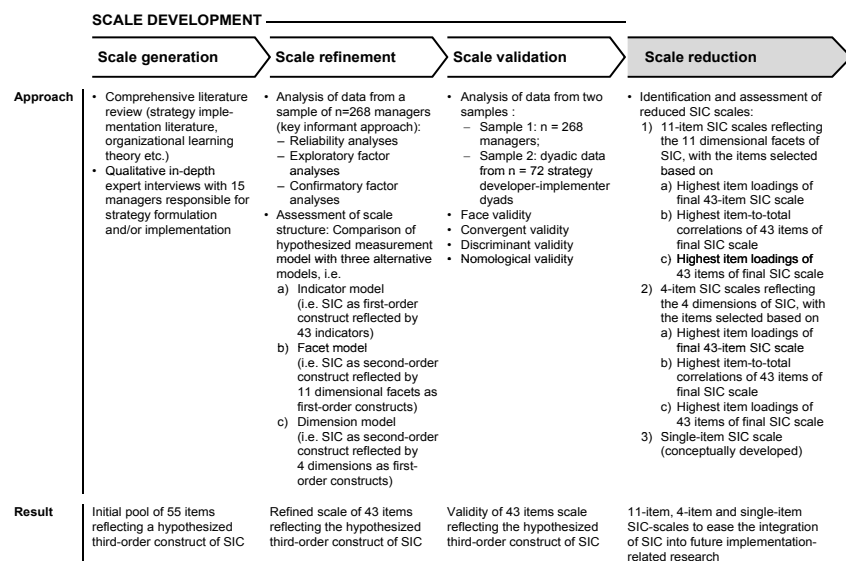


Figure 2: Strategy implementation capability (SIC): Scale development and scale reduction

Scale generation

The conceptualization of SIC including a detailed literature review of SI and OL literatures was the starting point for the generation of the SIC scale. To probe the conceptualization from a managerial perspective, in-depth interviews with 15 managers were conducted. Because the purpose of the study was to construct theory (i.e., delineation of the construct's domain and elicitation of the construct's facets) and to generate insights that might not have emerged from extant literature, it was important to tap a wide range of experiences and perspectives in the interviews. The managers had considerable experience in marketing and/or brand strategy formulation and/or implementation in industrial, consumer, and service industries in Germany, Switzerland, the UK and the Middle East, with the years of experience ranging from four to more than 30 years. Table A1 in the appendix provides a brief description of the sample of the qualitative study.

A standard format was followed for the interviews. After a brief description of the research project, each interviewee was asked about four issues along the following lines.

1. What does the term "marketing strategy implementation" mean to you? What kinds of things does a firm do when it is implementing a marketing strategy?
2. What are the characteristics of successful implementation efforts? What kinds of strategy implementation efforts are considered successful or not successful?
3. What are the characteristics of organizational units that are good or poor in implementing strategies? How important are "hard" factors (e.g., formal ways of communication) and "soft" factors (e.g., organizational values) for strategy implementation?
4. How does strategy implementation relate to strategy formulation and effective or ineffective strategies? How does strategy implementation relate to firm performance?

These questions provided a structure for the interviews, but it was frequently necessary to explain and clarify some of the questions, and to probe more deeply with additional questions to elicit examples, illustrations, and other insights. The interviews typically lasted about 33 minutes. All interviewees granted the permission to audiotape the interviews.

The interviews provided strong support for this paper's conceptualization of a firm's SIC. Specifically, in line with the present paper's conceptualization, the interviews suggested that a firm's SIC:

1. Is a complex, multi-dimensional construct reflected by a variety of organizational values, skills, and processes relevant to implementation,
2. May evolve and be managed and further developed by organizations,
3. Is likely to have a major effect on SI success, and
4. Affects the performance outcomes of strategic actions and may help organizations constitute and maintain a sustainable competitive advantage.

Based on the conceptualization of a firm's SIC and the insights from the interviews, a firm's SIC was initially hypothesized as being a third-order construct, reflected by four dimensions as second-order constructs, which in turn are reflected by a total of 11 dimensional facets as first-order constructs. A pool of items was generated representing each of the 11 dimensional facets conceptualized as reflecting the construct of SIC. With qualitative feedback of experts (three academics and 27 managers, brand strategists, and brand consultants) regarding the clarity and appropriateness of these items, items were added, reworded or deleted. This procedure yielded an initial scale with 55 items reflecting the hypothesized third-order construct of a firm's SIC. The scale's format was chosen based on Vorhies and Morgan's (2005) marketing capabilities scale, with seven-point Likert-type multi-item scales for the first-order constructs (i.e., the dimensional facets) of SIC running from -3 ("very weak") to +3 ("very strong"). Table 1 shows the 55-item scale of a firm's SIC in detail.

Introduced by
"Please rate the business unit responsible for your brand in terms of the business unit's capabilities in the following areas."^a

Measures ^{b, c}	Mean	S.D.	First-order loadings	t-values
<i>Implementation knowledge</i> ($\alpha = .76$; CR = .77; AVE = .45)				
Establishing effective brand strategy implementation procedures and routines.	.57	1.36	.74	^d
Know-how on successful brand strategy implementation.	1.31	1.23	.71	10.99
Documenting knowledge and storage of information relevant to successful brand strategy implementation.	.24	1.44	.62	9.63
Maintaining brand strategy implementation experts in the business unit.	.47	1.61	.61	9.41
Making knowledge about previous brand strategy implementation projects available. ^e	-	-	-	-
<i>Implementation orientation</i> ($\alpha = .81$; CR = .82; AVE = .61) ^f				
There is total agreement on the importance of brand strategy implementation across all levels and functions.	.92	1.50	.67	^d
All employees show great passion when executing brand strategies.	1.05	1.34	.85	10.93
All employees have a strong propensity to effectively and efficiently implement brand strategies.	1.15	1.19	.80	10.67
We see strategy implementation as the key to our brand's competitive advantage. ^e	-	-	-	-
We have a strong disposition toward action. ^e	-	-	-	-
<i>Strategy orientation</i> ($\alpha = .86$; CR = .86; AVE = .56) ^f				
We all are very brand-minded.	1.26	1.63	.81	^d
All employees have a strong propensity to help strengthen our brand.	1.85	1.20	.74	12.46
All employees share great passion for our brand.	1.76	1.30	.74	12.45
Our basic values include the brand as key to the business unit's success.	1.82	1.35	.72	11.98
There is total agreement on the vision of our brand across all levels and functions.	.91	1.66	.71	11.91
<i>Implementation planning</i> ($\alpha = .80$; CR = .80; AVE = .50)				
Thoroughness of brand strategy implementation planning.	.86	1.28	.72	^d
Effective planning of brand strategies' implementation processes and tasks.	.76	1.21	.74	11.31
Conceiving implementation processes that ensure the achievement of brand strategy objectives.	.76	1.25	.70	10.50
Translating brand strategy goals into feasible implementation objectives.	1.04	1.33	.66	10.03
Effective allocation of resources for brand strategy implementation. ^e	-	-	-	-
<i>Implementation execution</i> ($\alpha = .75$; CR = .75; AVE = .50)				
Accomplishing brand strategy implementation tasks.	1.16	1.19	.71	^d
Efficient execution of brand strategy implementation plans.	1.10	1.15	.72	10.48
Organizing to deliver brand strategy implementation plans effectively.	.75	1.24	.70	10.10
Making full use of resources available for implementing brand strategies. ^e	-	-	-	-

Note. Reported values are standardized estimates. All loadings are significant at $p < .001$.

S.D. = Standard deviation; α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.

^a Seven-point Likert-type scale running from -3 ("very weak") to +3 ("very strong").

^b As measurement testing related to a brand strategy context, items were formulated accordingly.

^c Items were randomized during data collection.

^d Fixed parameter.

^e Item deleted during scale refinement.

^f Introduced by "Please refer to the business unit responsible for your brand and indicate your level of agreement with each of the following statements."

Seven-point Likert-type scale running from -3 ("strongly disagree") to +3 ("strongly agree").

Table 1: Strategy implementation capability (SIC): First-order measures

Introduced by "Please rate the business unit responsible for your brand in terms of the business unit's capabilities in the following areas." ^a				
Measures ^{b, c}	Mean	S.D.	First-order loadings	t-values
<i>Implementation improvement</i> ($\alpha = .84$; CR = .84; AVE = .51)				
Using implementation-related feedback to optimize brand strategies.	.67	1.27	.73	^d
Using implementation efforts to learn about successful brand strategy implementation.	.77	1.40	.73	10.88
Improving performance outcomes of brand strategy implementation projects.	.73	1.14	.72	10.73
Using lessons learned on brand strategy implementation to improve strategy implementation processes.	.77	1.26	.70	10.53
Identifying possible improvements of brand strategies' implementation processes.	.92	1.09	.70	10.52
Noticing wrong assumptions of brand strategies relevant to successful implementation of the strategies. ^e	-	-	-	-
<i>Information integration</i> ($\alpha = .74$; CR = .73; AVE = .48)				
Effectively synthesizing implementation-related information from different information sources.	.62	1.20	.60	^d
Merging available information that supports brand strategy implementation projects.	.83	1.28	.75	9.16
Identifying internal and external information relevant to the successful implementation of brand strategies.	1.01	1.14	.72	8.89
Collecting information that supports brand strategy implementation from involved and concerned parties and the organization's information system. ^e	-	-	-	-
<i>Process coordination</i> ($\alpha = .80$; CR = .80; AVE = .51)				
Effectively involving concerned parties in brand strategy implementation processes.	.87	1.27	.70	^d
Information and knowledge flows that coordinate brand strategy implementation activities.	.56	1.19	.76	11.05
Effectively coordinating brand strategy implementation processes.	.74	1.18	.75	11.01
Leadership that coordinates all parties involved in brand strategy implementation efforts.	.84	1.37	.63	9.41
Using rewards and controls that ensure coordinated brand strategy implementation processes. ^e	-	-	-	-
<i>Implementation agility</i> ($\alpha = .81$; CR = .81; AVE = .52)				
Identifying innovative ways of implementing brand strategies.	.89	1.38	.64	^d
Being proactive in seizing opportunities and reacting to problems during brand strategy implementation projects.	.79	1.32	.79	10.16
Efficiently adjusting brand strategy implementation efforts to changing requirements.	1.05	1.21	.73	9.63
Adapting brand strategy implementation processes and activities to internal and external requirements.	.94	1.20	.71	9.45
Flexibility in implementing brand strategies. ^e	-	-	-	-

Note. Reported values are standardized estimates. All loadings are significant at $p < .001$.
S.D. = Standard deviation; α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.
^a Seven-point Likert-type scale running from -3 ("very weak") to +3 ("very strong").
^b As measurement testing related to a brand strategy context, items were formulated accordingly.
^c Items were randomized during data collection.
^d Fixed parameter.
^e Item deleted during scale refinement.

Table 1: Strategy implementation capability (SIC): First-order measures (continued)

Introduced by
 "Please rate the business unit responsible for your brand in terms of the business unit's capabilities in the following areas."^a

Measures ^{b, c}	Mean	S.D.	First-order values loadings	t-values
<i>Feedback generation</i> ($\alpha = .85$; CR = .85; AVE = .52)				
Building knowledge about the match between external environment and brand strategy implementation efforts.	.69	1.24	.75	^d
Using external sources to get information relevant to successful implementation of brand strategies.	.97	1.30	.75	11.49
Generating knowledge about external issues and influences that affect successful implementation of brand strategies.	.77	1.20	.74	11.33
Analyzing external information relevant to brand strategy implementation projects.	.86	1.29	.72	11.03
Scanning the external environment for possible and actual influences on performance outcomes of brand strategy implementation efforts.	.73	1.22	.66	10.15
<i>Strategy translation</i> ($\alpha = .72$; CR = .72; AVE = .46)				
Communicating brand strategies' content to customers and other relevant stakeholders.	1.18	1.18	.64	^d
Brand image management skills.	1.04	1.37	.74	9.45
Understanding relevant stakeholders' brand expectations and their ways of interpreting brand-related information.	1.18	1.19	.66	8.63
Translating brand strategies to customers, partners, and stakeholders. ^e	-	-	-	-
Coordinating external partners who support brand strategy implementation processes. ^e	-	-	-	-
Employees' ability to display brand-building behavior toward customers. ^e	-	-	-	-

Note. Reported values are standardized estimates. All loadings are significant at $p < .001$.
 S.D. = Standard deviation; α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.
^a Seven-point Likert-type scale running from -3 ("very weak") to +3 ("very strong").
^b As measurement testing related to a brand strategy context, items were formulated accordingly.
^c Items were randomized during data collection.
^d Fixed parameter.
^e Item deleted during scale refinement.

Table 1: Strategy implementation capability (SIC): First-order measures (continued)

Scale refinement

To test and refine the initial SIC scale a quantitative study involving data from 268 managers was carried out. Data collection followed the guidelines suggested in the extant literature (Carter et al. 2008). Based on the resulting sample data, the present research followed well-established procedures (e.g., Churchill Jr. 1979) to refine the initial SIC measure.

Sample. Data were collected from 268 managers responsible for brand strategy formulation and implementation by means of a cross-sectional online

survey across a wide variety of industries. Brand strategy contexts are particularly appropriate for testing the SIC scale since brand strategy and brand management are cornerstones of marketing strategy (Aaker 1996; Kotler and Keller 2009), and brand strategies generally include all areas of marketing (i.e., product, price, communication, distribution) (Keller 2000). Further, effective implementation of brand strategies is important to management because firms often invest significant amounts of resources in such implementation, even though many SI initiatives fall short of expectations (Bigler 2001; Hickson et al. 2003; Ind 2007; Wong and Merrilees 2007).

A key informant method, common in similar empirical work (Slater et al. 2010), was applied in this study. The member lists of two national brand associations identified appropriate companies and possible key informants, and a list of the biggest companies in Germany, Switzerland, and Austria was compiled to enlarge the sample. Qualified participants were responsible for a brand's strategy formulation (i.e., were the person primarily responsible for brand strategy formulation) and/or implementation (i.e., were the person primarily responsible for brand strategy implementation). Senior implementation managers were selected as informants because of their knowledge about processes, tasks and issues related to implementation, as well as strategy formulation and performance outcomes. Relevant managers were identified by calling the companies and verifying the appropriateness of the prospect, while his or her willingness to participate was established through a series of phone calls and email interactions.

The data collection process from the end of October 2009 until the beginning of March 2010 yielded a total of 268 surveys completed by appropriate managers. The data were tested for early/late respondent bias, and the results indicated no threat to the data. Consequently, the 268 surveys represent the data basis for the subsequent scale refinement. The sample consists of companies from manufacturing industries with 51.0%, services with 31.8%, wholesale and retail with 12.2% and other with 5.0%. The majority of the respondents were from marketing, management, communication, or

brand management functions. Of the respondents, 56.8% had more than five years experience in brand strategy formulation, and 63.9% had more than five years experience in brand strategy implementation. Table A2 in the appendix describes the sample.

Each respondent completed a questionnaire containing the 55 items of the SIC scale and three established scales of variables used to examine the nomological validity of the scale. Scale items were randomized to avoid order effects.

Scale refinement. The SIC scale, with its 55 items, was analyzed for its structure, reliability, and validity following the guidelines established in the literature (e.g., Gerbing and Anderson 1988). After exploratory factor analysis was used for a first check on the number of factors and the pattern of loadings (e.g., Hair et al. 2005), a series of confirmatory factor analyses was performed to test the hypothesized scale structure using AMOS 17.0. Overall, the results provided initial support for the hypothesized third-order structure of a firm's SIC. However, the 55-item third-order measurement model did not fit the data well. The model's chi-square (df) was 2584.30 (1415), with a chi-square/ df ratio of $\chi^2/df = 1.83$, and the values of the comparative fit index (CFI) and the root mean squared error of approximation (RMSEA) were .835 and .056, respectively. While the hypothesized factor loadings were all statistically significant at the .001-level, various standardized estimates did not reach the recommended level of .6. Thus, these indicators were sequentially eliminated from the scale and the resulting measurement models were re-estimated until the model assessment suggested a good model fit to the data. This process led to the elimination of a total of 12 indicators, resulting in a 43-item scale for a firm's SIC.

Hypothesized scale. As conceptualized and suggested in the in-depth interviews, the SIC measure was specified as a third-order measurement model, with the construct of SIC reflected by the four second-order factors of SI pattern maintenance, SI goal attainment, SI integration, and SI external interface. In turn, the four second-order factors are reflected by the 11 first-

order factors of implementation knowledge, implementation orientation, strategy orientation, implementation planning, implementation execution, implementation improvement, information integration, process coordination, implementation agility, feedback generation and strategy translation – and, ultimately, by the 43 indicators. Estimation of the measurement model suggested a good fit of the model to the data. The model's chi-square (df) was 1579.89 (845), with a chi-square/ df ratio of $\chi^2/df = 1.87$ and the values of the CFI and RMSEA were .871 and .057, respectively. As a chi-square/ df value less than 2.5, a CFI greater than or equal to .90, and an RMSEA less than or equal to .06 are indicative of a good-fitting model (Bentler and Hu 1999), and given that the high parameter estimates-to-observation ratio tends to lead to a conservative CFI value, the model's fit indices denote that the model fits the data well. Final measure characteristics and items are reported in Tables 1 and 2.

As Table 1 indicates, coefficient alpha values (Cronbach 1951) and the composite reliabilities of the first-order factors were well above the recommended levels of .7 and .6 (Bagozzi and Youjae 1988; Nunnally 1978), respectively, and, with three exceptions, the values of the AVE were greater than the recommended level of .5 (Fornell and Larcker 1981). The AVE estimates of the implementation knowledge, information integration, and strategy translation scales – .45, .48, .46, respectively – slightly missed the recommended threshold of .5. While these estimates could have been increased by further deleting items in all three cases, doing so may have compromised the domain of the first-order constructs and, ultimately, of the SIC construct. In addition, extant research has suggested that a threshold of .5 is

"conservative and that lower variance extracted estimates are acceptable, particularly for newer scales"
(Arnold and Reynolds 2009, p. 314).

Therefore, the items in question were retained. The hypothesized factor loadings were all statistically significant at the .001 level, indicating convergent validity of the first-order factors of the SIC scale (Gerbing and Anderson 1988).

As shown in Table 2, with one exception, the standardized second-order loadings were equal to or greater than .66. The somewhat lower loading of strategy orientation (.5) may have resulted from its particular role in relating to the content of the strategies that are to be implemented and influencing the direction of implementation efforts, as outlined in the conceptual part of the paper. Given this role, the strategy orientation factor is a necessary part of a comprehensive measure of a firm's SIC. The standardized third-order loadings of the SIC measure ranged from .85 to .98 and the higher-order factor loadings were all statistically significant at the .001-level. Taken together, the results provided strong evidence for the high quality of the SIC scale.

Factors	Number of scale items ^a	SI pattern maintenance	SI goal attainment	SI integration	SI external interface	Strategy implementation capability
<i>Standardized second-order loadings</i>						
Implementation knowledge	4 (5)	.96 ^b				
Implementation orientation	3 (5)	.66 (7.75)				
Strategy orientation	5 (5)	.50 (6.87)				
Implementation planning	4 (5)		.96 ^b			
Implementation execution	3 (4)		.91 (9.75)			
Implementation improvement	5 (6)		.79 (9.19)			
Information integration	3 (4)			.93 ^b		
Process coordination	4 (5)			.96 (8.36)		
Implementation agility	4 (5)			.81 (7.39)		
Feedback generation	5 (5)				.88 ^b	
Strategy translation	3 (6)				.96 (8.40)	
<i>Standardized third-order loadings</i>						
SI Pattern maintenance	12 (15)					.98 ^b
SI Goal attainment	12 (15)					.96 (10.19)
SI Integration	11 (14)					.96 (8.43)
SI External interface	8 (11)					.85 (9.09)
<i>Goodness-of-fit statistics</i>						
Chi-square = 1579.89; df = 845; $p < .001$						
Comparative fit index = .871						
RMSEA = .057						

Note. Reported values are standardized estimates; t-values are shown in parentheses. All loadings are significant at $p < .001$.

^a Values are numbers of items of final scale. Numbers of items before scale refinement are shown in parentheses.

^b Fixed parameter.

Table 2: Results of strategy implementation capability third-order measurement model

Alternative scale structures. While the conceptualization of a firm's SIC suggests a third-order measurement model, based on the 43 indicators of the scale, several plausible alternative models can be specified. To explore the superiority of the hypothesized third-order measurement model of the SIC scale, three alternative measurement models were evaluated: (1) a first-order measurement model, the "indicator model", with SIC reflected by the 43 indicators; (2) a second-order measurement model, the "facet model", with SIC being reflected by 11 first-order factors (i.e., SIC's dimensional facets), which are reflected by the 43 indicators; and (3) a second-order measurement model, the "dimension model", with SIC being reflected by four first-order factors (i.e., SIC's dimensions), which are reflected by the 43 indicators. Figure 3 illustrates the structure of each of the three alternative measurement models.

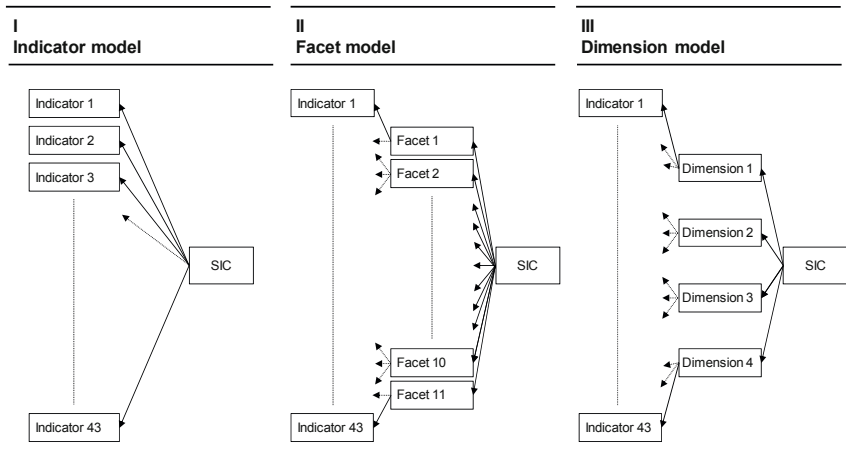


Figure 3: Assessment of scale structure: Alternative models

All models' fits were evaluated using the chi-square goodness-of-fit test statistic, the CFI, and the RMSEA. Table 3 summarizes the results of the measurement model analyses.

	Hypothesized model ^a	Alternative models		
		I Indicator model ^b	II Facet model ^c	III Dimension model ^d
Chi-square	1579.89	2664.14	1621.55	2131.82
Degrees of freedom (<i>df</i>)	845	860	849	856
Chi-square/ <i>df</i>	1.87	3.10	1.91	2.49
Comparative fit index	.871	.683	.864	.776
RMSEA	.057	.089	.058	.075
Chi-square difference (Δdf) to hypothesized model ^e	-	$\Delta\chi^2 (15) = 1084.25$	$\Delta\chi^2 (4) = 41.66$	$\Delta\chi^2 (11) = 551.93$

Note. All chi-square differences are significant at $p < .001$.

^a SIC as third-order construct consisting of four dimensions as second-order constructs reflected by 11 dimensional facets as first-order constructs.

^b SIC as first-order construct reflected by 43 indicators.

^c SIC as second-order construct reflected by 11 facets as first-order constructs, which are reflected by 43 indicators.

^d SIC as second-order construct reflected by four dimensions as first-order constructs, which are reflected by 43 indicators.

^e Chi-square difference ($\Delta\chi^2$) of alternative model compared to hypothesized model, calculated by subtracting the hypothesized model's chi-square (*df*) from the respective alternative model's chi-square (*df*).

Table 3: Comparison of measurement models for strategy implementation capability scale

As shown in Table 3, the results suggest that the "facet model" is the best alternative measurement model. The model's chi-square (*df*) was 1621.55 (849), with a chi-square/*df* ratio of $\chi^2/df = 1.91$ and the values of the CFI and the RMSEA were .864 and .058, respectively. These fit indices were better than those of the other two measurement models and they indicate that the facet model fit the data well. However, compared to the fit indices of the hypothesized measurement model of a firm's SIC, the facet model's fit indices are slightly inferior. Since the two models are nested, it is possible to assess the superiority of one of the models based on the chi-square goodness-of-fit test statistic. Specifically, the chi-square difference can be used to assess whether one of the models fits the data significantly better than the other. Analysis results indicate that the hypothesized measurement model fits the data better ($\Delta\chi^2 (4) = 41.66$; $p < .001$).

Overall, the results provided strong empirical support for the present paper's conceptualization of a firm's SIC as a third-order construct.

Scale validation

Validation analysis was carried out by integrating the construct of a firm's SIC in a nomological net, with variables expected to relate to a firm's SIC, and by assessing whether theoretic expectations are supported by empirical evidence. Two samples were used to validate the SIC measure: the 268 managers, ("sample 1"), and 72 matched pairs of strategy developers and strategy implementers ("sample 2"). Validation analysis based on dyadic data allows for a more stringent assessment of the construct's nomological validity and accounts for potential common method variance (Podsakoff et al. 2003). Although data collection for sample 2 followed the same procedures as for sample 1, finding the sample was much more demanding since it was generally necessary to obtain top management's permission to interview a second manager and to identify and to solicit the participation of a second person responsible for the same brand. The end result of this effort was the participation of an additional 72 managers responsible for the strategy formulation of brands for which the responsible strategy implementation managers had already completed the surveys. The additional strategy formulation managers and the related strategy implementation managers, as a subsample of sample 1, constituted sample 2 and provided the dyadic data used for validation of the SIC scale. A detailed description of sample 2 is in Table A2 in the appendix.

The three constructs used for validation – SI effectiveness, organizational formalization, and organizational centralization – were measured with established seven-point Likert-type multi-item scales with "strongly disagree" and "strongly agree" as anchors. SI effectiveness is defined as the degree to which strategies and strategic plans are considered successfully implemented by the organization and its members (Noble and Mokwa 1999). Based on the findings from the expert interviews and the conceptualization, this measure was amended by an additional item derived from Gupta and Govindarajan's (1984) suggestion to measure "*effectiveness at strategy implementation*" in the form of a comparison between actual performance and a priori

expectations rather than on an absolute scale, because manager's a priori expectations of business unit performance are likely to take into account the anticipated impact of industry and strategy-related factors that need to be controlled for. Organizational formalization relates to an organization's degree of standardized operating procedures and rules (Menon et al. 1999), and organizational centralization relates to an organization's decision-making approach and approval mechanisms (Vorhies 1998). Measure characteristics and items are reported in the appendix (see Table A3). Table 4 shows the means, standard deviations, and intercorrelations for a firm's SIC and the other three constructs.

As Table A3 indicates, coefficient alpha values, composite reliabilities, and the values of the average variance extracted were equal to or greater than the recommended levels of .7, .6 and .5, respectively (Bagozzi and Youjae 1988; Fornell and Larcker 1981; Nunnally 1978) for both samples. The hypothesized factor loadings were all statistically significant at the .001-level, indicating convergent validity of the constructs (Gerbing and Anderson 1988). Evidence of discriminant validity was provided by the fact that the square of any two constructs' intercorrelations was always less than the average variance extracted from each of the two constructs (Fornell and Larcker 1981). Taken together, for both samples, the assessment provided strong evidence of the convergent and discriminant validity of the constructs and of the high quality of the scales.

Construct	Sample 1 ^a		Sample 2 ^b		1	2	3	4
	Mean	S.D.	Mean	S.D.				
1. Strategy implementation capability (SIC)	.94	.77	1.03	.74		.119	-.096	.307**
2. Organizational formalization	-.12	1.27	-.02	1.51	.209**		.428**	-.138
3. Organizational centralization	-1.26	1.43	-1.23	1.46	-.192**	.324**		-.139
4. Strategy implementation effectiveness	1.27	1.08	1.32	1.25	.598**	.107	-.176**	

Note. Sub-diagonal entries are latent construct intercorrelations of Sample 1 (n = 268 respondents). Entries above the diagonal are the latent construct intercorrelations of sample 2 (n = 72 dyads).

* p < .05. ** p < .01. S.D. = Standard deviation.

^a n = 268 respondents.

^b n = 72 strategy-developer-implementer dyads. Data for SIC was collected from strategy implementers and data for organizational formalization, organizational centralization and strategy implementation effectiveness was collected from strategy developers.

Table 4: Scale validation: Latent construct means, standard deviations, and intercorrelations

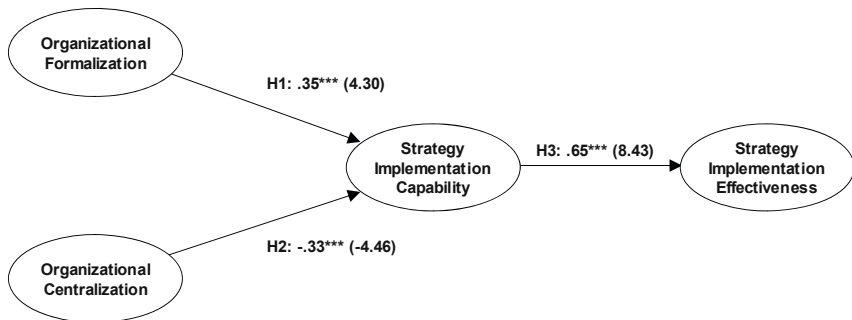
Nomological validity. As shown in Figures 4a and 4b, a firm's SIC is expected to be affected by organizational formalization and organizational centralization and to increase SI effectiveness. Organizational formalization is likely to increase an organization's ability to make existing knowledge explicit and available to the organization (i.e., to learn) (Menon et al. 1999). Thus, given the learning-based conceptualization of a firm's SIC, organizational formalization should have a positive effect on SIC. In contrast, organizational centralization impedes learning, because, when centralization is high, knowledge created in one place in the organization cannot just be made available everywhere else; instead, responsible authorities must first approve it before it becomes part of the organizational knowledge base (Menon et al. 1999). Thus, the effect of SIC on SI effectiveness results from the learning-based conceptualization of the SIC construct: the stronger a firm's SIC, the more effective and efficient the organization is in learning the meanings, values, and behaviors intended by a new strategy, thus resulting in higher SI effectiveness. Hence,

Hypothesis 1: Organizational formalization increases SIC.

Hypothesis 2: Organizational centralization decreases SIC.

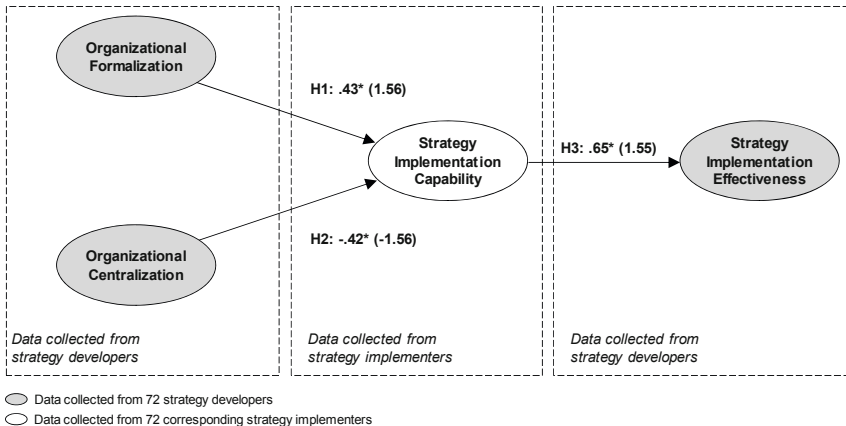
Hypothesis 3: SIC increases SI effectiveness.

The hypotheses were tested with sample 1 and sample 2 by estimating the model shown in Figures 4a and 4b using AMOS 17.0. One-tailed tests were used for the hypotheses because directive predictions were offered. Because of the large number of measured indicators (54) and the limited size of sample 2, SIC was represented by a single scale score in sample 2, which allowed for measurement error in the model specification. Figure 4a illustrates the results of the model estimation with sample 1, and Figure 4b depicts the results with sample 2.



Note. Standardized estimates (t-values in parentheses) are reported. n = 268 respondents.
 * p < .10. ** p < .05. *** p < .001. All tests are one-tailed.
 Goodness-of-fit statistics: Chi-square = 2295.42; df = 1358; Chi-square/df = 1.69; CFI = .873; RMSEA = .051.

Figure 4a: Scale validation: Nomological model results for sample 1



Note. Standardized estimates (t-values in parentheses) are reported. n = 72 strategy developer-implementer dyads.
 * p < .1. ** p < .05. *** p < .001. All tests are one-tailed.
 Goodness-of-fit statistics: Chi-square = 57.56; df = 50; Chi-square/df = 1.15; CFI = .983; RMSEA = .046.

Figure 4b: Scale validation: Nomological model results for sample 2 (dyadic data)

As shown in Figures 4a and 4b, the model fit the data very well with both samples. With sample 1, the chi-square (*df*) was 2295.42 (1358), with chi-square/*df* ratio of $\chi^2/df = 1.69$, CFI of .873, and RMSEA of .051. With sample 2, the chi-square (*df*) was 57.65 (50), with a chi-square/*df* ratio of $\chi^2/df = 1.15$, CFI of .983, and RMSEA of .046.

The results provided support for the hypotheses. With sample 1, the positive relationship between organizational formalization and SIC (.35; $p < .001$), the negative relationship between organizational centralization and SIC (-.33; $p < .001$), and the positive effect of SIC on SI effectiveness (.65; $p < .001$) were all confirmed. Sample 2 estimation results compare closely to those of sample 1 and also suggest a positive formalization-SIC relationship (.43; $p < .1$), a negative centralization-SIC relationship (-.42; $p < .1$), and a positive SIC-SI effectiveness relationship (.65; $p < .1$). The nearly identical effect estimates in the two samples imply that common method variance did not pose a serious threat to the analyses based on sample 1. It is also remarkable that the sample 2 estimates nearly reach the .05-level (one-tailed), with t-values of 1.56, -1.56, and 1.55, despite the limited sample size of only 72 dyads, so the results suggest the relationships under investigation are particularly strong. Further, the effect estimate of .65 for the effect of SIC on SI effectiveness suggests that a firm's SIC may explain almost half of the variance in SI effectiveness. While this result represents a strong influence of SIC on SI effectiveness, the effect's strength is in line with the broad conceptualization of the SIC construct and its role as an important determinant of SI effectiveness that was suggested in the conceptual part of the paper and in the in-depth interviews with implementation managers. Overall, these findings are strongly supportive of the validity of the SIC construct.

Scale reduction

Following scale development, an attempt was undertaken to reduce the final, validated SIC scale to a shorter, more concise form in order to allow for easier integration into future implementation-related studies. The procedures are in line with literatures on scale development (e.g., Saxe and Weitz 1982; Walsh and Beatty 2007) and scale reduction (e.g., Thomas et al. 2001; Walsh et al. 2009).

In total, eight short scales of SIC were analyzed: three 11-item scales, three 4-item scales, one purely conceptually developed single-item measure and a related measure based on Vorhies and Morgan (2005).

Two approaches of scale reduction of the SIC measure were performed. In a first approach, the SIC scale was reduced to three versions of 11-item scales, relating to the 11 dimensional facets of the SIC scale.

The final items for the 11-item scales were selected in three different ways, i.e., according to:

- (a) The highest factor loadings based on the confirmatory factor analysis for the SIC scale;
- (b) The highest item-to-total correlations from the reliability results of the hypothesized third-order SIC scale;
- (c) The highest factor loadings of SIC reflected by 43 first-order indicators.

In the second approach 4-item scales were developed, relating to the four dimensions of the SIC scale. The final 4-item scale versions followed the same selection processes as those of the 11-items scales.

Table 5 illustrates the remaining items and corresponding standardized loadings for the three resulting 11-item scales and the three resulting 4-item scales, the conceptually developed single-item measure and a related based on Vorhies and Morgan (2005). Table 5 also reports the short scales' Cronbach's alpha's internal consistency reliabilities, composite reliability values, and the values of average variance extracted, along with scale

construct means, standard deviations, and the short scales' correlations with the SIC scale.

Measures (short form) ^{a, b}	11-item scales			4-item scales			SIC-1 ⁱ	VM ^j
	SIC-11 ^c	SIC-11-ITT ^d	SIC-11-FL ^e	SIC-4 ^f	SIC-4-ITT ^g	SIC-4-FL ^h		
<i>Implementation knowledge</i>								
Procedures and routines	.71 ^k	.71 ^k	.70 ^k	.81 ^k	.75 ^k	.76 ^k		
<i>Strategy orientation</i>								
Employees' passion when executing strategies	.57 (8.48)	.57 (8.46)	.56 (8.28)					
Brand-mindedness	.43 (6.45)	.44 (6.64)	.44 (6.66)					
<i>Implementation planning</i>								
Processes that ensure achieving strategy goals		.63 (9.24)			.66 (7.83)			
Planning of processes and tasks	.66 (9.88)		.67 (9.87)	.68 (9.01)		.69 (9.26)		
Resource allocation								.64 ^k
<i>Implementation execution</i>								
Efficient execution of implementation plans	.57 (8.50)		.57 (8.39)					.69 (7.03)
Organization to deliver plans effectively		.58 (8.65)						.71 (6.99)
<i>Implementation improvement</i>								
Improvement of performance outcomes			.62 (9.00)					
Identification of process improvements		.60 (8.91)						
Use of implementation-related feedback	.60 (8.93)							

Note. Reported values are standardized estimates; t-values are shown in parentheses. All loadings are significant at $p < .001$.

^a As measurement testing related to a brand strategy context, items were formulated accordingly.

^b Items were randomized during data collection.

^c 11-item scale reflecting the 11 dimensional facets of SIC, with the items selected based on highest item loadings of final SIC scale.

^d 11-item scale reflecting the 11 dimensional facets of SIC, with the items selected based on highest item-to-total correlations of 43 items of final SIC scale.

^e 11-item scale reflecting the 11 dimensional facets of SIC, with the items selected based on highest item loadings of 43 items of final SIC scale.

^f 4-item scale reflecting the four dimensions of SIC, with the items selected based on highest item loadings of final SIC scale.

^g 4-item scale reflecting the four dimensions of SIC, with the items selected based on highest item-to-total correlations of 43 items of final SIC scale.

^h 4-item scale reflecting the four dimensions of SIC, with the items selected based on highest item loadings of 43 items of final SIC scale.

ⁱ Item wording was "Translating brand strategies into organizational activities that optimize the strategies' performance outcomes."

^j Based on Vorhies and Morgan's (2005) measure of Marketing implementation capability.

^k Parameter fixed.

Table 5: Scale reduction: Standardized loadings, reliability results and descriptive statistics for alternative short scales of strategy implementation capability (SIC)

Measures (short form) ^{a, b}	11-item scales			4-item scales			SIC-1 ⁱ	VM ^j
	SIC-11 ^c	SIC-11-ITT ^d	SIC-11-FL ^e	SIC-4 ^f	SIC-4-ITT ^g	SIC-4-FL ^h		
<i>Information integration</i>								
Merging of available information	.67 (9.96)							
Identifying internal and external information		.66 (9.67)	.68 (9.83)		.55 (7.01)			
<i>Process coordination</i>								
Information and knowledge flows that coordinate	.75 (10.95)	.71 (10.34)	.72 (10.35)	.67 (8.84)		.71 (9.33)		
<i>Implementation agility</i>								
Proactive behavior regarding problems	.62 (9.24)	.63 (9.38)	.64 (9.40)					
<i>Feedback generation</i>								
Knowledge environment and implementation		.65 (9.51)	.64 (9.33)		.60 (7.45)	.59 (8.10)		
Use of external sources to get relevant information	.50 (7.48)							
<i>Strategy translation</i>								
Brand image management skills	.54 (8.07)	.57 (8.54)	.56 (8.25)	.48 (6.75)				
<i>Reliability results</i>								
Cronbach's alpha	.87	.88	.88	.75	.75	.78	-	.72
Composite reliability	.86	.87	.90	.76	.74	.78	-	.72
Average variance extracted	.37	.38	.40	.45	.42	.48	-	.46
<i>Descriptive statistics</i>								
Mean	.88	.86	.87	.73	.75	.87	.83	.83
Standard deviation	.88	.86	.87	.73	.75	.85	1.20	.98
Correlations with final 43-item SIC scale	.96*	.96*	.96*	.88*	.87*	.85*	.61*	.71*

Note. Reported values are standardized estimates; t-values are shown in parentheses. All loadings are significant at $p < .001$.

^a Correlations significant at $p < .05$.

^b As measurement testing related to a brand strategy context, items were formulated accordingly.

^c Items were randomized during data collection.

^d 11-item scale reflecting the 11 dimensional facets of SIC, with the items selected based on highest item loadings of final SIC scale.

^e 11-item scale reflecting the 11 dimensional facets of SIC, with the items selected based on highest item-to-total correlations of 43 items of final SIC scale.

^f 11-item scale reflecting the 11 dimensional facets of SIC, with the items selected based on highest item loadings of 43 items of final SIC scale.

^g 4-item scale reflecting the four dimensions of SIC, with the items selected based on highest item loadings of final SIC scale.

^h 4-item scale reflecting the four dimensions of SIC, with the items selected based on highest item-to-total correlations of 43 items of final SIC scale.

ⁱ 4-item scale reflecting the four dimensions of SIC, with the items selected based on highest item loadings of 43 items of final SIC scale.

^j Item wording was "Translating brand strategies into organizational activities that optimize the strategies' performance outcomes."

^k Based on Vorhies and Morgan's (2005) measure of Marketing implementation capability.

Table 5: Scale reduction: Standardized loadings, reliability results and descriptive statistics for alternative short scales of strategy implementation capability (SIC) (continued)

Convergent and face validity of short SIC scales

The short scale measures were analyzed for reliability and validity following the guidelines established in the literature (e.g., Gerbing and Anderson 1988). All alternative scales exceeded the established threshold for a Cronbach's alpha of .7 (Nunnally 1978), and all composite reliability values exceeded the recommended value of .6 (Bagozzi and Youjae 1988). However, the reduced scales do yet not fully meet the recommended level of a .5 of Fornell and Larcker's (1981) index of the average amount of variance extracted. In particular, the 11-item scales revealed a lower average variance extracted than that of their 4-item counterparts. Noteworthy are the high (above .85) correlations for all multi-item scale alternatives to the SIC scale. The conceptually developed single-item measure had the lowest correlation with the hypothesized measure (.61). Given that information is always lost in scale reduction, this level of lost information seems to be acceptable. In addition, each relevant aspect of SIC is sufficiently reflected in the set of reduced items for the various alternative short scales of SIC. The aim was not to lose any key aspects in terms of the constructs' content.

Nomological validity of short SIC scales

Structural equation modeling was used to test the nomological validity of the proposed alternative short SIC scales, and Table 6 summarizes the results of the analyses for samples 1 and 2.

Relationships	11-item scales			4-item scales			SIC-1	VM
	SIC-11	SIC-11-ITT	SIC-11-FL	SIC-4	SIC-4-ITT	SIC-4-FL		
<i>Sample 1^a</i>								
Organizational Formalization → SIC	.35***	.33***	.34***	.37***	.38***	.38***	.33***	.25***
Organizational Centralization → SIC	-.33***	-.33***	-.33***	-.34***	-.36***	-.35***	-.41***	-.33***
SIC → Strategy Implementation Effectiveness	.61***	.61***	.61***	.59***	.63***	.58***	.64***	.58***
<i>Goodness-of-fit indices</i>								
Chi-square	373.37	350.37	333.76	120.22	101.74	115.73	65.67	92.00
Degrees of freedom (<i>df</i>)	205	205	205	86	86	86	50	73
Chi-square/ <i>df</i>	1.82	1.71	1.63	1.40	1.18	1.35	1.31	1.26
CFI	.931	.940	.947	.980	.991	.983	.989	.988
RMSEA	.056	.052	.049	.039	.026	.036	.034	.031
<i>Sample 2^b</i>								
Organizational Formalization → SIC	.24*	.24*	.21*	.21*	.25*	.25*	.56**	.35**
Organizational Centralization → SIC	-.23*	-.26**	-.23*	-.18	-.29**	-.23*	-.51**	-.30**
SIC → Strategy Implementation Effectiveness	.36**	.33**	.30**	.25**	.33**	.29**	.52**	.52**
<i>Goodness- of-fit indices</i>								
Chi-square	247.93	220.14	269.90	85.14	92.15	94.61	51.67	90.24
Degrees of freedom (<i>df</i>)	205	205	205	86	86	86	50	73
Chi-square/ <i>df</i>	1.21	1.07	1.32	.990	1.07	1.10	1.03	1.24
CFI	.938	.975	.901	1 ^c	.988	.983	.996	.965
RMSEA	.054	.032	.067	0 ^c	.032	.038	.022	.058

Note. Reported values for structural paths are standardized estimates.

* $p < .1$. ** $p < .05$. *** $p < .001$. All tests are one-tailed.

^a $n = 268$ respondents.

^b $n = 72$ strategy developer-implementer dyads, whereby data for SIC was collected from strategy implementers and data for Organizational Formalization, Organizational Centralization and Strategy Implementation Effectiveness was collected from strategy developers.

^c AMOS 17.0 provided these unusual goodness-of-fit indices without any indication of a potential invalidity of the model; therefore, they are reported in this table.

Table 6: Scale reduction: Nomological model results of short strategy implementation capability scales

The overall fit for each alternative model suggests that the hypothesized causal model fit the data well. With the SIC-11 scale resulting in the highest chi-square/*df* ratio of $\chi^2/df = 1.82$ for sample 1 and SIC-11-FL for sample 2 ($\chi^2/df = 1.32$), all chi-square/*df* ratios χ^2/df in both samples were well below the thresholds recommended by researchers (Bentler and Hu 1999; Baumgartner and Homburg 1996). The recommended threshold of RMSEA of .6 was met for all alternative models in both samples. Overall, the reduced SIC scales fit the data well.

Most reduced multi-item alternative SIC scales in sample 1 (with the exception of SIC-4 and SIC-4-FL) nearly exactly predicted the true path value of the SIC scale. Likewise, the nomological model fit the dyadic data in sample 2 very well. That these scales do not fulfill the criterion of average variance extracted above .5 is an important methodological note to take.

Discussion and conclusion

Although scholars and practitioners have agreed on the importance of SI and have demanded more implementation-related research (Bonoma and Crittenden 1988; Crittenden and Crittenden 2008; Egelhoff 1993; Noble 1999; Piercy 1998b), detailed insights into the impact of implementation processes and their effectiveness still are absent (Hutzschenreuter and Kleindienst 2006; Pryor et al. 2007). Theoretically, researchers have identified implementation capabilities as important (Beer and Eisenstat 2000; Egelhoff 1993; Grant 1996; Piercy 1998b; Pryor et al. 2007) and as one approach to cast light on SI. However, empirical research has failed to conceptualize the construct of strategy implementation capabilities and to develop an appropriate scale so far. Therefore, the present research investigates the questions of how SIC can be conceptualized and measured based on OL theory and fills this important research gap. This research takes a new perspective of implementation research in using SIC and a learning-related perspective to understand the effectiveness of any SI effort. Focusing on SI, the paper identifies the

construct of a firm's SIC as relevant to SI and provides evidence that a firm's SIC is central to achieving greater SI effectiveness and a valuable path to better understanding of SI. Drawing on OL theory, the research presents a conceptualization of the identified SIC construct, develops a scale for measuring the construct of a firm's SIC and proposes reduced scales for easier integration into future studies. The proposed scale can be used to investigate SIC's role in SI processes, i.e., how strategy translates into action.

The SIC measure assesses the effectiveness of a firm's learning-based capability in SI. In terms of scale development results, this research confirms the hypothesized structure of SIC as third-order construct and as superior to alternative measurement models. The finding is in line with conceptualizations of firm capabilities as complex bundles of skills (e.g., Day 1994; Vorhies and Morgan 2005). More precisely, the findings indicate that SIC consists of the four dimensions of SI pattern maintenance, SI goal attainment, SI integration, and SI external interface related to the learning subsystems based on OL theory, reflected by 11 dimensional facets.

In addition, this paper analyzes and proposes 11-item, 4-item and single-item scales as shortened SIC scales to facilitate future SIC-related research. Although there is some loss of information when reducing the original scale, the overall effects are relatively stable and the scales produce nearly identical results. In particular, the findings on the reduced scales highlight that the alternative SIC-11, SIC-4 and SIC-1 scales adequately represent the SIC scale and could be employed in future studies if the original scale cannot be employed because of research restrictions. However, the integration of the original SIC scale is always preferable to reduced scales.

Although the proposed third-order SIC measure represents a significant step forward, some substantial, methodological and managerial issues warrant consideration that might provide direction for future research.

Substantial issues. This paper proposes a comprehensive, theory-based conceptualization of a firm's SIC. However, future research should seek to

clarify the role of a firm's SIC translating strategies into performance. Hence, the proposed scale could serve to investigate how strategy translates into valuable organizational outcomes and to analyze SIC's relationships with relevant outcome variables (e.g., firm performance). In addition, future research could conduct analyses of the construct's determinants. Also, disaggregated analyses on the level of the construct's dimensions and/or dimensional facets provide avenues for future research.

Given the importance of organizational SIC with respect to OL, this study focused only on organizational SIC, that is a firm's distinct implementation-related capabilities in an OL context. However, how SIC relates to interpersonal-level variables (e.g., among a firm's business unit or responsible teams) and individual-level variables (e.g., an individual's implementation experience and implementation-related skills with regard to individual-level learning) also may be worth investigation.

Methodological issues. The research demonstrated the reliability and validity of the scale, but in terms of methodology, additional research is desirable to refine the scale and its proposed short forms further.

Besides further refinement of the scale to underscore its applicability and robustness, further research is advisable to generalize the scale to cross-cultural and international contexts. Indeed, replications could aim at testing the proposed SIC scale and its short forms using cross-industry data in different cultures and/or other countries.

The findings raise a noteworthy methodological issue that could be of interest in future research. The path coefficients of the reduced scales came closely to the true values although the average variance extracted for some reduced SIC scales did not meet the generally agreed-upon threshold of .5. Interestingly, the SIC-11 scale came very close to the SIC scale although its average variance extracted is the lowest one among the reduced scales. This finding seems to question the traditionally strong focus on the commonly agreed upon thresholds of average variance extracted for assessing scale performance. This issue deserves further attention.

Managerial issues. From a managerial perspective, this study highlights interesting findings that may guide strategy developers and strategy implementers in successfully managing their SI efforts. The proposed 43-item SIC measure could initially be used to establish an organization's baseline level of SIC to be increased by targeted activities, particularly by accumulating and distributing implementation-relevant knowledge from internal and external sources.

Regarding scale properties, a key managerial property is the focus on activities that facilitate OL related to strategy execution. From a managerial standpoint, it might be desirable to have a higher-order scale and to analyze its dimensions and dimensional facets because this would allow to assess specific components of the SIC construct. In particular, the construct's dimensional facets may serve as key performance indicators in benchmark studies and help to identify areas of concern for firms with relevance to their SI efforts. As appropriate interventions are taken, the organization could monitor its progress and reward SIC strengthening behavior.

In addition, a comparison of SIC across business units or product groups would enable an organization's management to identify areas of improvement and to facilitate exchange of experience on effective SI across organizational boundaries.

Finally, in the interest of pursuing the value of the concept, measurement extensions into specific industries and the derivation of key findings may contribute to the overall role of SIC because the importance of aspects of SIC may differ across industries; that is the relevance of certain dimensions or dimensional facets, may vary from industry to industry. The present research employed a cross-industry sample to validate both the overall relevance as well as the basic structure of the scale but ignored industry-specific SIC findings. Future research in this area may derive relevant and more specific implications for managers to improve their firms' SI effectiveness and performance by stimulating and increasing their organizations' implementation-related learning.

In summary, this research sought to understand the contribution of SIC to effective SI. Although additional work remains in terms of the substantive arena and methodology, the results reported are encouraging. Overall, the results underscore the validity of the new construct of SIC, provide reduced, concise scales for easier integration into future research, and suggest SIC as a valuable path to understanding SI and as a catalyst of future research on SI-related issues.

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Appendix

ID	Market(s)	Industry	Function; Background of Expert	SF	SI	Sex ^a	Country of Responsibility	Length ^b	Month/ Year	Language ^c
Expert-1	B2C, B2B	Consulting	<i>Brand consultant;</i> 6 years experience with strategic brand consulting	Yes	Yes	M	Germany	30:04	07/2009	G
Expert-2	B2C, B2B	Consulting, Telecommunication	<i>Brand and communication consultant;</i> >18 years of international experience with brand strategy formulation and implementation (formerly at advertising agency)	Yes	Yes	M	Germany	46:46	07/2009	E
Expert-3	B2C	FMCG: Food (Ice-cream)	<i>Key Account Manager and Brand Manager;</i> 3 years responsible Brand Manager; Key account management for 3 years since 2008; Corporate leadership program	No	Yes	M	Germany	19:49	07/2009	G
Expert-4	B2B	FMCG: Industrial goods (optical lenses)	<i>Head of Marketing;</i> Marketing manager with >30 years experience and 5.5 years in current position (including 4.5 years at global FMCG company, 10 years at international oral care brand as Leader of Market Research, 6 years advertising agency)	Yes	Yes	M	Germany	32:13	07/2009	G
Expert-5	B2C, B2B	Telecommunication	<i>Head of Corporate Identity;</i> 7 years in current company; Corporate Identity agency; formerly employed as consultant and brand manager	Yes	Yes	M	Switzerland	76:02	07/2009	G
Expert-6	B2C	Consulting services, Tourism (Hotels), Premium fashion	<i>CEO;</i> >30 years experience incl. brand communication at advertising agency; previous position as Marketing Director at premium fashion brand and two leading hotel groups	Yes	Yes	M	Germany	30:53	07/2009	G
Expert-7	B2B, B2C	Logistics and transportation services	<i>Head of Brand Management and Marketing International;</i> 4 years experience with brand architecture and position; 5 years in current position of Head of Brand Management and Marketing International	Yes	Yes	M	Germany	23:49	07/2009	G
Expert-8	B2C	Electronic consumer goods	<i>Director Marketing Communication;</i> > 10 years experience with strategy formulation and implementation; in current position for 1.5 years	Yes	Yes	M	Germany	29:21	07/2009	G
Expert-9	B2C	FMCG - Food (Tobacco)	<i>Marketing Director;</i> 12 years experience on international level	Yes	Yes	M	UK, Taiwan, Germany	28:47	07/2009	G

^a M: Male; F: Female.

^b Duration of interview in minutes and seconds.

^c G: German; E: English.

Table A1: Sample description of qualitative study

ID	Market(s)	Industry	Function; Background of Expert	SF	SI	Sex ^a	Country of Responsibility	Length ^b	Month/ Year	Language ^c
Expert-10	B2C	FMCG - Food (Chocolates)	<i>Marketing Director;</i> 13 years professional experience, of which 3 years at leading food company in Germany; 1.5 years in current position, responsible for portfolio of premium chocolate brands	Yes	Yes	F	Switzerland	17:21	07/2009	G
Expert-11	B2B, B2C	Telecommunication	<i>Director Branding;</i> 14-15 years professional experience in branding on international level (including consulting) of which 4 years at former banking company	Yes	Yes	M	Middle East	52:48	07/2009	E
Expert-12	B2B	Machinery	<i>Head of Marketing;</i> 10 years experience in Marketing; example for one single product brand in a closed, static market	Yes	Yes	M	Germany	26:44	07/2009	G
Expert-13	B2C	Automotive (Luxury)	<i>Global brand manager;</i> 5 years brand manager for luxury automobile brand	Yes	Yes	M	UK, Germany	31:47	08/2009	G
Expert-14	B2C	FMCG (Food, Non-Food)	<i>Senior Product Manager (Food & Innovations);</i> 8 years experience in brand and product management; 1.5 years in current position	Yes	Yes	M	Germany	25:31	07/2009	G
Expert-15	B2C	Television	<i>Head of Consumer Marketing;</i> -	Yes	Yes	M	Germany	29:14	09/2009	G

^a M: Male; F: Female.

^b Duration of interview in minutes and seconds.

^c G: German; E: English.

Table A1: Sample description of qualitative study (continued)

Sample characteristics	Sample 1 ^a	Sample 2 ^b
	[%]	[%]
<i>Industry^c</i>		
Manufacturing	51.0	58.4
Food and tobacco	21.2	33.7
Apparel and other textiles	7.6	3.4
Chemicals and pharmacy	5.0	1.1
Electronic equipment	5.0	6.7
Construction	4.3	3.4
Metal and machinery	2.3	4.5
Consumer goods	2.3	1.1
Automobiles	2.0	2.3
Furniture	1.3	2.2
Services	31.8	27.0
Electric, gas and sanitary services	7.6	4.5
Communication	6.6	5.6
Finance and insurance	5.0	4.5
Transportation	4.6	4.5
Tourism and hotels	2.7	3.4
Business, legal, engineering and management services	2.0	3.4
Health care	2.0	1.1
Education	1.0	-
Public administration	0.3	-
Retail Trade	8.6	7.9
Wholesale Trade	3.6	-
Others (incl. agriculture, NGO, real estate)	5.0	6.7
<i>Company size based on current number of full-time employees^d</i>		
1-10	4.2	1.4
11-20	5.7	9.7
21-50	9.9	11.1
51-100	6.1	4.2
100-500	25.6	26.4
501-1000	8.8	-
1001-2500	8.0	11.1
More than 2500	31.7	36.1
<i>Company size based on revenues in million Euro^e</i>		
Up to 1	1.9	1.6
1.1 - 5	6.6	6.3
5.1 - 10	2.3	1.6
10.1 - 50	21.6	19.0
50.1 - 99	9.9	15.9
100 - 500	17.8	22.2
500.1 - 1000	8.4	4.8
1001 - 2000	9.4	4.8
More than 2000	22.1	23.8

^a n = 268 respondents.

^b n = 72 strategy developer-implementer dyads.

^c Multiple response.

^d n = 262 (sample 1); n = 72 (sample 2).

^e n = 213 (sample 1); n = 63 (sample 2).

Table A2: Sample description of quantitative study

Sample characteristics	Sample 1 ^a	Sample 2 ^b
	[%]	[%]
<i>Respondent's experience with strategy formulation</i>		
up to 5 years	43.2	37.1
6 - 10 years	29.7	43.6
11 - 15 years	11.6	10.0
16 - 20 years	8.5	5.0
21 - 25 years	3.9	2.9
> 25 years	3.1	1.4
Mean	8.9 years	8.1 years
<i>Respondent's experience with strategy implementation</i>		
up to 5 years	36.1	35.5
6 - 10 years	33.5	32.6
11 - 15 years	11.8	17.0
16 - 20 years	11.4	8.5
21 - 25 years	3.8	3.6
> 25 years	3.4	2.8
Mean	9.8 years	9.6 years
<i>Respondent's tenure with current employer</i>		
up to 5 years	58.5	55.0
6 - 10 years	21.3	27.9
11 - 15 years	9.1	7.9
16 - 20 years	4.6	5.7
21 - 25 years	3.8	2.1
> 25 years	2.7	1.4
Mean	7.0 years	6.6 years
<i>Respondent's functional area</i>		
Marketing	44.8	36.1
Management	22.4	27.1
Communication	13.1	13.2
Brand management	12.7	14.6
Product management	5.6	6.9
Sales	0.4	1.4
Others	1.0	0.7
<i>Respondent's gender</i>		
Male	62.7	57.6
Female	37.3	42.4

^a n = 268 respondents.

^b n = 72 strategy developer-implementer dyads.

Table A2: Sample description of quantitative study (continued)

Measures ^a	Sample 1 ^b				Sample 2 ^c			
	Mean	S.D.	S.L.	t-values	Mean	S.D.	S.L.	t-values
<i>Organizational Formalization</i> (Menon et al. 1999) (Sample 1: $\alpha = .71$; CR = .74; AVE = .50); (Sample 2: $\alpha = .80$; CR = .81; AVE = .60)								
There are rules and procedures for most things.	.02	1.66	.87	^d	-.03	1.72	.85	^d
There is a "standard operating procedure" for almost all major decisions.	-.05	1.73	.69	8.47	.13	2.00	.84	6.54
In the business unit, plans must be rigidly followed.	-.34	1.36	.51	6.99	-.15	1.61	.60	4.99
<i>Organizational Centralization</i> (Vorhies 1998) (Sample 1: $\alpha = .89$; CR = .89; AVE = .68); (Sample 2: $\alpha = .88$; CR = .89; AVE = .66)								
There can be little action taken here until a supervisor approves a decision.	-.99	1.64	.85	16.18	-.58	1.88	.73	^d
Employees have to ask their boss before they do almost anything.	-1.35	1.57	.85	16.13	-1.38	1.72	.93	7.50
Even small matters have to be referred to someone with more authority for a final decision.	-1.50	1.65	.84	^d	-1.48	1.65	.85	7.01
A person who wants to make his or her own decisions would be quickly discouraged here.	-1.21	1.74	.75	13.66	-1.56	1.49	.73	5.97
<i>Strategy Implementation Effectiveness</i> (Noble and Mokwa 1999) ^e (Sample 1: $\alpha = .88$; CR = .89; AVE = .66); (Sample 2: $\alpha = .92$; CR = .92; AVE = .74)								
Overall, the implementation activities were effective.	1.61	1.13	.76	^d	1.61	1.35	.94	^d
The implementation efforts were generally considered a great success by involved and concerned parties.	1.30	1.24	.85	13.87	1.50	1.27	.88	11.45
Comparing actual performance and a priori expectations, the implementation activities were considered a success.	1.39	1.25	.85	13.80	1.41	1.41	.85	10.67
Our implementation efforts are an example of effective strategy implementation.	.80	1.40	.78	12.56	.86	1.49	.77	8.67

Note. All loadings are significant ($p < .001$). S.D. = Standard deviation; S.L. = Standardized loadings; α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.

^a Introduced by "Please refer to the business unit that is responsible for your brand and indicate your level of agreement with each of the following statements."

^b Seven-point Likert-type scale running from -3 ("strongly disagree") to +3 ("strongly agree").

^c n = 268 managers.

^d n = 72 strategy-developer-implementer dyads.

^e Fixed parameter.

^f Introduced by "To what extent do you agree with the following statements about the implementation of your current brand strategy?"

Table A3: Measures of nomological model variables

Paper III

How Innovative Marketing Strategies Translate into Firm Performance: The Key Role of Firms' Strategy Implementation Capabilities

The research presented investigates strategy implementation (SI) as a mechanism that links innovative strategies and their performance outcomes. To this end, organizational learning (OL) theory is used to examine SI as a possible mediator of strategies' performance effects and, in particular, to evaluate the role of firms' SI capabilities for strategies' performance outcomes. The paper proposes a conceptual model of innovative marketing strategies' performance outcomes, with a firm's SI capability as a key mediator and moderator of the strategies' performance effects. The model is tested using data from 268 senior implementation managers. The results identify the mechanism that links marketing strategies to firm performance and show that a firm's SI capability is central to understanding the implementation and performance outcomes of marketing strategies.

Keywords:

Strategy implementation, organizational learning, organizational capabilities, mediation, moderator effects

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How can firms increase the performance outcomes of innovative marketing strategies? Traditional research has addressed this question by trying to understand how strategy formulation may add to firm performance (Mintzberg 1978; Rosier et al. 2010; Varadarajan and Jayachandran 1999). To this end, researchers have investigated issues such as strategy creativity (Menon et al. 1999; Slater et al. 2010), strategy comprehensiveness (Atuahene-Gima and Murray 2004), strategy types (e.g., Rao et al. 2004) or strategy development styles (White et al. 2003). While this research has increased our knowledge on effective strategy formulation, empirical research found that the link between effective strategies and their performance outcomes is much weaker than expected (Pryor et al. 2007). As a consequence, it comes as no surprise that more often than not firms' considerable investments in innovative strategies do not result in notable effects on their performance (Kaplan and Norton 2000). Obviously, the observation Bonoma (1984, p. 69) made more than 25 years ago still holds true that

"what top management needs (...) is (...) increased attention to marketing practice (...) that direct[s] clever strategies toward successful marketplace results."

The disappointing results led to research on strategy implementation (SI) as a mechanism linking innovative strategies and their performance outcomes (e.g., Bonoma 1984). Theorists agree widely that a strategy must be implemented effectively to translate the strategy's performance potential into actual firm performance (e.g., Aaker 1996; Keller and Lehmann 2006) and some even have suggested that SI is more important for strategies' performance outcomes than strategy formulation as

"effective implementation of an average strategy, beats mediocre implementation of a great strategy every time"
(Sterling 2003, p. 27).

Consequently, Egelhoff (1993, p. 49) observed more than 15 years ago that to increase firm performance

"More firms need to shift (...) from relying on superior strategy to developing superior strategy implementation capabilities."

Similarly, Pryor et al. (2007, p. 3) only recently suggested that to understand performance better, firms need to focus on

"a more inclusive framework so that strategic implementation, as opposed to the myopic focus on strategy formulation, might emerge as a core competency."

Although an increasing, but still limited, number of researchers has tried to understand SI, effective SI efforts and their link to strategies' performance outcomes still are not understood well (e.g., Ailawadi et al. 2001; Chimhanzi and Morgan 2005; Hutzschenreuter and Kleindienst 2006; Menon et al. 1999; Noble 1999; Noble and Mokwa 1999; Piercy 1998a). Consequently, while organizations invest significant resources in strategy formulation and SI, many of the SI initiatives fall far behind expectations (Bigler 2001; Ind 2007; Hickson et al. 2003; Wong and Merrilees 2007), leading to significant reductions of the strategies' potential performance impact.

One major reason for the limited understanding of SI's role in the strategy-performance relationship is that previous research largely has neglected SI as a possible mediator of strategies' performance effects and, in particular, the role of firms' SI capabilities for strategies' performance outcomes. While theorists long have hinted at firms' implementation capabilities as important for understanding the performance effects of marketing strategies (Egelhoff 1993; Pryor et al. 2007), there is no research to date that investigates the capabilities' role in translating innovative marketing strategies into firm performance. The present research aims to fill this important gap.

The objective of this paper is to investigate the implementation-related mechanism that links innovative marketing strategies to firm performance. To this end, the present research

- (a) draws on organizational learning (OL) theory and proposes a conceptual model of innovative marketing strategies' performance

- outcomes, with a firm's strategy implementation capability as a key mediator and moderator of the strategies' performance effects;
- (b) empirically tests the proposed model using data from 268 managers; and
 - (c) in line with organizational learning theory finds a firm's SI capability to be an important mediator and moderator of the strategies' performance effects.

Theoretically, this paper advances our understanding of how innovative marketing strategies translate into firm performance. More specifically, the present research identifies the mechanism that links marketing strategies to firm performance and shows that a firm's SI capability is central to understanding the implementation and performance outcomes of marketing strategies. From a managerial perspective, this research paper informs managers about how they can increase the performance effects of given strategies, suggests that SI capability is an important resource for competitive advantage, and offers insights into how this resource can be managed effectively.

Strategy implementation as organizational learning

In line with extant literature (e.g., Noble 1999), *strategy implementation* (SI) is defined as the communication, interpretation, adoption, and enactment of a strategy or a strategy initiative (e.g., Noble and Mokwa 1999). From this perspective, SI relates to both processes and results. While *SI processes* involve such organizational activities as the execution of strategic plans, the coordination of implementation processes, and the dissemination of information to concerned and involved parties, *SI results* refer to process outcomes that are internal (e.g., employees' adoption of strategy-consistent behaviors) and external (e.g., achieving the strategy's intended brand image among customers) to the organization (Ataman et al. 2008; Chimhanzi and Morgan 2005; Kostova and Roth 2002; Nutt 1998).

Organizational learning (OL) is a valuable approach to understanding SI. OL occurs when an organization acquires or creates knowledge and develops new ways of thinking, and modifies its behavior to reflect new knowledge and insights (Argyris and Schön 1978; Huber 1991). It contains two broad types of learning processes, one aimed at better matching outcomes of organizational actions with intentions (e.g., by correcting ineffective activities – "*single-loop learning*") and the other aimed at improving an organization's knowledge (e.g., by questioning and updating norms, practices, and underlying assumptions and beliefs hitherto accepted in the organization – "*double-loop learning*") (Argyris 1994; Argyris 1992; Argyris and Schön 1978; Kim 1993). Prior research has acknowledged OL as an important theoretic perspective to understand strategy implementation (Schwandt 1997) and suggested that it is a critical source of competitive advantage (Sinkula 1994; Vorhies and Morgan 2005). The growing interest in OL has led some implementation researchers to investigate the concept itself (Sinkula et al. 1997), while others have focused on its relationships with a number of implementation-related organizational variables (Menon et al. 1999).

While there have been initial efforts, extant research is far from having exploited the full potential of using OL theory to understand SI. Current knowledge on SI suffers from three major limitations. First, if one accepts the propositions that organizations are social systems that may learn (Argyris and Schön 1978; Schwandt 1997) and strategy implementation requires organizations to learn (Argyris 1989), then it is most valuable to investigate SI using organizational learning as a comprehensive theoretic perspective. But previous implementation research generally has used a more limited approach, by conceptualizing OL as a variable and examining its relationships to other constructs (e.g., Menon et al. 1999). Second, from an OL perspective, SI may involve such processes of questioning the assumptions and decisions reflected by a (poor) strategy (i.e., double-loop learning), which ultimately may increase the strategy's performance outcomes. However, prior implementation research has focused on strategy execution issues (i.e., single-loop learning)

(Piercy 1998b; Pryor et al. 2007), assuming that double-loop learning occurs, if at all, during strategy formulation and thus neglecting organizations' capacity to detect and correct errors of a strategy while implementing the strategy. Third, as extant literature suggests that OL is a critical source of competitive advantage (Sinkula 1994; Vorhies and Morgan 2005), an OL-based conceptualization of SI should reveal SI as a distinct organizational capability with important positive effects on a firm's competitive position and performance. Although scholars acknowledge the potential benefits of investigating implementation as a core competency (Pryor et al. 2007; Egelhoff 1993), implementation research has neglected to explicate and examine firms' SI capabilities so far.

The approach used in this research to investigating SI addresses the limitations of previous research: OL is used as a comprehensive theoretic perspective to understand SI and its relationship to external SI effectiveness (e.g., firm performance), and to develop an OL-based conceptualization of a firm's SI capability and identify it as a core construct of the phenomenon.

Strategy implementation capabilities

Recent research has identified marketing capabilities as drivers of superior firm performance, drawing on the resource-based view and its recent dynamic capabilities theory extensions (Morgan et al. 2009). In line with extant research on firms' capabilities (e.g., Day 1994; Vorhies and Morgan 2005), a firm's SI capability is defined as a set of bundles of skills and accumulated SI-relevant knowledge, exercised through organizational processes that contribute to superior performance.

The research presented in this paper develops an OL-based conceptualization of a firm's SI capability. Learning theorists have suggested that social systems, such as firms, need to fulfill four functional prerequisites so that the collective learning capacity is maintained (Parsons 1951; Schwandt 1997). These prerequisite functions are carried out by four learning

subsystems of social acts, namely the memory and meaning subsystem, the action and reflection subsystem, the structuring subsystem, and the environmental interface subsystem. The memory and meaning subsystem relates to the prerequisite function of pattern maintenance and involves storing and retrieving collective knowledge, meanings, and values. The action and reflection subsystem carries out the prerequisite function of goal attainment by organizing for effective pursuit of a particular learning system's (i.e., firm's) goals. The structuring subsystem is characterized by its ability to match information and knowledge transfer actions with the requirements of the other subsystems. The environmental interface subsystem links the OL system to its environment and refers to the mechanisms that the learning system uses to secure, filter, and expel information and knowledge, in both proactive and reactive modes (Schwandt 1997).

Based on this concept of a firm as an OL system comprising four learning subsystems, a firm's SI capability is conceptualized as consisting of four facets: SI pattern maintenance, SI goal attainment, SI integration, and SI external interface.

SI pattern maintenance. SI pattern maintenance relates to a firm's ability to ensure the alignment of SI activities with the firm's symbolic and cultural universe (cf. Parsons 1951). It involves accumulating and distributing SI-related knowledge and making employees engage in SI activities, and relates to such issues as documenting, storing, and making available implementation-relevant knowledge and information on previous SI efforts, and employees' strategy orientation and propensity to support implementation efforts.

SI goal attainment. SI goal attainment refers to a firm's ability to define the goals of SI efforts so that the strategy's performance outcomes are maximized, and to mobilize and manage resources and efforts to attain SI goals (cf. Parsons 1951). It pertains to such issues as translating strategy goals into feasible implementation objectives, efficiently executing SI plans, and correcting wrong assumptions of the strategy.

SI integration. SI integration represents a firm's ability to establish control, inhibit deviant tendencies, maintain coordination among SI activities, and avoid serious disturbances of the SI process (cf. Parsons 1951). It involves such issues as effectively synthesizing available information relevant to SI projects, effectively coordinating implementation efforts, and adapting SI efforts to changing requirements during implementation.

SI external interface. SI external interface refers to a firm's ability to establish relations with the firm and the external environment relevant to its SI efforts, and to use those relationships to support SI (cf. Parsons 1951). This ability comprises such issues as building knowledge about the match between the external environment and SI efforts, or communicating strategies' content to customers, partners, and stakeholders.

As can be noted, this paper's conceptualization of SI capability includes firm's abilities aimed at better matching outcomes of SI actions with strategic intentions, as well as abilities aimed at questioning and updating a strategy to improve the strategy's performance outcomes as OL theory would prescribe.

Conceptual model and hypotheses

Figure 1 presents the proposed conceptual model of how marketing strategies translate into firm performance. As the figure shows, this research proposes that strategy implementation capabilities have a pivotal role in the strategy implementation effectiveness-firm performance relationship that research widely agrees upon. The focal construct's central role manifests itself in two ways: First, the construct is proposed to mediate the effective implementation of a strategy's strength. Thus, the conceptual model suggests the relationship between the strength of an innovative marketing strategy and SI effectiveness to be indirect, running through SI capability. Second, SI capability is expected to affect the communication-related mechanism of effective strategy implementation. Specifically, the model proposes that SI capability indirectly affects innovative marketing strategies' clarity, through communication quality,

and moderates the strategy innovativeness-strategy clarity-strategy implementation effectiveness relationship. Finally, while not hypothesized, direct paths from strategy innovativeness to firm performance and from strategy strength to SI effectiveness are included in the structural model to assess if hypothesized effects are completely or partially mediated.

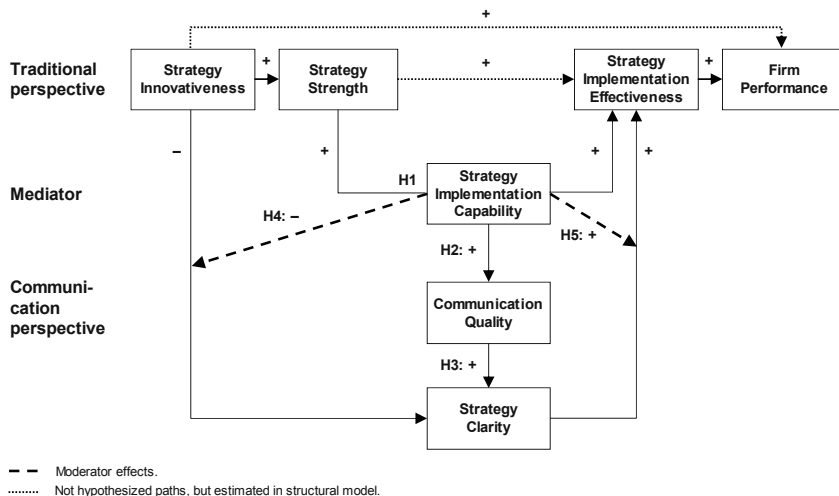


Figure 1: Conceptual model

The development of the present framework draws on organizational learning theory. This theoretic perspective has been argued to be particularly appropriate to investigating strategy implementation (Argyris 1989). Further, it has been noted that

"[i]t is when we neglect the learning aspects of the social system that we begin to fail at the implementation of strategic plans."
 (Schwandt 1997, p. 355)

The proposed mechanism of how strategy innovativeness translates into firm performance has not been addressed in previous research. However, given that the key interest of the present research lies in the question of how the new construct of a firm's SI capability influences this mechanism, the present paper focuses on the construct's mediating role in the effective

implementation of an innovative strategy's strength and its effects on the communication-related mechanism of effective strategy implementation.

The traditional perspective: The strategy innovativeness-strategy strength-strategy implementation effectiveness-firm performance relationship

The starting point for the development of the present research's conceptual model is the traditional perspective of how research links innovative strategies to firm performance. Traditionally, the literature proposes that firms invest in the formulation of innovative strategies to create strong strategies, which potentially increase firm performance, that have to be implemented effectively to actually affect firm performance (e.g., Kotler and Keller 2009; Hutzschenreuter and Kleindienst 2006).

The strategy innovativeness-strategy strength link is widely accepted in extant literature. In the present paper strategy innovativeness is conceptualized from a firm's perspective (as opposed to a market perspective). Specifically, strategy innovativeness is defined as a strategy's degree of newness to the firm and relates to such issues as the strategy's degree of novelty and difference from previous strategies (Menon et al. 1999). There is wide agreement among scholars that firms invest in strategy innovations to develop strong strategies that help gain a competitive advantage (Porter 1996). Thus, a positive relationship is expected between strategy innovativeness and strategy strength. As strategy and strategic marketing research suggests that the assessment of a strategy's strength involves customers' perceptions and its comparison to competitors' strategies (Day and Wensley 1988), in line with this literature, strategy strength is conceptualized as the degree to which a strategy is unique compared to competitors' strategies and is perceived as superior by customers.

Traditional research posits that innovative strategies' strength has an indirect effect on firm performance, through SI effectiveness. SI effectiveness is the degree to which strategies and related strategic plans are considered successfully implemented by the organization and its members (Noble and Mokwa 1999). Firm performance relates to a firm's results achieved on the market in terms of market share, sales, and revenues (Vorhies and Morgan 2005).

While researchers continue to propose and investigate direct effects of strategies on firm performance (e.g., Slater et al. 2010), it long has been theorized that strategies and strategic plans must be translated into action to affect firm performance and that their potential performance outcomes may be exploited (i.e., translated into actual firm performance) only to the extent to which the strategies are implemented successfully (Kaplan and Norton 1996; Pryor et al. 2007). Despite its compelling arguments and researchers' repeated call for more implementation-related strategy research, this perspective of SI effectiveness as a possible mediator of the relationship between innovative strategies' strength and firm performance still is not considered sufficiently in extant empirical research (Hutzschenreuter and Kleindienst 2006; Noble and Mokwa 1999; Walker Jr. and Ruekert 1987). Nevertheless, the limited research provides some evidence for a positive influence of SI effectiveness on firm performance (White et al. 2003), thus supporting the traditional perspective of an indirect effect of innovative strategies' strength on firm performance, mediated by SI effectiveness.

Overall, the present paper builds on the traditional perspective of how strategy innovativeness relates to firm performance, namely that strategy innovativeness increases strategy strength that indirectly affects firm performance, mediated by SI effectiveness. How SI capability is suggested to affect this relationship is outlined next.

The mediating role of firms' strategy implementation capabilities

Adding to the traditional view, the present research argues that a firm's SI capability plays an important role in the relationship proposed in traditional research, by linking innovative strategies' strength to SI effectiveness as a key mediating variable. The theoretical rationale for the proposed mediating mechanism builds on OL theory (Argyris 1989; Huber 1991; Kim 1993). From an OL perspective, SI starts with a new strategy that must be learned by the organization, unfolds as an organizational learning process (i.e., attempts to integrate the new strategy into the organization's knowledge base and behavior), and produces a given implementation level of the strategy as a result of the strategy-related learning effort of the organization (i.e., SI effectiveness) (Hurley and Hult 1998; Slater and Narver 1995).

As a firm's SI capability represents a firm's implementation-related learning capacity, the stronger a firm's SI capability, the more and better the organization could learn the meanings, values, and behaviors intended by the new strategy, thus resulting in a higher effectiveness of the strategy's implementation efforts. Hence,

H1: Strategy implementation capability completely mediates the effect of strategy strength on strategy implementation effectiveness.

The communication perspective: The strategy innovativeness-strategy clarity- implementation effectiveness relationship

The present research proposes a communication-related mechanism of how innovative strategies affect effective implementation of the strategies. Both scholars (e.g., Floyd and Wooldridge 1992; Kaplan and Norton 2000) and practitioners (e.g., Raps 2005; Sterling 2003 and experts of this paper's qualitative study) agree on the central role of communication in successful implementation. Specifically, strategy clarity is theorized as playing an important role in how an innovative strategy affects the effectiveness of the strategy's implementation. As such, strategy clarity relates to the degree to

which an organization and its members understand a strategy. As Kaplan and Norton (2000, p. 167) observe,

"The key to executing your strategy is to have people in your organization understand it – including the crucial but perplexing processes by which intangible assets will be converted into tangible outcomes."

Strategy innovativeness and strategy clarity. In the present paper, a negative "side effect" of strategy innovativeness on strategy clarity is expected (as opposed to the effect on strength aimed at with strategy innovations). As the concept of innovation implies deviations from an organization's processes and knowledge, the more innovative a new strategy is, the more the strategy involves concepts and activities that are not part of the extant organizational knowledge base and, thus, the more difficult it is for the organization's members to understand the strategy (i.e., the less clear the strategy).

Strategy clarity and SI effectiveness. Strategy clarity is proposed to increase SI effectiveness. Drawing on OL theory, a strategy that is understood well can be learned easier by the organization, leading to a higher effectiveness in the strategy's implementation. In contrast, when strategies remain unclear, organizations and their members do not know how they should behave to execute the strategic plans (i.e., what to learn), limiting the proper adoption and enactment of the strategies (i.e., reducing SI effectiveness). In line with this research's rationale, scholars have identified unclear strategies (Beer and Eisenstat 2000) and inadequate communication (Dibb and Simkin 2000) as barriers to successful implementation.

Taken together, while strategy innovativeness is expected to decrease strategy clarity, strategy clarity is expected to have a positive effect on SI effectiveness.

Effects of strategy implementation capability on strategy clarity

The present research proposes a positive impact of SI capability on communication quality, which in turn is expected to have a positive effect on

strategy clarity. Communication quality refers to the nature and extent of formal and informal communications during the process of strategy formulation (Bonoma 1985; Menon et al. 1999). Given that communication is an important part of implementation (e.g., Floyd and Wooldridge 1992; Kaplan and Norton 2000), in line with the present research's conceptualization of SI capabilities, the construct of firms' SI capabilities includes communication skills of the firms. Specifically, firms strong in SI capability possess strong skills in designing communication initiatives and activities that would make it easy for involved and concerned parties to better understand the strategies in question. Consequently, as SI capability increases, the firm should engage in more appropriate communication about a strategy's content and objectives and the activities necessary to achieve the strategy's objectives, with this communication ensuring organizational members' better understanding of the strategy. Thus,

H2: Strategy implementation capability increases communication quality.

H3: Communication quality increases strategy clarity.

Strategy implementation capability as a moderator of the strategy innovativeness-strategy clarity-strategy implementation effectiveness relationship

The present research proposes SI capability to weaken the (negative) effect of strategy innovativeness on strategy clarity and to strengthen the (positive) relationship between strategy clarity and SI effectiveness. The rationale for this argument relies on organizational learning theory as theoretical foundation. When a firm's SI capability is strong, it is less difficult for organizational members to understand new concepts and activities that are imposed by an innovative strategy and that are not part of the extant organizational knowledge base, while making sense out of the innovative strategic plan becomes very difficult when a firm's SI capability is weak. Similarly, at a given level of clarity of the strategy, firms with a strong

SI capability are more effective and efficient in terms of translating what is understood of the strategy into results, thus leading to a higher SI effectiveness as compared to firms with a weak SI capability. Therefore,

H4: Strategy implementation capability weakens the (negative) effect of strategy innovativeness on strategy clarity.

H5: Strategy implementation capability strengthens the (positive) effect of strategy clarity on strategy implementation effectiveness.

Method

Sample and data collection

To test the hypotheses a quantitative study involving data from 268 managers was carried out. Data collection followed guidelines suggested in extant literature in order to effectively generate the sample (Carter et al. 2008).

Data were collected from 268 managers responsible for brand strategy formulation and implementation by means of a cross-sectional online survey across a wide variety of industries. Brand strategy contexts are particularly appropriate for testing the SI capability scale. Brand strategies can be viewed as representative marketing strategies because brand management is a cornerstone of marketing (Aaker 1996; Kotler and Keller 2009) and brand strategies generally comprise all areas of marketing (i.e., product, price, communication, distribution) (Keller 2000). Further, effective implementation of brand strategies has a high managerial relevance as firms often invest significant amounts of resources in the implementation of brand strategies and many of these SI initiatives fall short of expectations (Bigler 2001; Ind 2007; Hickson et al. 2003; Wong and Merrilees 2007).

The unit of analysis was a brand with its strategy and the organizational unit responsible for the brand.

A key informant design was applied to this study, which is common in similar empirical work (Slater et al. 2010). The member lists of two national brand associations served to identify appropriate companies and possible key

informants. Additionally, a list of the biggest companies in Germany, Switzerland, and Austria was compiled to enlarge the sample. To qualify for the sample potential participants had to be responsible for a brand's strategy formulation (i.e., the main person responsible for brand strategy formulation) and/or implementation (i.e., the main person responsible for brand strategy implementation). To identify suitable managers within the companies, in the case of the cooperation with the associations, one of the two associations made an announcement to its members, followed by requests for participation sent by the researcher. The second association relied on its members to react to the general study invitation without an individual follow-up by phone and/or email. As most of the association's members were top-management level, a trickle-down approach was applied to identify relevant managers where necessary. Similarly, in the case of the self-generated list, relevant managers were identified by calling the company and verifying the appropriateness of the prospect and his/her willingness to participate by phone or by email.

Upon identification and managers' consent to participate in the study, managers received by email their personalized access link to the study's online survey. Subject to participants' preferences, the survey, which lasted approximately 30 minutes, was available in German and English. The data were collected from the end of October 2009 until the beginning of March 2010. The data collection process yielded a total of 268 completed surveys.

The data were tested for early/late respondent bias (Armstrong and Overton 1977), but the tests revealed no significant differences between early and late respondents on any of the constructs, indicating that nonresponse bias is unlikely to be present in the data. Consequently, the 268 completed surveys represent the data basis for the subsequent analyses.

As Table A1 in the appendix shows, the sample is composed of various manufacturing industries with 51.0%, services with 31.8%, wholesale and retail with 12.2% and other industries with 5.0%. Regarding the functional area and background of the respondents, 44.8% of the respondents were from marketing, 22.4% from management, 13.1% from communication, 12.7% from

brand management, 5.6% from product management, and 1.4% from sales and other functions. Of the respondents, 56.8% had more than five years experience in brand strategy formulation, and 63.9% had more than five years experience in brand strategy implementation.

Measures

This research followed well-established procedures (e.g., Churchill Jr. 1979) to develop the measurement instrument for this study. Whenever possible, existing measures were used and adapted to this study's brand strategy context if necessary. Based on a pretest of the instrument and qualitative feedback on the clarity, appropriateness, and number of the items from 30 experts (i.e., academics, marketing researchers, managers), items were added, reworded, or deleted. The conceptual model's constructs were measured with multi-item scales. Scale items were randomized to avoid order effects and measured on seven-point Likert-type scales, ranging from "-3" to "+3" with higher numbers indicating a more positive assessment of the characteristics in question (e.g., strategy implementation capabilities, "very weak" to "very strong"). Table 1 shows the detailed measures for the constructs in the conceptual model.

Introduced by "When we started to implement our current brand strategy, ..." ^a				
Measures ^{b, c}	Mean	S.D.	S.L.	t-values
<i>Strategy innovativeness</i> ($\alpha = .74$; CR = .73; AVE = .47)				
..., we viewed our current brand strategy as very different from the brand's previous strategies.	.28	1.76	.60	8.48
..., our current brand strategy was novel compared to the brand's previous strategies.	.59	1.82	.67	9.57
..., our current brand strategy was innovative.	.47	1.61	.78	^d

Note. All loadings are significant ($p < .05$). S.D. = Standard deviation; S.L. = Standardized loadings; α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.

^a Seven-point Likert-type scales with -3 = "strongly disagree" and +3 = "strongly agree" as anchors were employed.

^b As measurement related to a brand strategy context, items were formulated accordingly.

^c Items were randomized during data collection.

^d Parameter fixed.

Table 1: Means, standard deviations, and standardized loadings for the measures

Introduced by "When we started to implement our current brand strategy, ..." ^a				
Measures ^{b, c}	Mean	S.D.	S.L.	t-values
<i>Strategy strength</i> ($\alpha = .78$; CR = .78; AVE = .54)				
..., from a strategic point of view, our current brand strategy was very strong.	.73	1.56	.72	10.57
..., compared to competitors, our current brand strategy was very unique.	.59	1.79	.77	11.21
..., our current brand strategy made it easy for customers to notice why our brand would outperform competitors.	.83	1.49	.72	^d
<i>Strategy clarity</i> ^e				
..., we considered our current brand strategy as rather complex. ^f	-	-	-	-
..., we found our current brand strategy rather difficult to understand.	1.19	1.66	.60	^d
<i>Communication quality</i> ($\alpha = .63$; CR = .63; AVE = .47)				
..., our current brand strategy was elaborated in a very detailed way.	.13	1.71	.62	9.12
..., our current brand strategy was very straightforward.	.97	1.64	.74	^d
<i>Strategy implementation capability</i> ^g ($\alpha = .89$; CR = .90; AVE = .69)				
Introduced by "Please rate the business unit responsible for your brand in terms of the business unit's capabilities in the following areas."				
SI pattern maintenance.	1.07	.92	.76	^d
SI goal attainment.	.87	.84	.87	14.63
SI integration.	.83	.86	.90	15.12
SI external interface.	.96	.91	.79	13.26
<i>Strategy implementation effectiveness</i> ($\alpha = .88$; CR = .89; AVE = .66)				
Introduced by "To what extent do you agree with the following statements about the implementation of your current brand strategy?"				
Overall, the implementation activities were effective.	1.61	1.13	.77	12.68
The implementation efforts were generally considered a great success by involved and concerned parties.	1.30	1.24	.86	14.38
Comparing actual performance and a priori expectations, the implementation activities were considered a success.	1.39	1.25	.85	14.17
Our implementation efforts are an example of effective strategy implementation.	.80	1.40	.78	^d
<i>Firm performance</i> ^h ($\alpha = .95$; CR = .95; AVE = .85)				
Introduced by "Relative to our competitors, our brand has performed with respect to ..."				
Revenues.	1.10	1.37	.96	22.02
Sales.	1.13	1.32	.95	21.94
Market share.	1.14	1.42	.86	^d

Note. All loadings are significant ($p < .05$). S.D. = Standard deviation; S.L. = Standardized loadings; α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.
^a Seven-point Likert-type scales with -3 = "strongly disagree" and +3 = "strongly agree" as anchors were employed.
^b As measurement related to a brand strategy context, items were formulated accordingly.
^c Items were randomized during data collection.
^d Parameter fixed.
^e Reverse coded.
^f Item deleted during scale purification.
^g SI capability measured as second-order construct reflected by four dimensions reflected by 43 indicators. Seven-point Likert-type scale running from -3 ("very weak") to +3 ("very strong").
^h Seven-point Likert-type scales with -3 = "much worse than competitors" and +3 = "much better than competitors" as anchors were employed.

Table 1: Means, standard deviations, and standardized loadings for the measures (continued)

Since no previous measure existed, a new measure for the construct of strategy implementation capability was developed. This new measure was based on the construct's conceptualization in the present paper and on related measures in the literature (e.g., Menon et al. 1999; Vorhies and Morgan 2005). Additionally, a qualitative study with 15 managers was employed to validate the newly developed scale and identify missing content. The final scale consisted of 43 items conceptualized to reflect the third-order construct of a firm's SI capability. Table A2 in the appendix lists the 43 items of the scale.

The strategy innovativeness measure and the strategy strength scale were adapted from scales developed by Menon et al. (1999) and Slater et al. (2010), respectively. The strategy clarity and the communication quality measures were developed based on conceptual work by Floyd and Wooldridge (1992) and Kaplan and Norton (2000). The measure of SI effectiveness was adapted from Noble and Mokwa (1999), and the scale developed by Vorhies and Morgan (2005) was used to measure firm performance.

Results

Assessment of construct reliability and validity

Following the data collection, the measures were subjected to a rigorous testing process involving a series of reliability, dimensionality, and validity assessments. All multi-item measures were analyzed for reliability and validity following the guidelines established in the literature (e.g., Gerbing and Anderson 1988).

The properties of the measurement instrument were assessed with confirmatory factor analyses using AMOS 17.0. To ensure acceptable parameter estimate-to-observation ratios (e.g., Bentler and Chou 1987), two models were specified and estimated, one the measurement model for SI capability, the other a seven-factor confirmatory model. The first analysis

provided statistical evidence for the hypothesized third-order structure of SI capability and the quality of the newly developed 43-item scale. The model's chi-square (*df*) scored 1579.89 (845) with a chi-square/*df* ratio of $\chi^2/df = 1.87$. Based on extant literature (e.g., Baumgartner and Homburg 1996), additional goodness-of-fit statistics indicated that the model adequately represented the data (Comparative fit index (CFI) = .871; root mean square error of approximation (RMSEA) = .057), as did the reliability and extracted variance estimates (see Table A2 in the appendix). Given the results, single indicators for the construct's dimensions were calculated and used as measure of the SI capability construct in further analyses.

The seven-construct confirmatory factor model included all the constructs of the present research's conceptual model. As the analyses indicated poor reliability of the strategy clarity measure, the scale was modified and the model re-estimated, specifying the strategy clarity construct as being measured by one indicator and allowing for an estimation of the indicator's measurement error. This confirmatory factor model fit the data well. The chi-square (*df*) was 275.92 (150), with a chi-square/*df* ratio of $\chi^2/df = 1.84$, CFI of .957, and RMSEA of .056. These goodness-of-fit indices are better than the respective threshold values recommended in the literature (e.g., Bagozzi and Youjae 1988).

The next step in the analysis was to evaluate the reliability and discriminant validity of the multi-item measures. As shown in Table 1, with one exception, the Cronbach's alpha values all were well above Nunnally's (1978) recommended level of .7. The alpha of communication quality (.63) slightly misses the threshold, which likely is the result of communication quality being a two-item measure, as alpha values tend to decrease with the number of scale items (Duhachek et al. 2005). The composite reliabilities for the seven constructs' scales ranged from .63 to .95, with factor loadings ranging from .60 to .96 ($p < .001$). Hence, the requirement of a composite reliability of at least .6 (Bagozzi and Youjae 1988) is met for every factor. With two exceptions (strategy innovativeness and communication quality, both .47), the

average variance extracted estimates are well above the threshold of .5 (Fornell and Larcker 1981). The constructs' discriminant validity was indicated by the fact that the variance shared by any two constructs was lower than the average variances extracted for the individual constructs (Fornell and Larcker 1981). The construct means, standard deviations, and inter-correlations are reported in Table 2.

Construct	Mean	S.D.	1	2	3	4	5	6
1. Strategy innovativeness	.44	1.42						
2. Strategy strength	.71	1.36	.59**					
3. Strategy clarity	1.19	1.66	.05	.24**				
4. Communication quality	.56	1.44	.49**	.62*	.35**			
5. SI capability	.94	.77	.22**	.35**	.27**	.40**		
6. SI effectiveness	1.27	1.08	.21**	.36**	.27**	.35**	.60**	
7. Firm performance	1.11	1.30	.01	.09	.02	-.06	.14*	.22**

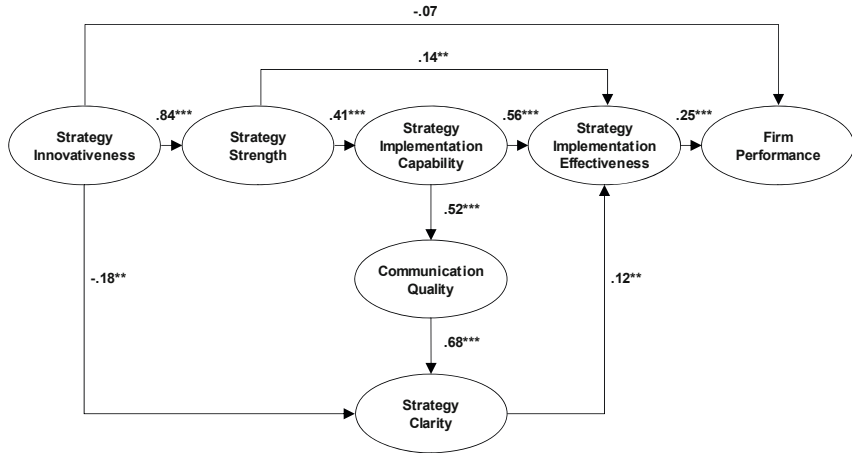
Note. * $p < .05$. ** $p < 0.01$. S.D. = Standard deviation.

Table 2: Latent construct means, standard deviations, and intercorrelations

A final confirmatory factor-analytic approach was employed to test for common method bias using Harman's single factor test (Podsakoff et al. 2003). In the case that common method bias poses a serious threat to data analysis and interpretation, a single latent factor would account for all manifest variables and the one-factor model would have a better model fit than the seven-factor model. The one-factor model yielded a chi-square (df) of $\chi^2 (df) = 1899.06 (171)$ compared with a chi-square of $\chi^2 (df) = 275.92 (150)$ for the measurement model, suggesting that common method bias is not a serious danger. Taken together, these results provided strong evidence of the convergent and discriminant validity of the constructs and high quality of the measurement instrument.

Tests of the hypothesized relationships

Structural equation modeling was used to test this paper's conceptual model. One-tailed tests were used for the hypotheses because directive predictions were offered. Figure 2 shows the empirical results of the analyses of the basic model, without moderating effects.



Note: Standardized estimates are reported. n = 268 respondents.
 * p < .1. ** p < .05. *** p < .001. All tests are one-tailed.
 Goodness-of-fit statistics: Chi-square = 403.58; df = 161; Chi-square/ df = 2.5; CFI = .917; RMSEA = .075.

Figure 2: Empirical model results

The overall fit suggests that the data provide a good fit for the basic hypothesized causal model. The chi-square (*df*) was 403.58 (161) with a chi-square/*df* ratio of $\chi^2/df = 2.5$, which is within the limit recommended in the literature. RMSEA was .075 and CFI was .917, respectively. The RMSEA value is close to the recommended threshold value of .08 and the CFI value is greater than the recommended level of .9 (Bagozzi and Youjae 1988; Baumgartner and Homburg 1996; Homburg and Klarmann 2006). Thus, it can be concluded that the basic model fits the data well.

As to hypothesis testing, in line with researchers' traditional view on the strategy innovativeness-strategy strength-SI effectiveness-firm performance link, the findings provide evidence that strategy innovativeness has a

positive impact on strategy strength (standardized estimate = .84, $p < .001$) and SI effectiveness increases firm performance (.25, $p < .001$).

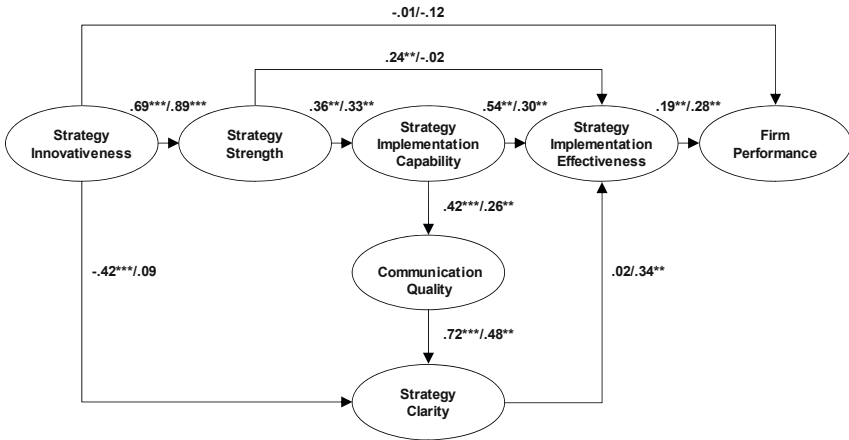
Hypothesis 1 suggested SI capability as full mediator of the effects of strategy strength on SI effectiveness. In line with the hypothesis, results revealed a positive effect of strategy strength on SI capability (.41, $p < .001$), and a positive impact of SI capability on SI effectiveness (.56, $p < .001$). However, strategy strength also was found to have a direct effect on SI effectiveness (.14, $p < .05$), suggesting partial mediation of the effects of strategy strength on SI effectiveness by SI capability.

Moreover, the findings support the expected (but not hypothesized) negative impact of strategy innovativeness on strategy clarity (-.18, $p < .05$), as well as the positive relationship between strategy clarity and SI effectiveness (.12, $p < .05$).

Hypothesis 2 proposed a positive effect of SI capability on communication quality, while hypothesis 3 suggested communication quality to increase strategy clarity. The results provide support for both hypothesis 2 (.52, $p < .001$) and hypothesis 3 (.68, $p < .001$).

Finally, the direct relationship between strategy innovativeness and firm performance was found to be nonsignificant ($p > .1$), suggesting that the strategy innovativeness-firm performance relationship is completely mediated by the intervening variables proposed in the model.

The hypothesized moderating effects of SI capability on the strategy innovativeness-strategy clarity-SI effectiveness relationship were analyzed by means of a multiple-group analysis based on a median split of SI capability. In this analysis, the model relationships were estimated for two subsamples (i.e., SI capability = weak, SI capability = strong). The multiple-group model's chi-square (df) scored 557.30 (322), with a chi-square/ df ratio of $\chi^2/df = 1.73$; the CFI was .895 and RMSEA was .053. These goodness-of-fit indices suggested that the model fitted the data well. Figure 3 shows the results for the moderator analyses.



Note. Standardized estimates are reported. n=268 respondents. Values in parentheses represent standardized estimates for strategy implementation capability = weak subsample (first value) and strategy implementation capability = strong subsample (second value), respectively. * $p < .1$. ** $p < .05$. *** $p < .001$. All tests are one-tailed. Goodness-of-fit statistics: Chi-square = 557.30; $df = 322$; Chi-square/ $df = 1.73$; CFI = .895; RMSEA = .053.

Figure 3: Moderator analysis results

As proposed in hypothesis 4, the negative impact of strategy innovativeness on strategy clarity is weaker when SI capability is strong (.09, *ns*) versus when it is weak -.42, $p < .001$). Also, the results provide support for hypothesis 5, which suggests that SI capability enhances the (positive) relationship between strategy clarity and SI effectiveness as the relationship is weaker (.02, *ns*) when SI capability is weak as compared to when it is strong (.34, $p < .05$). As shown in Table 3, in both cases, chi-square differences are significant at the level of .05. Thus, support for hypotheses 4 and 5 is in evidence.

Moderated effects	Strategy implementation capability ^a		Hypothesized effect	Chi-square difference ($\Delta df = 1$)
	Weak	Strong		
H _{4a} : Strategy innovativeness → Strategy clarity	-.42 (-3.69)	.09 (.75)	Negative	$\Delta\chi^2 = 10.10^*$
H _{4b} : Strategy clarity → SI effectiveness	.02 (.15)	.34 (2.72)	Positive	$\Delta\chi^2 = 4.30^*$
H ₅ : SI effectiveness → Firm performance	.19 (3.47)	.28 (2.81)	Positive	$\Delta\chi^2 = 1.00$
Strategy innovativeness → Strategy strength	.69 (4.72)	.89 (6.63)		$\Delta\chi^2 = .05$
Communication quality → Strategy clarity	.73 (4.11)	.48 (2.68)		$\Delta\chi^2 = 3.65$
Strategy strength → SI effectiveness	.24 (2.13)	-.02 (-.17)		$\Delta\chi^2 = 3.00$

Note. * $p < .05$.

^a Standardized estimates are reported. Values in parentheses represent t-values.

Table 3: Results of moderator analyses

Table 3 also contains the multiple-group estimates for the other model relationships. None of the estimate differences were found to be significant. However, the chi-square differences were close to significance in two cases, namely the communication quality-strategy clarity relationship and the strategy strength-SI effectiveness relationship. Quite noteworthy, the direct relationship between strategy strength and SI effectiveness was positive when SI capability was weak (.24, $p < .05$), but became nonsignificant when SI capability was strong (-.02, *ns*). While this result suggests SI capability to be a partial mediator in the case of weak SI capabilities, it is in line with the expectation of full mediation in the case of strong SI capabilities. Nevertheless, taken together, the results lead to reject hypothesis 1, which suggests SI capability to completely mediate the effect of strategy strength on SI effectiveness.

Discussion

Companies invest considerable resources into the formulation of strong and innovative strategies that should help them gain sustainable competitive advantage. Although scholars and practitioners agree on the importance of strategy implementation and demand more implementation-related research (Bonoma and Crittenden 1988; Crittenden and Crittenden 2008; Egelhoff 1993; Noble 1999; Piercy 1998b), detailed insights into the role of strategy implementation in linking innovative strategies to firm performance still are absent. Therefore, this research investigated the implementation-related mechanism that links innovative marketing strategies to firm performance and found SI capabilities; suggested a firm's SI capability as a key mediator and moderator of the strategies' performance effects; and revealed that SI capability plays an important role in the mechanism of translating innovative strategies into firm performance.

The present research identified SI capability to mediate the performance effects of innovative strategies. Specifically, it was shown that SI links an innovative strategy's strength to the strategy's effective implementation. Consequently, as a firm's SI capability increases, the firm can implement an innovative strategy better without compromising the strategy's strength, thus translating more of the strategy's performance potential into actual firm performance. In contrast, weak SI capabilities may restrain even a strong strategy's performance potential from being translated into actual performance. This finding explains how average strategies may beat great strategies (Sterling 2003), why firms' considerable investments in innovative strategies often do not result in notable effects on their performance (Kaplan and Norton 2000), and hence supports theorists' recent suggestion that firms that focus on strategy formulation are "*myopic*" (Pryor et al. 2007, p. 3).

In line with an OL perspective of strategy implementation, the results also revealed a negative effect of strategy innovativeness on strategy clarity and a positive relationship between strategy clarity and SI effectiveness. Based on this mechanism, strategy innovativeness would lead to reduced

SI effectiveness because the more innovative a strategy, the more difficult it is for the organization and its members to understand and learn the strategy. Obviously, while innovative strategies are developed to exert positive effects on the market, they also have a dark side in that they negatively affect internal implementation processes. While the negative internal effect of strategy innovativeness often may go unnoticed, the findings show its high relevance for strategies' performance outcomes: Because the negative effect of strategy innovativeness influences a key variable in the mechanism of translating innovative strategies into firm performance (i.e., SI effectiveness), an innovative strategy's actual performance outcomes are systematically lower than would be predicted based on the strategy's strength.

Another finding of the present research is that SI capability increases communication quality, which, in turn, increases strategy clarity. A firm's SI capability enables the firm to design and engage in appropriate communication processes that decrease the organization's difficulty to understand a new strategy. The total effect of SI capability on strategy clarity is .35, which is stronger than the negative effect of strategy innovativeness (-.18). This finding suggests that the negative effect of an innovative strategy on SI effectiveness may be reduced and even offset by the resulting positive effect of SI capability on strategy clarity.

The present research also found SI capability to moderate the strategy innovativeness-strategy clarity-SI effectiveness relationship. While strategy innovativeness decreases strategy clarity when a firm's SI capability is weak, there is no relationship between the variables when SI capability is strong. Innovative strategies generate notable comprehension problems among organizational members in firms with weak SI capabilities, potentially leading to a reduced market impact of the strategies, but strong SI capabilities enable firms to understand strategies no matter if they are rather similar or very different from previous ones. Consequently, firms strong in SI capabilities may invest in strategy innovation without running the risk of having a lack of

understanding hamper successful implementation, thus making the firms enjoy returns from the competitive strength of highly innovative strategies.

Strategy clarity has no effect on SI effectiveness when SI capabilities are weak, as compared to a positive effect on SI effectiveness when SI capabilities are strong. The finding of no association may suggest that a minimum level of SI capability would be necessary to learn and successfully integrate the new knowledge and activities implied by the innovative strategy, as understood by organizational members, into the organizational knowledge base (i.e., effectively implement the strategy). When a firm's SI capability is strong, increases in SI capability lead to higher SI effectiveness (through communication quality and strategy clarity), which adds to the effective translation of innovative strategies into firm performance.

A quite noteworthy, although marginally significant, finding is that the direct link between strategy strength and SI effectiveness is significant when SI capability is weak and nonsignificant when SI capability is strong. Obviously, SI capability fully mediates the strength of innovative strategies in the case of strong SI capability, and it is a partial mediator in the case of weak SI capability. This finding suggests that organizations may look for and use other mechanisms to link strategy strength to SI effectiveness as SI capability becomes too weak to serve as a proper mechanism. A possible explanation may relate to the distinction among formal and informal organizational characteristics widely established in management research (Bonoma 1985; Menon et al. 1999). From this perspective, it may well be that firms weak in SI capabilities use a mechanism related to specific skills and knowledge of informal organizational characteristics to compensate for the less effective translation of innovative strategies' strength into firm performance. While the present paper's conceptualization, and measure, of SI capability should encompass informal organizational characteristics, the integration of more narrowly defined informal organizational traits into the conceptual model may add to our understanding of how those traits serve as a compensating mechanism in the case of a weak SI capability.

The present research's findings also are relevant from a managerial perspective. The findings inform managers that they can increase the performance effects of given strategies by developing and strengthening firms' SI capabilities. They also call for a stronger managerial focus on, and management of, SI capabilities. Otherwise, managers risk investing enormous resources in the formulation of innovative strategies without achieving a sufficient return, as many strategy implementation efforts, and ultimately the strategies' performance outcomes, would fall far behind expectations. Finally, the results suggest that a firm's SI capability is an important source of gaining and sustaining a competitive advantage. Firms' SI capabilities are valuable as they have a strong effect on innovative strategies' performance outcomes, and thus on the firms' competitive positions. Further, SI capabilities are likely to be rare, as the many ineffective implementation efforts imply, and difficult to imitate. Consequently, SI capability represents a critical resource of the firm's competitive advantage (Barney 1991; Barney 2001). Ultimately, the research offers insights into an effective management of this resource. Specifically, the construct dimensions, and dimensional facets, may be used to identify problem areas, develop the firm's SI capability, and track and control the development of the firm's SI capability.

Overall, the present paper's research takes a new perspective to understand how innovative strategies translate into firm performance. It posits that the performance outcomes of innovative strategies cannot be understood without accounting for the strategies' implementation, and it introduces SI capability as a new construct to better understand strategy implementation and its role in the performance impact of innovative strategies. The findings provide evidence that firms' SI capabilities are a key mechanism of effectively implementing innovative marketing strategies and play a central role in explaining strategies' performance effects.

Limitations and future research

As always, this study suffers from some limitations. The study used cross-sectional data that reduce the ability of the present research, though guided by strong theoretical rationales, to make definitive causal statements about the findings. Further, the present research applied a key informant approach, relying on data from a single informant (i.e., an organization's member with responsibility for strategy formulation and/or strategy implementation). Although the test for common method variance did not suggest a problem, future research designs may aim to collect data from multiple data sources (e.g., employing dyadic data designs). Overall, future research may employ research designs that maximize the validity of the findings (Rindfleisch et al. 2008).

Additionally, the research did not investigate moderator effects other than SI capabilities. However, moderators such as strategy characteristics and company characteristics may impact the mechanism of how strategy innovativeness translates into firm performance. Likewise, market characteristics such as competitive intensity and technological turbulence may affect the mechanism linking strategy innovativeness to firm performance. Future studies could account for possible internal and external moderators and investigate if and to what extent the role of a firm's SI capability for strategies' performance outcomes is contingent upon the firm's internal and external situation.

The present research chose an organizational level to investigate how strategy innovativeness translates into firm performance and the role of SI capability in the translation process. As related previous research has addressed levels such as interpersonal and individual levels (e.g., Noble and Mokwa 1999; Noble 1999), future research could adopt a multiple level perspective for further investigation of SI capability and its relationships to relevant organizational phenomena. Theoretically, as OL encompasses individual and organizational learning (Kim 1993), the OL perspective adopted

in the present research can serve as a theoretic basis to link individual level and organizational level variables relevant to strategy implementation.

Finally, this study does not address the dynamic nature of strategy formulation and implementation processes and how firms' SI capabilities are related to those processes. For example, future studies may investigate a firm's SI capability and its facets as implementation efforts unfold. Researchers also may investigate a possible effect of SI capability on strategy formulation (e.g., on a strategy's strength as SI capability may ensure possible improvements of the strategy by aligning strategy content and implementation requirements better). Further, researchers have suggested that

"[s]uccessful implementation of a well-formulated and appropriate strategy will enable a company to become better and better over time" (Crittenden and Crittenden 2008, p. 308).

Consequently, repeated implementation efforts over the course of time may create a reinforcement of SI capability. It would be appropriate to investigate dynamic issues employing longitudinal research designs.

Overall, the present research suggests the new concept of SI capability to be valuable, if not indispensable, for understanding strategies' performance outcomes and strategy implementation. Given the findings, there is no doubt that it deserves further attention in future research.

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Appendix

Sample characteristics	[%]
<i>Industry^a</i>	
Manufacturing	51.0
Food and tobacco	21.2
Apparel and other textiles	7.6
Chemicals and pharmacy	5.0
Electronic equipment	5.0
Construction	4.3
Metal and machinery	2.3
Consumer goods	2.3
Automobiles	2.0
Furniture	1.3
Services	31.8
Electric, gas and sanitary services	7.6
Communication	6.6
Finance and insurance	5.0
Transportation	4.6
Tourism and hotels	2.7
Business, legal, engineering and management services	2.0
Health care	2.0
Education	1.0
Public administration	0.3
Retail Trade	8.6
Wholesale Trade	3.6
Others (including agriculture, NGO, real estate)	5.0
<i>Company size based on current number of full-time employees^b</i>	
1-10	4.2
11-20	5.7
21-50	9.9
51-100	6.1
100-500	25.6
501-1000	8.8
1001-2500	8.0
More than 2500	31.7
<i>Company size based on revenues in million Euro^c</i>	
Up to 1	1.9
1.1 - 5	6.6
5.1 - 10	2.3
10.1 - 50	21.6
50.1 - 99	9.9
100 - 500	17.8
500.1 - 1000	8.4
1001 - 2000	9.4
More than 2000	22.1

Note. Sample size n = 268 respondents.

^a Multiple response.

^b n = 262.

^c n = 213.

Table A1: Sample description

Sample characteristics	[%]
<i>Respondent's experience with strategy formulation</i>	
up to 5 years	43.2
6 - 10 years	29.7
11 - 15 years	11.6
16 - 20 years	8.5
21 - 25 years	3.9
> 25 years	3.1
Mean	8.9 years
<i>Respondent's experience with strategy implementation</i>	
up to 5 years	
6 - 10 years	33.5
11 - 15 years	11.8
16 - 20 years	11.4
21 - 25 years	3.8
> 25 years	3.4
Mean	9.8 years
<i>Respondent's tenure with current employer</i>	
	[%]
up to 5 years	58.5
6 - 10 years	21.3
11 - 15 years	9.1
16 - 20 years	4.6
21 - 25 years	3.8
> 25 years	2.7
Mean	7.0 years
<i>Respondent's functional area</i>	
Marketing	44.8
Management	22.4
Communication	13.1
Brand management	12.7
Product management	5.6
Sales	0.4
Other	1.0
<i>Respondent's gender</i>	
Male	62.7
Female	37.3

Note. Sample size n = 268 respondents.

Table A1: Sample description (continued)

Introduced by
"Please rate the business unit responsible for your brand in terms of the business unit's capabilities in the following areas."^a

Measures^{b, c}

Implementation knowledge

($\alpha = .76$; CR = .77; AVE = .45)

- Establishing effective brand strategy implementation procedures and routines.
 - Know-how on successful brand strategy implementation.
 - Documenting knowledge and storage of information relevant to successful brand strategy implementation.
 - Maintaining brand strategy implementation experts in the business unit.
-

Implementation orientation^d

($\alpha = .81$; CR = .82; AVE = .61)

- There is total agreement on the importance of brand strategy implementation across all levels and functions.
 - All employees show great passion when executing brand strategies.
 - All employees have a strong propensity to effectively and efficiently implement brand strategies.
-

Strategy orientation^d

($\alpha = .86$; CR = .86; AVE = .56)

- We all are very brand-minded.
 - All employees have a strong propensity to help strengthen our brand.
 - All employees share great passion for our brand.
 - Our basic values include the brand as key to the business unit's success.
 - There is total agreement on the vision of our brand across all levels and functions.
-

Implementation planning

($\alpha = .80$; CR = .80; AVE = .50)

- Thoroughness of brand strategy implementation planning.
 - Effective planning of brand strategies' implementation processes and tasks.
 - Conceiving implementation processes that ensure the achievement of brand strategy objectives.
 - Translating brand strategy goals into feasible implementation objectives.
-

Implementation execution

($\alpha = .75$; CR = .75; AVE = .50)

- Accomplishing brand strategy implementation tasks.
 - Efficient execution of brand strategy implementation plans.
 - Organizing to deliver brand strategy implementation plans effectively.
-

Implementation improvement

($\alpha = .84$; CR = .84; AVE = .51)

- Using implementation-related feedback to optimize brand strategies.
 - Using implementation efforts to learn about successful brand strategy implementation.
 - Improving performance outcomes of brand strategy implementation projects.
 - Using lessons learned on brand strategy implementation to improve strategy implementation processes.
 - Identifying possible improvements of brand strategies' implementation processes.
-

Note. α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.

^a Seven-point Likert-type scale running from -3 ("very weak") to +3 ("very strong").

^b As measurement testing related to a brand strategy context, items were formulated accordingly.

^c Items were randomized during data collection.

^d Introduced by "Please refer to the business unit responsible for your brand and indicate your level of agreement with each of the following statements."

Seven-point Likert-type scale running from -3 ("strongly disagree") to +3 ("strongly agree").

Table A2: Strategy implementation capability: First-order measures

Introduced by

"Please rate the business unit responsible for your brand in terms of the business unit's capabilities in the following areas."^a

Measures^{b, c}*Information integration*

($\alpha = .74$; CR = .73; AVE = .48)

- Effectively synthesizing implementation-related information from different information sources.
- Merging available information that supports brand strategy implementation projects.
- Identifying internal and external information relevant to the successful implementation of brand strategies.

Process coordination

($\alpha = .80$; CR = .80; AVE = .51)

- Effectively involving concerned parties in brand strategy implementation processes.
- Information and knowledge flows that coordinate brand strategy implementation activities.
- Effectively coordinating brand strategy implementation processes.
- Leadership that coordinates all parties involved in brand strategy implementation efforts.

Implementation agility

($\alpha = .81$; CR = .81; AVE = .52)

- Identifying innovative ways of implementing brand strategies.
- Being proactive in seizing opportunities and reacting to problems during brand strategy implementation projects.
- Efficiently adjusting brand strategy implementation efforts to changing requirements.
- Adapting brand strategy implementation processes and activities to internal and external requirements.

Feedback generation

($\alpha = .85$; CR = .85; AVE = .52)

- Building knowledge about the match between external environment and brand strategy implementation efforts.
- Using external sources to get information relevant to successful implementation of brand strategies.
- Generating knowledge about external issues and influences that affect successful implementation of brand strategies.
- Analyzing external information relevant to brand strategy implementation projects.
- Scanning the external environment for possible and actual influences on performance outcomes of brand strategy implementation efforts.

Strategy translation

($\alpha = .72$; CR = .72; AVE = .46)

- Communicating brand strategies' content to customers and other relevant stakeholders.
- Brand image management skills.
- Understanding relevant stakeholders' brand expectations and their ways of interpreting brand-related information.

Note. α = Cronbach's alpha; CR = Composite reliability; AVE = Average variance extracted.

^a Seven-point Likert-type scale running from -3 ("very weak") to +3 ("very strong").

^b As measurement testing related to a brand strategy context, items were formulated accordingly.

^c Items were randomized during data collection.

Table A2: Strategy implementation capability: First-order measures (continued)