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**An Examination of Sales and Marketing Collaboration
in a Western-Headquartered Chinese Subsidiary**

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for the Degree of Doctor of Business Administration**

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This thesis is dedicated to my father who sadly passed away a year before the completion of this journey.

Kevin Ho Kwai Lin 1938 - 2015

Declaration

I declare that this thesis is my own work and has not previously been submitted in any form for another degree program at this or any other institution. I certify that, to the best of my knowledge, my thesis does not infringe upon anyone's copyright and all verbatim extracts have been distinguished and sources are fully acknowledged in accordance to the standard referencing practices.

I declare that this is a true copy of my thesis and I am responsible for the work submitted in this thesis.

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Date: March 20, 2017

Abstract

Previous research has variously argued that the Marketing and Sales functions within an organisation are ‘at war’ with each other (Kotler *et al.* 2006), or that the relationship between the two is healthy (Dawes & Massey 2005). However, there is general agreement that collaboration between Sales and Marketing is important for organisational effectiveness (e.g. Le Meunier-FitzHugh & Piercy 2011; Matthyssens & Johnston 2006). Nearly all research into Sales/Marketing collaboration (SMC) has been conducted in Western cultures (e.g. Dawes & Massey 2006; Troilo *et al.* 2009). However, cultural characteristics, such as avoidance of conflict, mean that SMC may be very different in organisations located in non-Western environments. Understanding how Sales and Marketing collaboration might vary in such environments is particularly important for Western multinational corporations, which will be influenced by the culture of their headquarters, and also by the national culture of the location of any subsidiary. Given the growing importance of the Chinese economy, and the increasing number of multinationals establishing subsidiaries in China, understanding the interaction between the headquarters and local cultures, and any association with SMC, is particularly important. As a result, this thesis investigates SMC within the Chinese subsidiary of a major American-headquartered multinational corporation.

The research involved interviews with 20 organisational employees, including those from both Sales and Marketing, some with experience working in both functions, at management and non-managerial levels, with native Chinese or Western backgrounds, and Chinese and Western employees with work experience outside their home countries. Though small, the sample thus represents the most diverse group of participants of any study of SMC and the first examining SMC in China.

In contrast with the diverse characterisation of SMC by previous authors as either poor or good, the interviewees revealed a variety of views on the level of SMC within the

organisation. As a result, characterising SMC within this subsidiary as either good or poor would over-simplify the diversity of views within the organisation. All, however, agreed that SMC, in theory, is beneficial for the organisation, though different interviewees identified different potential benefits. There was also disagreement on the drivers of and barriers to SMC between Sales and Marketing staff, between managerial and non-managerial staff, and between Western and Chinese employees.

Given the wide diversity of views expressed by interviewees, there are no easy answers for how multinationals operating in China can use SMC to increase organisational effectiveness. However, the results suggest that an emphasis on increasing behaviours directly linked to organisational effectiveness (such as encouraging Chinese employees to challenge ideas when appropriate), may be more effective and efficient than emphasis on a goal of increasing SMC, since that goal clearly means different things to different people.

Understanding the interplay between SMC and organisational and national cultures will become increasingly important for multinationals as more Western businesses start operating in China, and as Chinese businesses establish operations in Western countries. While this study reports only on SMC within a single multinational, the results suggest that further research within foreign subsidiaries will be increasingly important for organisations to maximise the effectiveness of their Sales and Marketing functions.

Keywords : Sales, Marketing, Collaboration, Culture, Organisational effectiveness

Chapter 1 - Introduction

1.1. Introduction

The workplace is changing, and companies need to change their collaboration strategies, too. (Frost & Sullivan 2015)

No organisation in the twenty-first century would claim that it does not value collaboration¹. In the age of social media and millennials, the worldwide market for unified communications and collaboration solutions for businesses has proliferated. Based on a survey of more than 4,500 corporate decision makers across seven industries in ten countries, Frost & Sullivan, a consulting firm, argued that collaboration accounts for more than one-third of the success or failure of corporate performance (2015). As a result, in December 2015, the firm launched the Collaboration Performance Index (CPI), a return on investment tool that attempts to quantify the impact of collaboration on organisational effectiveness to enable organisations to benchmark their level of collaboration against industry peers (Frost & Sullivan 2015).

Despite the widespread interest in collaboration, the concept of collaboration as being critical for organisations is not new. Decades ago, Drucker (1969) and Woodward (1965) argued that there is a positive connection between improved performance and management attitudes towards coordination. However, today's organisations continue to wrestle with how to leverage employees working together in a sustained, measurable way. Indeed, leaders in the twenty-first century are faced with the demanding challenge of taking advantage of the

¹ Collaboration refers to the ability of two separate, functional groups to coordinate their activities, communicate across boundaries, and create a team spirit and common goals (Khan, 1996).

collaborative platforms now in the marketplace, reinforced by the social environment of sharing.

The idea that Sales and Marketing fail to collaborate effectively has been extended by numerous authors who claim that Sales and Marketing are in conflict² or “at war” (e.g. Dewsnap & Jobber 2000; Kotler *et al.* 2006). For example, an article published in the influential Harvard Business Review journal by Kotler *et al.* (2006), provocatively entitled ‘Ending the War Between Sales and Marketing’, presented theoretical arguments to support the claim that the two functions are ‘at war’. However, the authors did not provide data to support their contention.

A contrasting body of literature, however, has argued that the cross-functional relationship and collaboration between Sales and Marketing are effective (Dawes & Massey 2005; Le Meunier-FitzHugh & Piercy 2007a). Cross-functional relationship is defined as the repeated interactions among employees from different departments to communicate and interact, in order to exchange work, resources, and assistance (Massey & Dawes 2007a). For example, Dawes and Massey (2005) studied 200 sales managers from U.K. and Australia and found that there was a low level of interpersonal conflict between Sales and Marketing. However the authors suggested that collaboration between Sales and Marketing can be improved.

Though, as the discussion above reflects, different authors have different views on the level of conflict and collaboration between Sales and Marketing, all authors agree that Sales/Marketing collaboration (hereafter referred to as SMC) is important for organisational effectiveness, and that there are drivers of collaboration that can potentially improve relations

² Conflict is defined as a state of negative affect and tension between Sales and Marketing, which manifests itself in dysfunctional and negative behaviours in their working relationships, and a dislike of working with each other (Le Meunier-FitzHugh *et al.* 2011a).

between the two functions. Consistent with a variety of authors who have argued that Sales and Marketing functions in many organisations do not collaborate effectively (e.g. Dewsnap & Jobber 2000), this thesis assumes that inadequate collaboration between Sales and Marketing may negatively impact on organisational effectiveness. SMC may be particularly problematic in the multicultural workplaces typical of multinational corporations (MNCs), because of the added level of complexity in organisational behaviour when people from different national cultures work together to create, produce, and deliver the firm's value proposition.

Despite a growing body of Western literature on SMC's positive impact on organisational effectiveness, there has been almost no previous research examining the extent of Sales and Marketing collaboration in MNCs, and there has only been one study examining SMC outside a Western speaking culture – in Saudi Arabia (Malshe *et al.* 2012). Given the growing number of Western firms establishing subsidiaries in non-English speaking locations, it is thus important to understand whether the drivers of and barriers to SMC are the same in different countries, since as will be discussed later in this thesis, cultural differences between the West and the East may mean that the extent of, and causes of, SMC may be different in different cultures. This lack of research is particularly important in China, given China's emergence as an economic power, with more than 1.3 billion people and as the largest recipient of Foreign Direct Investment (FDI), surging past the United States (International Monetary Fund 2015, 2016). As a result, this thesis explores the extent of SMC in a Chinese-based subsidiary of a major American multinational corporation. It also explores the perceptions of staff from a variety of levels within that organisation concerning the barriers to and drivers of collaboration, in order to offer practical pathways for organisations to enhance SMC, and ultimately, increase organisational effectiveness.

1.2. Importance of Sales/Marketing collaboration (SMC)

Collaboration in an organisation can be at different levels, such as individual-to-individual, team-to-team, and in cross-functional relationships, for example, between the Sales and Marketing divisions of an organisation. Sales and Marketing are arguably the two functions within an organisation where collaboration is most important, because each relies on the other to achieve their basic goals. That is, Marketing cannot succeed unless the Sales department can successfully sell the product promoted by Marketing, and the Sales team cannot succeed unless Marketing promotes products that are attractive to the customers and provides appropriate marketing support to allow Sales to sell these products. Consistent with this inter-dependency, SMC has been defined as:

‘an affective, volitional, mutual shared process where the two departments work together, have mutual understanding, have a common vision, share resources, and achieve collective goals’ (Kahn 1996, p. 139)

Numerous authors have discussed the importance of SMC for organisations. For example, SMC has been said to be positively correlated with an organisation’s marketing performance (Homburg & Jensen 2007) and managers are said to believe that SMC can lead to a higher level of market sensing and market-based generative learning, and a higher level of market-based adaptive learning and customer linking (Guenzi & Troilo 2006). These marketing capabilities, in turn, are thought to give rise to higher levels of corporate success (Guenzi & Troilo 2006). In contrast, ineffective interaction between Sales and Marketing has been said to result in dissatisfied customers and ultimately less business (Tjosvold 1988), and the extent of SMC in an organisation has been said to be positively associated with the business performance of the organisation (Le Meunier-FitzHugh & Lane 2009a; Le Meunier-FitzHugh & Piercy 2007a, 2009b).

The reasons for any association between SMC and the performance of an organisation are not clear. However, if evidence suggests (Le Meunier-FitzHugh & Lane 2009a; Le Meunier-FitzHugh & Piercy 2007a, 2009b), and managers believe that SMC can lead to better organisational performance (Tjosvold 1988), then clearly understanding the drivers of SMC, and how they contribute to organisational performance, is critical. A number of researchers have therefore studied the association between SMC and organisational effectiveness.

Enhancing organisational effectiveness is said to come from mobilising the diversity between Sales and Marketing functions (Beverland *et al.* 2006). However, the vast bulk of research in SMC has studied organisations where workers, management and head office share a common language and culture (e.g. Le Meunier-FitzHugh *et al.* 2011a; Massey & Dawes 2007a). But SMC is likely to be more challenging when cultural and linguistic differences are present between Sales and Marketing staff, and/or between staff at different levels of the organisation. Yet it is just this sort of environment that is becoming more common as large organisations expand into other countries and cultures. The next section therefore discusses the potential challenges in achieving SMC in a multinational corporation.

1.3. Challenges in Sales/Marketing collaboration (SMC) in a Multinational Corporation

As discussed above, the problem of SMC is likely to be intensified in a multicultural workplace. Globalisation therefore brings additional challenges for SMC and for organisational effectiveness. When an organisation expands its businesses to another country, the two primary externally-focused functions are the Sales and Marketing teams. To be successful in another country with its attendant cultural context, collaboration between Sales and Marketing can be a competitive edge if handled wisely, or could be a barrier to organisational success if undertaken haphazardly.

One reason today's organisations do not adequately collaborate between Sales and Marketing has been said to be the cultural differences between the two functions (Homburg & Jensen 2007; Kotler *et al.* 2006; Rouziès *et al.* 2005). Therefore, collaboration is likely to be even more difficult if key staff in Sales and Marketing literally come from different national cultures. But that is exactly the situation that leaders confront in multinational corporations (MNCs).

Globalisation results in a multicultural workplace environment. A challenge in MNCs is thus that they are likely to be a complicated convergence of national cultures originating from headquarters and local operations. In other words, at both staff and managerial levels, employees can range across a spectrum that includes four generic classifications:

1. locals with continuous (or almost continuous) immersion in the national culture and linguistic environment of the foreign subsidiary;
2. locals with domestic and off-shore experience in different types of national cultures and linguistic environments;
3. expatriates with limited (or even minimal) immersion in the national culture and linguistic environment of the foreign subsidiary, and
4. expatriates with substantial immersion in the national culture and/or linguistic environment of the foreign subsidiary.

The challenge of cultural differences within multinationals is thus likely to vary, depending on the cultural alignment between the headquarters and the culture of the subsidiary and on the experience of local and expatriate staff. For example, there are likely to be fewer cultural differences within a U.K. subsidiary of a U.S.-headquartered multinational than in an Asian subsidiary of the same organisation, because there is less difference between the U.K. and U.S. national cultures than between Asian and U.S. cultures. As will be discussed in the literature review chapter, a number of authors have described differences in national cultures, and in particular differences between the typical Western culture of the U.S., and the typical

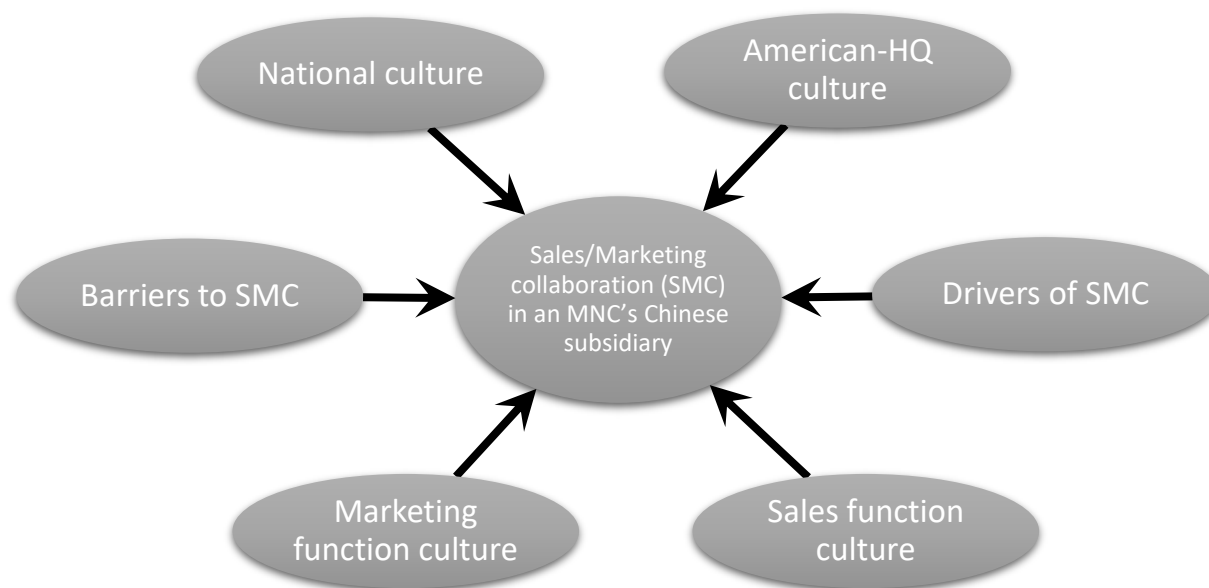
national culture of Asian countries such as China (e.g. Hall 1987; Hofstede 1980; Lockett 1988).

As discussed above, employees within a foreign subsidiary of an MNC are likely to come from different national cultures, and are thus likely to represent the characteristics of their home culture. The drivers of SMC may then differ, depending on the cultural background of an employee. For example, those from the United States (an individualist country according to Hofstede (1980)), may be accustomed to deciding goals themselves, while staff from China (a collectivist country according to Hofstede (1980)), may be more accustomed to senior managers deciding on their goals. Thus, for American managers, senior management support for collaboration may mean a participative management style in goal setting, while in contrast, for Chinese managers, senior management support for collaboration might mean a directive management style of goal setting. Consistent with this view, a study by Malshe *et al.* (2012) found that in Saudi Arabia, a country which is low on individualism and with high power distance according to Hofstede's criteria (Hofstede 1980, 1991), organisational leaders exerted authoritarian control over marketing strategy and tactical activities, and staff appeared to accept this as the prerogative of management.

As previously discussed, the study by Malshe *et al.* (2012) is the only research examining SMC outside a Western business environment, so the impact of culture on SMC is uncertain. However, when managing SMC, leaders in foreign subsidiaries of MNCs will need to manage any inherent conflict between Sales and Marketing, given their different roles and responsibilities, and also manage cultural differences related to differences in the national cultures of local and expatriate staff. So managers in a Chinese subsidiary of an American MNC could be managing four interrelated cultures: the culture of the American headquarters, as reflected in the organisational culture, the culture of the subsidiary's location – China - as reflected in the culture of local Chinese workers, as well as the different subcultures of the Sales and Marketing functions. Figure 1 therefore shows the context of the thesis, exploring

the barriers of, and drivers to, SMC in a Chinese subsidiary of an American-headquartered MNC. The concepts discussed in Figure 1 will be discussed in more detail in Chapter 2, the Literature Review chapter.

Figure 1: Context of the thesis



1.4. Evidence on Sales/Marketing collaboration (SMC)

There has not been a large amount of research investigating SMC, but existing studies have found different results, with some important differences and significant gaps in the understanding of the extent of, and drivers of, SMC. The literature on SMC will be discussed in more detail in Chapter 2, but the following section summarises key results from, and key gaps, in the literature.

1.4.1 Level of collaboration

As discussed above, there is disagreement on the level of collaboration between Sales and Marketing among authors. Kotler *et al.* (2006) have characterised the relationship between Sales and Marketing as a ‘war’, arguing that the fractious relationship between Sales and

Marketing can resemble a figurative war because of the different roles and responsibilities of the two functions, particularly in larger corporations. In contrast, researchers such as Massey (2012) have suggested that relationships between the two functions are far more effective than generally believed. Others, such as Dewsnap & Jobber (2009), have a more nuanced view of SMC, arguing that the relationship between the two functions is neither particularly collaborative nor harmonious.

Although not going so far as to claim Sales and Marketing are at war, other authors suggest that conflict exists between Sales and Marketing, causing tension when the two functions work together (e.g. Beverland *et al.* 2006; Le Meunier-FitzHugh & Piercy 2007a, 2007b; Rouziès *et al.* 2005; Strahle *et al.* 1996), and describe the relationship between the two as problematic (Guenzi & Troilo 2006) and complicated (Butler & Strout 2003).

One reason for friction between Marketing and Sales functions may be because the two functions attract different types of people who spend their time in very different ways. Marketers and Salespeople sometimes have different social and educational backgrounds, and marketers tend to be highly analytical, data oriented, and project focused (Kotler *et al.* 2006). As a result, each group often undervalues the other's contributions, leading to cultural conflict (Kotler *et al.* 2006). In addition, the assumptions, beliefs, values, behaviours, and effectiveness criteria of Sales and Marketing are not necessarily aligned, and the two functions may attempt to defend their unique and incompatible approaches to solving problems when required to collaborate (Rouziès *et al.* 2005), resulting in conflict between the functions.

In addition to cultural conflict, economic friction may occur when both functions need to compete for resources, such as budgets granted by senior management. Economic friction tends to intensify as the business grows and when Marketing performs roles including market intelligence, and expands its area of responsibilities beyond product, pricing, promotion, and place (the 4Ps) into market segmentation, targeting, and positioning. As Marketing tackles

higher-level tasks, it starts to work more closely with other departments, and becomes a more independent player, competing with Sales for funding and resources (Kotler *et al.* 2006).

Although the differences between Sales and Marketing may therefore mean that that some conflict between the two is inevitable, some authors have suggested it is possible for Sales and Marketing to have an effective relationship despite conflict, arguing that conflict can be beneficial to organisation effectiveness, as well as stimulating innovation and creativity (e.g. De Dreu & Weingart 2003; Tjosvold 1988). This divergence of views on whether there is conflict between Sales and Marketing may, however, mask an important aspect of SMC – whether the level of conflict between Sales and Marketing may potentially too *low* in some organisations. This view of conflict as potentially functional will be explored in more detail in Chapter 2. However previous research has studied various potential drivers of SMC, with the objective of reducing dysfunctional conflict between the two functions.

1.4.2 Drivers of Sales/Marketing collaboration (SMC)

The previous sections highlighted the importance of SMC in enhancing organisational effectiveness, and the challenges in building collaboration in a multinational and multicultural workplace. If SMC can increase organisational effectiveness, it is therefore critical to understand the drivers of SMC. Previous research has thus examined various factors which are likely to be relevant for SMC, such as common or aligned goals (e.g. Rouziès *et al.* 2005; Strahle *et al.* 1996), reward structures (e.g. Beverland *et al.* 2006; Matthyssens & Johnston 2006), knowledge of the other function (e.g. Dewsnap & Jobber 2000; Massey & Dawes 2007b), functional training (Maltz & Kohli 2000), communication between Sales and Marketing (Ruekert & Walker 1987b), job rotation (Rouziès *et al.* 2005), common and/or aligned goals (Le Meunier-FitzHugh & Piercy 2007a), and senior management attitudes towards SMC (Le Meunier-FitzHugh & Piercy 2009b).

While previous research has studied a number of drivers of SMC in Western organisations, cultural differences between the U.S. and Chinese national cultures, as discussed in more detail in the literature review chapter, mean that four drivers in particular may have a different effect on SMC in China: (1) communication; (2) common and aligned goals; (3) senior managers' attitudes and roles, and (4) the experience and knowledge of employees in the opposite function.

The first potential driver of SMC explored in the thesis is communication. Communication of market and customer-related information between Sales and Marketing is said to be key to an organisation's success (Le Meunier-FitzHugh & Piercy 2011). In particular, an organisation that seeks customer-related information and communicates with its customers effectively is said to improve customer loyalty (Dean 2002). Sharing of information and knowledge between Sales and Marketing is thus likely to be critical for organisational effectiveness. However, people from different national cultures may communicate differently, both verbally and non-verbally (Lewicki *et al.* 2003). For example, in an individualist culture as defined by Hofstede (1998), people may be more likely to prefer a more direct and assertive communication style than those in a less individualist culture such as China, with implications for the style of communication that will be optimal for achieving SMC.

The second potential driver of SMC explored in Western research is the importance of common and/or aligned goals between Sales and Marketing. Setting common goals and/or aligning goals between Sales and Marketing may help drive effective SMC (Le Meunier-FitzHugh & Piercy 2007b; Rouziès *et al.* 2005). Other authors have emphasised the value of Sales and Marketing working together to achieve common goals (e.g. Rouziès *et al.* 2005), while others have suggested an alignment of goals between the two functions, rather than having goals in common, is more effective in driving SMC (e.g. Matthyssens & Johnston 2006). However, the importance of common goals between Sales and Marketing staff for SMC may differ between cultures reflecting higher or lower levels of individualism, since

employees from collectivist cultures such as China would be expected to place a higher value on common goals. This thesis therefore examines the perceptions of a variety of employees from different levels, functions, and cultures on the importance of setting common and/or aligned goals for driving SMC in a Chinese subsidiary of an U.S.-headquartered MNC.

The third potential driver of SMC discussed in Western literature is senior management's attitude towards collaboration. Previous research has suggested that the attitudes and actions of senior management can either contribute to, or hinder, cross-functional collaboration (Gupta *et al.* 1986), arguing that effective SMC does not occur naturally unless senior management intervenes and helps remove the barriers to collaboration (Le Meunier-FitzHugh & Piercy 2011). However, the attitude of management towards collaboration is likely to be more important in driving SMC in cultures with high power distance, where employees are more likely to defer to management than those in low power distance cultures. The thesis therefore examines employees' perceptions of the effect of the attitudes and roles of senior management for driving SMC in a Western-headquartered MNC's Chinese operation.

The final potential driver that could have a different impact on SMC in a Western and a non-Western culture is the experience and knowledge of Sales and Marketing staff. Sales and Marketing staff have different kinds of knowledge and experience (Beverland *et al.* 2006), and knowledge sharing and learning behaviours across the two functions has been said to lead to better performance in product and service offerings (Law & Ngai 2008). If Sales and/or Marketing staff have experience in the opposite function (or 'cross-functional experience'), it may facilitate knowledge sharing and more effective collaboration between Sales and Marketing.

Cross-functional experience may also create closer relationships between individuals from Sales and Marketing, and those relationships may be particularly important in China because of cultural variations in the importance of relationships. China has a long tradition of using relationships (or 'ties') to conduct business, and doing business in China is sometimes said to

depend heavily on social connections (or ‘guanxi’ in Chinese) (Ambler *et al.* 1999). Although it is sometimes suggested that business ties have become less important as the business market in China matures, evidence suggests that close social interactions remain important (Zhou *et al.* 2014). Thus, Sales and/or Marketing staff having cross-functional experience may have a different influence on Sales and Marketing collaboration in China, compared to SMC in the West.

In summary, while there has been substantial discussion of potential drivers of SMC in a Western business environment, the four drivers discussed above may be more, or may be less, effective in driving SMC in a non-Western culture such as China. Developing management strategies and approaches to maximise SMC may therefore be more complex in a workplace with different national cultures. The importance of each driver of cross-functional collaboration may vary depending on the cultural background of managers and staff, the culture of the American-headquartered MNC, and on the national culture of the subsidiary. Thus, this thesis explores the perceptions of a variety of participants working in the Chinese subsidiary of a Western-headquartered multinational corporation. While Chapter 2 provides a complete review of the literature, the next section summarises key gaps in the literature in this area, and the inconsistencies in previous research into SMC.

1.5. Gaps in Research on Sales/Marketing collaboration (SMC)

The preceding discussion has identified two pertinent issues for researchers and managers concerning SMC: the inconsistent results on the level of SMC and the lack of agreement on the drivers of SMC. This debate suggests that there are four key gaps in the literature on SMC, as summarised below.

1. As discussed above, previous authors have disagreed on the extent of collaboration between Sales and Marketing. While it is likely that SMC will vary between organisations, authors have variously claimed that Sales and Marketing are ‘at war’

(e.g. Biemans & Brencic 2007; Homburg & Jensen 2007; Kotler *et al.* 2006) or that the relationship is ‘good’ or ‘effective’ (Dawes & Massey 2005, 2006). This research extends the discrepant results from previous studies, collecting views from a broad cross section of employees from Sales and Marketing in the operations of a large MNC in China, to determine employees’ perceptions of the level of collaboration within that organisation.

2. Previous research has generally agreed on the barriers to SMC, but has failed to agree on the drivers of collaboration. As discussed in section 1.4.2, there are theoretical reasons to believe that the drivers of collaboration may be different in a Chinese business environment, but any differences due to national culture may be confounded by the culture of origin of an MNC. So drivers of SMC may potentially be less important for driving collaboration within a Chinese subsidiary of a Western-headquartered MNC.
3. Existing studies into SMC, have, with one exception, studied organisations located in Western business environments (e.g. Dewsnap & Jobber 2000; Le Meunier-FitzHugh & Piercy 2011; Rouziès *et al.* 2005). The one exception, a study by Malshe *et al.* (2012), examined SMC in Saudi Arabia, and found important differences from studies located in Western business environments. However, that study examined a Saudi organisation operating in Saudi Arabia, and the implications for MNCs operating in a different cultural environment from their headquarters are unclear.
4. Despite a growing body of Western literature on SMC, the lack of research into SMC within a Chinese context needs to be addressed, given China’s emergence as a global economic power, and its consequence importance for MNCs. As a result, more studies are required to understand the challenges faced by MNCs when they enter and operate in China, and in particular for the purposes of this study, to understand the factors that contribute to SMC in China.

5. Previous research into SMC has often been based on quantitative studies, (e.g. Le Meunier-FitzHugh & Lane 2009a; Le Meunier-FitzHugh & Piercy 2007a, 2009b), and has thus failed to provide in-depth insights into employees' perspectives on the level of collaboration between Sales and Marketing. While there has been a small number of qualitative studies - for example Beverland *et al.* (2006) - those studies have only interviewed senior management from Sales and Marketing, and have thus not collected the views of more junior staff within Sales and Marketing, nor obtained the possibly more nuanced views of staff who have worked in both Sales and Marketing.

In summary, a search of the literature does not reveal a single study examining collaboration between Sales and Marketing in China. Previous research has studied the effect of organisational culture on SMC in Western organisations and in Saudi Arabia. However, there is no research exploring the perceptions of Chinese Sales and Marketing professionals on the importance of collaboration between Sales and Marketing. As a result, this thesis explores SMC in an MNC's Chinese subsidiary. The next section will discuss the research objective and methodology.

1.6. Research Objectives and Methodology

As discussed above, while effective SMC has been said to enhance organisational effectiveness in Western companies, research into SMC in MNCs' operations in Asia is lacking. In addition, research into SMC in a multicultural workplace, a typical by-product of an MNC, is completely absent, and conducting such research is thus the focus of this study.

Two basic premises underpin the study. First, that organisations are interested in improving Sales and Marketing collaboration to drive better organisational effectiveness, as measured by employee efficiency and financial effectiveness. Second, that managers in multicultural workplaces need to remain attentive to the inter-relationship between national and organisational cultures in order to improve organisational effectiveness.

The proposed research objectives, therefore, are to (1) explore the extent of SMC within a multinational corporation's subsidiary in China, (2) identify the potential barriers to and drivers of collaboration between the two functions in a multinational corporation in China, and (3) propose potential avenues for more effective SMC in the organisation studied (MNC X), and potentially within other comparable Western-headquartered MNCs in China.

To address the research objectives, a qualitative research methodology based on interviews was used. The research setting is a large U.S.-based multinational corporation that has operated in China for more than a decade.

Twenty face-to-face interviews were conducted with a variety of employees from both the Sales and Marketing functions. Interviewees included those at both management and non-management (hence 'staff') levels³. Interviewees also represented a variety of national backgrounds (Mainland Chinese, American, Hong Kong Chinese, Singaporean, German), and, for the Mainland Chinese interviewees, work experience outside China. The sample also included participants with experience in the opposite function (that is, Marketing staff who had worked in Sales and vice versa), who thus have particular insight into the opposite function.

1.7. Proposed Contributions

The thesis will make contributions in three distinct areas:

- Firstly, the research will provide the first description of SMC in a subsidiary of a Western-headquartered MNC in a non-English speaking market.

³ The term 'staff' can be used to include all employees of an organisation. Following common practice within this and other organisations to use the term 'staff' to refer only to those who are not at management level, this thesis uses the terms 'managers' and 'staff' to respectively indicate managerial and non-managerial employees.

- As the first research to assess SMC in a Chinese business environment, the results will provide insight into the effects of a Chinese culture, if any, on SMC in a Western-headquartered MNC, and
- As the first comprehensive study of the views of a broad cross-section of staff from both Sales and Marketing, from different levels within the organisation, and with different work experience, including location and experience (or lack of experience) in the opposite function, the results will contribute to the understanding of the barriers to, and drivers of, SMC.
- Finally, based on the results, the thesis will suggest recommendations for practice on how to improve SMC in a US-headquartered MNC's operation in China.

1.8. Structure of the Thesis

This chapter has introduced the potential challenges for SMC in the multicultural workplace of an MNC's subsidiary in China. The importance of the practical and intellectual knowledge gained from the thesis has also been discussed. The research objectives and methodology have been outlined.

Chapter 2 provides a review of the relevant literature on SMC, the barriers to, and the drivers of, SMC, the importance of the Chinese economy to multinationals, and the differences in cultural values between China and Western nations. The chapter further elaborates on the purpose of the research.

Chapter 3 describes the methodology employed to address the research questions and objectives. The use of a qualitative methodology and interview design is justified.

Chapter 4 presents the results collected from interviews with 20 employees of an American-headquartered multinational company operating in China. Participants came from both Sales and Marketing functions, from different national cultures and with a variety of work

experience, both in China and other countries, and had different levels of managerial authority and oversight.

Chapter 5 discusses the implications of the findings and compares the findings to the literature to generate insights into the field of SMC. It also summarizes the contributions of the thesis to the growing body of literature in the field, and the contribution to practice within MNC X, and potentially to other comparable Western-headquartered MNCs in China.

1.9. Conclusion

SMC is critical in the business environment because effective collaboration is said to have a positive impact on organisational effectiveness, including employee attitudes, operational effectiveness, and financial effectiveness. Yet the multicultural workplaces of MNCs are likely to make collaboration more difficult because leaders are managing both functional and national cultural differences. However, no research on SMC appears to have investigated the phenomenon in a Western-headquartered workplace's subsidiary in Asia.

Overcoming this shortcoming is important because managers from different cultural backgrounds may interpret the drivers of SMC differently. Moreover, results concerning SMC in the West may not be directly applicable to non-Western business locations. Therefore, given the growing economic importance of China to MNCs, it is timely to explore SMC in an American-headquartered MNC in China.

In view of the identified research gaps in the research concerning SMC, a qualitative research study using interviews with a wide variety of managers and staff was conducted to address the research objectives. The research will not only add to the understanding of SMC, but will also add to the knowledge of the dynamic relationships between culture, collaboration, and organisational effectiveness in the multicultural workplace of an American head-quartered Chinese operation.

This chapter has introduced the importance of SMC, and identified an almost complete lack of research into SMC outside Western-based organisations, and a complete lack of research in a multinational business environment. The next chapter reviews previous research into SMC, discusses why SMC might be different in organisations located in non-Western cultures, and thus justifies the research context for this study.

Chapter 2 - Literature Review

2.1. Introduction

As discussed in Chapter 1, this research investigates the extent of collaboration between the Sales and Marketing functions in a multinational corporation (MNC) in China, and explores the factors that may potentially increase collaboration between those functions in China. This chapter reviews two broad areas of research to facilitate the discussion into Sales/Marketing collaboration (SMC) and culture.

The first section introduces the concept of SMC and the respective roles and responsibilities of the two functions, followed by an introduction of the five domains of cross-functional relationships (CFR), of which SMC is an example. The second section focuses on the importance of SMC. It highlights the reasons why the two functions should be brought closer together, and how increasing SMC can benefit organisational effectiveness. Benefits discussed in this section include enhanced market orientation and improved customer satisfaction. The third section examines previous evidence on conflict in SMC. Research in the West has studied the causes of inter-functional conflict between Sales and Marketing, but there has been almost no research into SMC in non-Western business environments.

The fourth section discusses how different national cultures may impact on SMC. To demonstrate the project's relevance, it begins with a consideration of the research gap in SMC in non-Western contexts. Given China's impact on global economic affairs, the increasing presence of MNCs in China means that they may face challenges when moving into a region reflecting a different culture, because management theories and practices that are relevant in one national culture may be less relevant in another culture (Hofstede 1998). The section will discuss three models of cultural characteristics by Hall, Hofstede and Lockett, with an emphasis on the cultural differences between Chinese and Western (in particular American)

cultures. Reflecting one attribute of Chinese cultural values, the importance of relationships, the concept of *guanxi* is also introduced.

The fifth section centres on the drivers of SMC. Although there are a variety of factors that may impact on SMC, this research will focus particularly on four factors, as discussed below, because of potential differences between the impact of those factors in a Western business environment and in an MNC's operation in China, which is likely to be influenced, at least in part, by the Chinese culture of local employees and the local business environment. These four factors being investigated are (1) communication and information sharing, (2) the setting of common and/or aligned goals, (3) positive management attitudes toward collaboration, and (4) common experience and knowledge. The final section of this chapter summarises the purpose of the thesis and concludes with a summary of the chapter.

2.2. Sales/Marketing Collaboration

The study of SMC relates to the field of research examining cross-functional relationships (CFRs). Collaboration between Sales and Marketing is defined for this thesis as:

'an affective, volitional, mutual shared process where the two departments work together, have mutual understanding, have a common vision, share resources, and achieve collective goals' (Kahn 1996, p. 139)

The working relationship between Sales and Marketing depends on the mutual understanding of what resources or assistance the other function wants, and what one function is willing, and/or able to give to the other (Ruekert & Walker 1987b).

2.2.1 Roles and Responsibilities of Sales and Marketing

A preliminary step to understanding the CFR between Sales and Marketing is to describe the roles and responsibilities of each function and their differences. As a result, the next section briefly examines the respective roles of Sales and Marketing and highlights the differences

between the two functions. A discussion of the dynamic nature of the CFR between the two functions then follows.

According to Rouziès *et al.* (2005), Marketing's roles and responsibilities are different from those of Sales. For example, Marketing tends to deal with aggregations of customer segments, and may not often face customer rejection. It is also responsible for tasks such as market segmentation and competitive analysis, while Sales is more likely to be responsible for different types of tasks, such as personal selling and account management, which require different capabilities by staff.

In addition to Rouziès *et al.* (2005), other researchers have suggested differences between Sales and Marketing. Kotler *et al.* (2006) argued that a key difference between Sales and Marketing staff is that the former tend to be skilled relationship builders, so they tend to be more people oriented and accustomed to pressure from customer rejection. In contrast, Marketing staff tend to be highly analytical, data oriented, and project focused. Table 1 summarises the differences between the perspectives of Sales and Marketing, which can therefore result in conflict between the two functions.

Table 1: Different perspectives of Sales and Marketing on issues and approaches

Perspective	Sales staff	Marketing staff
Customer orientation versus product orientation	Focus on a set of customers	Focus on a specific product or brand
Personal relationships versus analysis	People oriented	Customer segment oriented
Continuous daily activity versus sporadic projects	Daily personal selling activities	Project oriented
Field versus office	Pressures of customer demand and rejection	Removed from customer pressure
Results versus process	Get quick feedback from customers	Marketing performance is sometimes difficult to measure
Short-term versus long-term	Short-term	Long-term

Source: based on Rouziès *et al.* (2005)

2.2.2 Cross-functional Relationships between Sales and Marketing

Despite the many differences between Sales and Marketing, previous research has suggested that the two organisational subsystems are linked by multiple relationships (Bunge 1996) and various authors have argued that the interface between Sales and Marketing lies along a continuum of configurations, varying in levels of conflict and collaboration (e.g. Homburg *et al.* 2008; Kotler *et al.* 2006; Konstantinos 2015). Homburg *et al.* (2008) identified five domains of interaction between Sales and Marketing functions: information sharing, structural linkages, power, orientations, and knowledge, to develop five clusters of Sales and Marketing configurations. Each of the five domains is reviewed in turn below.

2.2.2.1 Information Sharing

Information sharing consists of cross-functional intelligence dissemination and knowledge sharing. Various researchers have argued that information sharing is a critical component of inter-organisational interfaces (Cannon & Perreault 1999), and is important for cross-functional relationships (e.g. Fisher *et al.* 1997; Kahn *et al.* 2004). Information sharing is thus likely to be critical for effective collaboration between the Sales and Marketing functions. However in a high performance organisation, which adapts its marketing strategies to marketplace changes, a key challenge to successful marketing execution is managing the information flow between the organisation and the market (Arnett & Wittmann 2014). When knowledge gained by boundary spanning functions, such as Sales, is not shared with their Marketing peers, then it cannot be effectively leveraged to enhance firm performance (Arnett & Wittmann 2014).

2.2.2.2 Structural Linkages

Structural linkages are formal, typically horizontal, channels between and among functions that enable cross-departmental activities (Workman *et al.* 1998), for example meetings and/or cross-functional projects. A key role of such linkages is said to be to spur coordination

(Martinez & Jarillo 1989). The presence of structural linkages can thus enhance SMC, or conversely, the absence of linkages can adversely impact on coordination between the two functions.

2.2.2.3 Power

Power can be viewed as the influence of one organisational subsystem over another. It reflects how the influence over market-related activities is divided among organisational subunits (Homburg *et al.* 1999). While the power distribution between Sales and Marketing is not uniform across companies nor industries, the effect of power is likely to vary across organisations. In some firms, Sales units are dominant, and in others, Marketing units are dominant (Piercy 1986; Workman *et al.* 1998). As power differences between Sales and Marketing therefore vary a great deal between organisations, understanding the power differences between the Sales and Marketing teams in an organisation is important in studying the drivers of SMC of that organisation.

2.2.2.4 Orientation

Orientation can refer to time horizons and focus, and differences in orientation can be categorised in terms of time and goals (Lawrence & Lorsch 1969). For example, Salespeople have been said to be more short-term oriented, and Marketing staff more long-term oriented (e.g. Cespedes 1995; Lorge 1999). The importance of functional orientations has also been noted in pioneer work on the interface between Sales and Marketing (Cespedes 1995), and the differences between Sales and Marketing orientations such as time horizon (short-term versus long-term), as well as customer focus versus product focus, have been identified as a major stressor to inter-functional cooperation (Homburg & Jensen 2007).

2.2.2.5 Knowledge

Knowledge refers to the expertise level of the organisational subsystem. Early work in the 1990s suggested that knowledge sharing among organisational functions could contribute to a

firm's business performance (Kogut & Zander 1996), and that differences in expertise can be impediments to effective communication (e.g. Dougherty 1992; Frankwick *et al.* 1994; Workman 1993). The learning and exchange of experience and knowledge among employees may also lead to improvements in market sensing and innovation activities (Law & Ngai 2008). Some literature studying SMC has therefore discussed how knowledge by Sales and Marketing of their opposite function may be critical to increase collaboration between the two functions (e.g. Dewsnap & Jobber 2000; Kotler *et al.* 2006).

While Homburg *et al.* (2008) described five clusters of Sales and Marketing configuration based on the dynamics of the Sales and Marketing domains introduced in the above section, Kotler *et al.* (2006) generalised the relationship between Sales and Marketing into four types: undefined, defined, aligned and integrated. They argued that not every company will want to, or should, move from one types of Sales and Marketing relationship to another (Kotler *et al.* 2006). Instead, the relationship may change as the Sales and Marketing functions mature, from undefined to defined, defined to aligned, aligned to integrated. However, organisations should consider the most appropriate types of relationship based on different factors such as the size of the company, the roles of Sales and Marketing, and the culture of the organisation (Kotler *et al.* 2006).

Although the two groups of authors use different terms, Table 2 below shows the relationships between Sales and Marketing can range from not optimal ('Undefined' or 'Ivory Tower'), to highly effective ('Integrated' or 'Brand-focused professionals' or 'Sales-driven symbiosis').

Table 2: Configurations of Sales/Marketing cross-functional relationships (CFRs)

Cluster	Characteristics
Kotler et al. (2006)	
Undefined	Sales/Marketing grow independently: not sure what the other is doing until conflict arises Cross-functional meetings are <i>ad hoc</i> , and focus on reactive conflict resolution
Defined	CFR establishes processes and rules to ameliorate disputes, with each department better informed about what the other is doing Collaboration on large events, such as client conferences and trade shows
Aligned	Clear but flexible boundaries exist between functions, with both involved in joint planning and training Both staff use each other's terms, such as "value proposition" (Marketing) and "lead" (Sales)
Integrated	Boundaries between Sales and Marketing tend to be indistinct with both sharing structures, systems, and rewards as budgeting becomes less contentious and key performance indicators are shared
Homburg et al. (2008)	
Ivory Tower	Sales has a short-term, product-driven, operative selling role, as opposed to a strategic mind-set, while Marketing is customer focused with a medium time orientation Both functions appear to lack an understanding of product and market needs
Brand-focused professionals	Formalisation, information sharing, joint planning, and teamwork are at the highest levels, as well as market and product knowledge; most long-term orientation CFR tends to be professional and structured with Marketing in the lead role as a Sales friendly partner
Sales rules	Structure (i.e., formalisation, joint planning, and teamwork) are at the lowest levels Sales is the most powerful with the most product and market knowledge, while Marketing has rather low product knowledge Marketing has the highest short-term orientation
Marketing-driven devil's advocacy	Sales has the most short-term, operative focus, while Marketing has a long-term, strategic focus on product technicalities and is inward-focused with low market knowledge Marketing is the most powerful with the strongest product orientation and high product knowledge, while Sales has the lowest product knowledge
Sales-driven symbiosis	Interdependent teamwork with complementary skills. As Marketing's product knowledge is high, but market knowledge is rather, so Sales can balance Marketing's lower market knowledge. Both functions are highly customer-oriented with Sales being more powerful. Structured collaboration is shown by teamwork being in the highest range, while formalisation and joint planning are rather high

As discussed above, configurations of Sales and Marketing are likely to vary from organisation to organisation. Truly integrated Sales and Marketing functions, or a complete

integration of Sales and Marketing, could each be counter-productive because the two functions play necessarily different roles in the firm (Shapiro 2002). Consequently, rather than strictly formalised integration where the two functions reside in the same department, intangible elements of collaboration, such as collective goals and mutual understanding, may be more effective in improving SMC (Le Meunier-FitzHugh & Piercy 2011).

The preceding discussion shows that there are different possible relational configurations between Sales and Marketing, varying in format and effectiveness, with very different levels of SMC. The next section extends that discussion by reviewing evidence on the importance of SMC.

2.3. Importance of SMC

There is no question that, when Sales and Marketing work well together, companies see substantial improvement on important performance metrics: Sales cycles are shorter, market-entry costs go down, and the cost of sales is lower. (Kotler et al. 2006 p. 68)

Management literature typically couples strategy and tactics at the conceptual level (Mackay & Zundel 2016). Despite thousands of articles on strategic planning and development, very few are about strategic execution (Sull *et al.* 2015). The synchronisation between Sales and Marketing is one example of a research area to foster executional excellence, as Sales and Marketing are the two main revenue-generating functions in an organisation, and so the two functions should work together to improve business performance (Malshe & Sohi 2009).

The preceding sections have discussed the roles and responsibilities of Sales and Marketing, and introduced different potential configurations of cross-functional relationships between the two functions. Before moving into a more in-depth review of the literature related to the drivers of and barriers to SMC, this section reviews the benefits of collaboration between these two functions, highlighting the potential benefit of effective SMC for organisational effectiveness.

2.3.1 SMC and Organisational Effectiveness

Research has suggested that an intensive cooperative relationship between Sales and Marketing is necessary to improve organisational performance (e.g. Matthyssens & Johnston 2006), while a lack of cooperation between Sales and Marketing has the potential to damage the overall success of the organisation (Corstjens & Corstjens 1999).

Though some researchers have argued that it is feasible to define and measure organisational effectiveness, one of the challenges in doing so is that different disciplinary fields sometimes use different measurements of organisational effectiveness and business performance. While organisational effectiveness can be measured from a financial performance perspective, measuring effectiveness by financial performance only focuses on the organisation's economic goals (Venkatraman & Ramanujam 1986). Other measurements of organisational effectiveness could also consist of employee attitudes, measured by organisational commitment and job satisfaction, and/or operational effectiveness, measured by the innovativeness of products and processes (Hartnell *et al.* 2011).

Reflecting these differences in potential measures, research into Sales and Marketing collaboration has used different measures of organisational effectiveness when Sales and Marketing collaborate effectively. For example, in testing their hypothesis that SMC is positively associated with business performance, Le Meunier-FitzHugh and Piercy (2011) used a combination of operational and financial performance measures, such as market share, sales targets, sales revenue and profitability, while other research assesses organisational effectiveness by enhanced competitiveness and productivity (Tjosvold 1988). Another measure of organisational effectiveness that has attracted increasing attention in recent times is an organisation's 'market orientation', and the next section discusses how SMC might impact on market orientation.

2.3.2 Market Orientation and Customer Value

A market-oriented organisation can be defined with respect to three behavioural components: customer orientation, competitor orientation, and inter-functional coordination (Fisher *et al.* 1997). Market orientation is said to be positively associated with improved business performance (e.g. Kohli & Jaworski 1990; Slater & Narver 2000), and with higher profit creation and superior customer value (Slater 1995). Sales and Marketing collaboration is one form of inter-functional coordination that can allow the organisation to pool its collective capabilities to create superior value for both current and potential customers. Effective SMC enhances customer satisfaction, builds customer trust and loyalty, and establishes long-term customer relationship (Madhani 2015). In a market-oriented business-to-business organisation, the Sales/Marketing interface has also been said to be critical to create a competitive edge for the organisation (Narver & Slater 1990), and to attain the greatest overall performance as measured by profitability (Le Meunier-FitzHugh & Piercy 2011).

Research on market orientation has suggested that SMC has a positive association with market orientation, and that collaboration between the two functions and market orientation has a combined positive effect on business performance (e.g. Le Meunier-FitzHugh & Piercy 2011). Market orientation requires a high degree of effective collaboration between staff in various functional departments, so unsurprisingly, collaboration between Sales and Marketing has been said to have a positive and significant impact on both market orientation and business performance (Kohli & Jaworski 1990; Le Meunier-FitzHugh & Lane 2009a).

Market orientation places the highest priority on the profitable creation and maintenance of superior customer value (Slater 1995). Delivering superior customer value can also be enhanced by cross-functional activities (Kohli & Jaworski 1990; Lapierre & Hénault 1996) and effective SMC is also considered as one of the key variables related to customer value creation (Guenzi & Troilo 2007). Productive cross functional relationships are also likely to

increase organisational competencies and productivity, which in turn would lead to an improvements in customer satisfaction (Morgan & Turnell 2003; Tjosvold 1988).

Although there has been less research into market orientation in emerging countries than in Western business environments, Li & Zhou (2010) have suggested that market orientation also fosters performance in emerging economies through differentiation and cost advantages. However, as previously discussed, no existing research has studied how SMC could contribute to organisational effectiveness in China, by increasing market orientation or through any other mechanism. This study therefore, explores the perceptions and beliefs of Sales and Marketing staff on whether SMC could contribute to organisational effectiveness, and if so how.

2.4. Conflict between Sales and Marketing

The preceding section has discussed the potential impact of SMC on organisational effectiveness. Although effective collaboration between Sales and Marketing is important, various researchers have different views on the extent and efficacy of the relationship between the two functions. Most researchers have suggested that the relationship between Sales and Marketing is far less than harmonious, often entailing confusion and tension (e.g. Butler & Strout 2003; Dewsnap & Jobber 2000; Kotler *et al.* 2006; Lorge 1999). Both academic and business writers have gone further: as discussed in Chapter 1, Kotler *et al.* (2006) have characterised the relationship between Sales and Marketing as a *war*, and in an industry publication, Chang (2003) referred to the interaction between Sales and Marketing teams as ‘work[ing] together about as well as the Hatfields and the McCoys’, in a reference to a long-standing feud between two American families that has been popularised in film, TV and literature. Although not going so far as to claim Sales and Marketing are at war, a common view presented is that interdepartmental conflict exists between Sales and Marketing, and the conflict can spur constructive and destructive results (Barclay 1991). Other authors have

characterised the relationship between Sales and Marketing as marked by a lack of cohesion, non-cooperation, distrust, dissatisfaction, and mutual negative stereotyping, and suggested an absence of a harmonious relationship between the two functions (e.g. Biemans & Brencic 2007; Dewsnap & Jobber 2000).

In sharp contrast, however, other researchers have suggested the Sales/Marketing relationship is effective, with high levels of collaboration and cooperation (e.g. Massey 2012; Massey & Dawes 2007a). Finally, some authors report the relationship between the two function as neither particularly collaborative nor harmonious (Dewsnap & Jobber 2002, 2009). In the face of these competing views, the following section examines the potential causes of conflict between Sales and Marketing, the concept of different types of conflict, and the potential impact of conflict on SMC.

2.4.1 Dysfunctional Conflict between Sales and Marketing

Sales and Marketing arguably have their different and specific cultures because cross-functional teams need to have their own culture to invent basic assumptions, to cope with problems, adapt to externalities, and integrate internally (Beverland *et al.* 2006; Rouziès *et al.* 2005). In addition, the two functions attract different types of people who spend their time in very different ways. Marketers and Sales sometimes have different social and educational backgrounds, and marketers tend to be more analytical, data oriented, and project focused (Kotler *et al.* 2006). As a result, each group often undervalues the other's contributions, leading to cultural conflict between Sales and Marketing (Kotler *et al.* 2006).

Although conflict could be caused by the differences in functional cultures between Sales and Marketing, a strong functional subculture is often necessary for the two functions to do their respective jobs effectively. For example, a strong Sales subculture and the ability to work across sub-cultural boundaries are said to be necessary for salesforce effectiveness and to achieve sales goals (Weitz & Bradford 1999). While it may therefore be important to maintain

separate Sales and Marketing subcultures owing to their cultural differences, the salesforce is often sceptical about the usefulness of the marketing culture, and similarly, Marketing is often sceptical about the usefulness of the salesforce. As a result, differences in perspectives between the two functions may create dysfunctional conflict and hamper collaboration (e.g. Cespedes 1996; Homburg & Jensen 2007; Kotler *et al.* 2006).

Six consequences of dysfunctional conflict have been outlined by Lewicki *et al.* (2003): 1) parties will compete against each other to achieve their own goals because they think their goals are incompatible and cannot be attained simultaneously; 2) each tends to defend their own positions and reject the positions of the other party regardless of evidence; 3) parties in a conflict situation may become anxious, irritated, annoyed, angry, frustrated, and the parties may rely on their feelings rather than on rational thinking to make decisions; 4) parties tend to be biased in their communications, in that they will communicate more with people who agree with them, and less with people who disagree with them; 5) parties may draw in unrelated issues to defend their positions, and the parties may eventually forget the real issues, and 6) the parties may become more committed to their initial positions and less willing to concede.

Thus, with respect to interaction between Sales and Marketing, when conflict becomes dysfunctional, the two parties may distort and withhold information to defend their own position and compete against each other, which, as discussed previously, can have negative consequences in blocking information transfer (Jaworski & Kohli 1993). They may demonstrate hostility and distrust during interactions, leading to a lower levels of cross-functional cooperation and coordination (Thomas 1990). Moreover, both functions will be more likely to engage in opportunistic behaviour and create obstacles to effective decision making, thus inhibiting organisational effectiveness (Barclay 1991; Ruekert & Walker 1987a). As a result, a number of researchers have suggested the need to manage dysfunctional conflict between Sales and Marketing (e.g. Beverland *et al.* 2006; Rouziès *et al.* 2005). However, although conflict is usually associated with dysfunctional interactions, conflict can also be

functional, so the next section discusses the concept of functional conflict between Sales and Marketing.

2.4.2 Concept of Functional Conflict

As opposed to the view that conflict predominantly has a negative effect, a contrasting view among various streams of literature is that conflict can also be functional, and therefore productive (e.g. Massey 2012; Massey & Dawes 2007a; Tjosvold 1988). According to Tjosvold (1988), six benefits of functional conflict exist. First, discussing conflict makes parties more aware of the true organisational problems and the need to solve problems effectively. Second, functional conflict draws attention to issues that may interfere with and frustrate other employees. Third, conflict provides employees with opportunities to relieve their own tensions and pressures through mutual discussion and problem solving. Fourth, conflict helps each party understand the real needs and goals of both itself and the other party, and learn more about their real needs and frustration, as well as the fears and frustrations of others. Fifth, functional conflict may require parties to develop both technical knowledge and interpersonal skills to solve a problem effectively. These skills and knowledge may be useful for other work situations. Sixth, to some employees, conflict can be stimulating. If the conflict is ultimately resolved effectively, parties involved in a conflict situation may develop a sense of achievement.

In the context of SMC, functional conflict can involve a constructive challenging of ideas, beliefs, and assumptions, and respect for others' viewpoints, even when individuals within Sales and Marketing disagree (Massey & Dawes 2007a). Differences in orientations concerning issues, such as customer- versus product-focus and short versus long-term focus, may be conducive to the marketing performance of the organisation. For example if the organisation is faced with price pressure from customers, Sales may prefer to cut prices, and if Marketing does not argue for a long-term perspective, the performance of the organisation may be negatively impacted (Homburg & Jensen 2007). Conflict can also be beneficial

because it can motivate organisational members to accomplish more tasks (Guenzi & Troilo 2006). A certain level of competition can motivate employees to understand other functions' positions, and this understanding can assist both functions to locate mutually satisfactory solutions when Marketing attempts to cooperate with other functions (Luo *et al.* 2006).

Therefore, if individuals in Sales and Marketing can handle conflict in a positive way, then they are more likely to engage in consultative interactions which could in turn enhance organisational effectiveness. In such an atmosphere, staff might be more likely to feel free to express their opinions, and challenge others' ideas, beliefs and assumptions. Reflecting the potential benefits of conflict discussed above, when Sales and Marketing engage in functional conflict, they may understand more about the organisational problems underlying their conflict, think more deeply about their own real needs and frustration, release their own pressures through discussing their problems with the other function, develop mutual understanding and respect, strive to acquire relevant technical and interpersonal skills to resolve their conflict jointly, and finally obtain a sense of achievement if the conflict is resolved adequately.

As well as reflecting cooperation or competition through functional or dysfunctional conflict respectively, cross-functional relationships between Marketing and other functions can be both cooperative and competitive at the same time. This concept of simultaneous cooperation and competition between Marketing and other functions has been called cross-functional 'coopetition', or the 'joint occurrence of cooperation and competition across functional areas within a firm' (Luo *et al.* 2006, p. 68). A competitive relationship means that Sales and Marketing compete for a firm's scarce resources (Kotler *et al.* 2006) and are reluctant to coordinate (Luo *et al.* 2006). In contrast, cooperative relationships aim to attain the common interests of the firm, and are achieved through inter-functional coordination and communication (e.g. Luo *et al.* 2006; Narver & Slater 1990). The idea that coopetition between Sales and Marketing can increase organisational performance is consistent with the

view of Massey and Dawes (2007b) and Tjosvold (1988), who suggested that instead of always being dysfunctional, conflict or competition can be functional. However as discussed previously, existing research has not examined Sales/Marketing conflict in China, a location where achieving coopetition – or any level of functional conflict - may be difficult, due to Asian preferences for avoiding conflict. The next section therefore discusses the importance of China as a business market, followed by discussion of the cultural differences between Western and Chinese national cultures that are likely to impact on MNCs operating in China.

2.5. SMC in Different National Cultures

A key objective of the thesis is to examine the drivers of and barriers to SMC in a foreign headquartered MNC's subsidiary operating in China. This section, therefore, describes the gap in the research literature concerning SMC in organisations in non-Western contexts. The section also discusses the importance of China in the global economic system, noting that China ranks low in corporate management practices. It also examines the differences between Western and Chinese national cultures.

2.5.1 Research Gap in Non-Western Contexts

The basic premise of this research is that the study of SMC in multinational corporations (MNCs) in China has been neglected by researchers and practitioners. Studies into SMC have tended to focus on organisations operating in Western cultures, with only one study investigating SMC outside a non-Western culture - an Islamic culture (Malshe *et al.* 2012), and not in the context of a Western headquartered MNC operating in that environment. The organisational behaviour of Chinese employees could be different from the behaviour of their Western counterparts (Alas *et al.* 2009) so recommendations based on research in Western environments may not be applicable to the Chinese business environment. With the increasing importance of the Chinese business environment, and more western MNCs establishing Chinese subsidiaries, it is therefore important to investigate the potential impact of cultural

differences on SMC in China. MNCs in China thus provide a rich context to investigate whether Western theories of SMC can be generalised to the Chinese business context.

Understanding cross-cultural differences in management styles is also important for the multicultural workplaces often found in MNCs in China. Morris *et al.* (1998) suggested that Chinese need to understand that the competitive styles of many managers in the United States are usually due to their emphasis on achievement, rather than to a lack of respect. Similarly, Western staff should understand that the accommodating style of many Chinese managers is usually due to their concern for securing harmonious relationships rather than self-fulfilling intentions (Morris *et al.* 1998).

Given the dissimilarities in cultural values between the United States and China, and Hofstede's arguments that management theories and practices might not be directly transferable across nations (1993, 1994), it is likely that the drivers of SMC may also have different impacts on an organisation, depending on the cultural background of the managers. For example, differences in cultural values can lead to different preferences for leadership style, team selection process, and communication style (Ochieng & Price 2009). These differences might in turn impact on SMC through different expectations by Sales and Marketing of, for example, senior management styles, cross-functional team formation processes, and cross-functional communication.

National culture is one critical factor contributing to organisational behaviour and hence management effectiveness (Hofstede 1993, 1994, 1998). Understanding the differences between Western and Chinese culture is important for appreciating the potential differences in Westerner and Chinese. So the following section discusses the importance of China to multinationals and the national culture of China, of which MNCs will need to be aware when a subsidiary is located in China.

2.5.2 Importance of China in the Global Economic System

The preceding section suggests some reasons to believe that factors driving SMC might be different across different national cultures. Among different cultures, China is particularly important for MNCs due to its very large gross domestic product (GDP) and population size. As China's importance in the global economic system continues to grow, MNCs will need to understand if they should use the same or different management practices when they set up subsidiaries in China.

Over the last decade, China has become a major global economic player. In 2015, the International Monetary Fund placed China's GDP in second place behind the European Union, but in front of the United States, when measured on the basis of purchasing power parity (International Monetary Fund 2015). Although China's economic growth decelerated to about 7 percent per year in 2015, its GDP grew US\$18.1 trillion, and that growth was about 4.1 percent more than that of the United States, with US\$17.3 trillion in GDP growth over the same period (International Monetary Fund 2015).

China's transformation to a market-oriented economy can be traced to its Open Door Policy in the late 1970s, referring to China's willingness to conduct business and trade with other nations, resulting in rapid economic development. When Deng Xiaoping took control of the Communist Party in 1978, he rejected the planned economic system advocated by Mao Zedong, and sought to transform the Chinese economy into a market-oriented economy (Degen 2009). Deng Xiaoping and Zhou Enlai, the first premier of the People's Republic of China (PRC) until his death in 1976, believed that market economies are more efficient for generating growth and progress than planned economies, and a market economy, therefore, could lead China to a more prosperous future. Because of its Open Door Policy, China engaged more in global political and economic affairs, with a consequent large influx of foreign capital (Rosen 1999).

China's transition to a market economy has resulted in the emergence of a significant business and consumer market. According to *Forbes*, 400 billionaires and billionaire families live in China (Flannery 2015). China's dynamic and growing middle class also bodes well for its economic prosperity. McKinsey & Company define mass middle and upper class consumers in China as having US\$9,000 to US\$16,000 and US\$16,000 to US\$34,000 respectively in annual disposable income per urban household in 2010 real terms (Barton *et al.* 2013). There are now 116 million middle-class and affluent households with an annual disposable income of at least \$21,000 per year in China, as compared with just 2 million such households in 2000 (Woetzel *et al.* 2016). By 2022, of the 357 million urban households in China, some 138 million households are expected to be upper middle class and more than 78 million households are forecast to be mass middle class (Barton *et al.* 2013). The number of Chinese households in the upper and mass middle classes is thus expected to grow 4.5 percent annually from 2012 to 2022. At the same time that the affluent and middle classes have been growing, from 1990 to 2010 the proportion of Chinese living in extreme poverty, defined as living on less than US\$1.25 a day, dropped from 60 percent to 12 percent (United Nations Development Programme 2014).

With a population of more than 1.3 billion people and a rapidly growing middle class, China thus provides MNCs with huge demand and market potential. China's entry into the World Trade Organisation (WTO) in 2001 has also spurred the interest of MNCs in the Chinese market. The attractiveness of an investment opportunity to foreign firms is commonly measured in foreign direct investment (FDI), which has been said to reflect

‘...the objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor’ (OECD 2008).

In 2014, China became the world's largest recipient of FDI, surging past the United States. Buoyed by the services sector, FDI inflows into China grew about 4 percent, reaching US\$129 billion, ahead of Hong Kong's US\$103 billion.

Today, China's leadership is at a crossroad. Its economy is expected to decelerate to 6.3 percent growth in 2016 and 6.0 percent in 2017 (International Monetary Fund 2016), as the reform agenda following the Third Plenum of 2013, including the rebalancing of economic activity from manufacturing and investment to consumption and services, is implemented (China Daily 2013). China's reform agenda has also been said to face challenges because China ranks low in corporate management practices (Bloom *et al.* 2012). The ability of Chinese companies to become more efficient, increase profits, and contribute progressively more to growth, is thus vital to China's prosperity.

In China's 13th Five-Year Plan (2016– 2020) at the Fifth Plenum of the 18th Central Committee of the Communist Party of China meeting in October 2015, President Xi Jinping set a 6.5 percent growth target (Xinhua Finance Agency 2015). He also insisted that China needs to 'solve the problem of unbalanced, uncoordinated and unsustainable development' (Xi 2015). The reform agenda laid out at the Third Plenum of 2013 described a comprehensive 60-point blueprint that envisions, among other things, better resource allocation and the development of the private sector (China Daily 2013).

The goal of developing the private sector and China's FDI is a key feature of global economic interdependence, but there are also benefits for foreign MNCs currently or potentially operating in China. Lower operating costs and ready access to the world's largest consumer market are often cited as benefits realised by MNCs from exposure to China. In addition to the transfer of technology, managerial knowledge, skills, and abilities are additional ways FDI establishes long-lasting connections between economies. As FDI grows in China, so too do the interactions among a wide range of managerial know-how, both into and out of the country. For example, in the foreign-headquartered subsidiary studied in this thesis, one

expects the exchange of managerial practices and organisational behaviours between headquarters and subsidiary. But one needs to be cautious when discussing managerial processes and perspectives: just because techniques prove successful in one cultural setting does not mean they will effectively transfer to another. Culture, therefore, will be examined in the next section.

2.5.3 Differences between Western and Chinese Cultures

MNCs face many challenges when they enter China (Cooke 2004; Fu & Kamenou 2011). In particular, when Western-headquartered MNCs enter China, they need to employ local people, who are likely to have Chinese cultural values that are different from the headquarters' cultural values. The workplace of subsidiaries in China are also likely to have a mix of Westerners and Chinese staff and managers, possibly holding different cultural values. SMC. To understand how managers can best manage and resolve conflict between Sales and Marketing, as well as assist employees in the two departments to collaborate to improve organisational effectiveness, an understanding of the different cultural characteristics of different nations is required. Three influential approaches to elaborating cultural characteristics have been presented by Hall (1987), Hofstede (1993, 1994, 1998), Hofstede *et al.* (2010), and Lockett (1988), and each is discussed in turn in the following sections.

2.5.3.1 Hall's Low and High-context Cultures

According to Hall (1987), there are two types of cultures: low-context and high-context. High-context cultures are those in which people tend to be deeply involved with each other and develop intimate relationship among themselves. A structure of social hierarchy exists and individual inner feelings tend to be under strong self-control. Information tends to be widely shared through simple messages with deep meaning. In contrast, a low-context culture is one in which people are likely to be highly individualised, somewhat alienated and fragmented. Social hierarchy has less influence on people's lives, and communication between people

tends to be more explicit and non-personal. High-context cultures include those of China, Taiwan, Japan, and some other Asian countries, while low-context cultures include those of the United States and some European countries.

An essential element of Hall's (1987) framework is that it captures the characteristics of communication in high-context versus low-context cultures. According to Ma (2007), people in low context cultures are more explicit and direct during communication, whereas people in high-context cultures are more implicit and indirect during communication. Researchers such as Dulek, Fielden, and Hill (1991) have argued that written communications within low-context cultures tend to dominate, often relying on a contractual form. In contrast, communications within high-context cultures place emphasis on who a person is, and on the individual's social status and general reputation.

Communication between Sales and Marketing in a low-context culture is thus likely to be different from communication in a high-context culture. However, no study has yet examined the relationships and communication between Sales and Marketing functions in China's high-context culture, as compared to a large amount of research in low-context cultures.

2.5.3.2 Hofstede's Cultural Dimensions

In Hofstede's framework, culture is defined as the shared values and beliefs held by members of a group (1993, 1994, 1998). He attributes the differences in the effectiveness of Western management theories across nations to the differences in five dimensions of cultural values. These dimensions are (1) *handling inequality*: the degree of power distance (or inequality) among people that the population of a country considers as normal; (2) *dependence on others*: the degree to which people in a country prefer to act as individuals rather than as members of groups; (3) *emotional gender roles*: the degree to which masculine values dominate feminine values; (4) *dealing with the unknown*: the degree to which people in a country prefer structured over unstructured situations, and (5) *time perspective*: the extent to which one finds

values oriented towards the long-term or short-term. Hofstede *et al.* (2010) added a sixth dimension: *dealing with natural drives*: from indulgence to restraint, or the degree to which a culture allows gratification of basic, natural human drives related to enjoying life. Among these six dimensions of cultural values, three could have potential implications for the extent of Sales and Marketing collaboration in a Western headquartered MNC's subsidiary in China. These three dimensions vary between American and Chinese national cultures on a scale of 1-100, reflecting very low to very high (Hofstede 1994):

- (1) handling inequality: Chinese power distance (80) is twice as high as America's (40);
- (2) dependence on others: America's individualism (91) far exceeds China's (20);
- (3) time perspective: China is sharply more long-term oriented (77) compared to the U.S. (26).

The differences in these three cultural dimensions between the U.S. and China, and their potential implications for SMC are discussed in more detail below. Hofstede's first cultural dimension, handling inequality, refers to the degree of power distance (or inequality) among people and the degree to which inequalities of power are regarded as the norm in the culture. Hofstede argues that people in cultures with greater power distance (such as China) tend to depend on their leaders to make decisions, and hence, many lower-level decisions are finalised by leaders. In contrast, people in cultures with smaller power distance tend to distribute their decision-making power throughout their organisations, and the decisions of leaders can be questioned and challenged.

This dimension of national culture is expected to have implications for SMC. Given that senior management support is an important factor contributing to SMC in the West, the working assumption of this research is that senior management support will be more important in high power distance cultures, such as China. In support of this assumption, Song, Xie and Dyer (2000) found that in high power distance cultures, positive senior management

attitudes toward integration led to less avoidance and more collaborative behaviour to resolve cross-functional conflict. In high power distance cultures, human relationships tend to be based on a person's hierarchical position and status, and subordinates are often expected to obey the directions and instructions of top management (Hofstede 1994; Song *et al.* 2000). Thus, as compared to low power distance cultures, senior management support for SMC may be more critical in a high power distance culture.

Hofstede's second cultural dimension is dependence on others, (or 'individualism') referring to the degree to which people in a country prefer to act as individuals rather than as members of groups. For example, in an individualist culture, such as the United States, parents tend to encourage their children to be independent and take personal responsibility. In contrast, in a collectivist culture, such as China, people are encouraged to form cohesive groups, and each individual is encouraged to share the responsibilities of taking care of his or her group's welfare. People tend to act as members of groups, and are interdependent on each other. They tend to respect the group to which they belong, and differentiate in-group members from out-group members. They expect group members to protect each other when in trouble, and tend to remain loyal to their group throughout life.

Consistent with differences in this dimension between countries, Lewicki *et al.* (2003) argued that people in collectivist cultures may value relationships more because relationships in collectivist culture tend to long-lasting. People in collectivist cultures, believing that they are interdependent of each other, may also be more likely to develop compromise solutions to manage conflict (Ma 2007). In contrast, people in individualist cultures may attempt to compete and formulate win-lose distributive solutions to manage conflict (Lewicki *et al.* 2003). So people in collectivist cultures may be more likely to collaborate, with people in individualist cultures more likely to engage in competition, with implications for collaboration within organisations in China.

The third cultural dimension that may have implications for SMC is Hofstede's cultural dimension of time perspective, or long-term versus short-term orientation. This dimension refers to the degree to which values are oriented to the future rather than to the present or past. In a long-term oriented culture, people are more likely to value orientations toward the future, such as saving and perseverance. In contrast, in a short-term oriented culture, people are more likely to value orientations toward the past and present, such as respect for tradition and fulfilling social obligations. China is a long-term oriented nation, which means that Chinese may be more willing to sacrifice current gains for future ones than people in short-term oriented countries. In SMC, this would imply that Chinese employees could be more willing than those in the U.S. to forgo present goals and resources in favour of future goals and resources. When senior managers intervene to help their Chinese salespeople and marketers collaborate, they may therefore need to take into consideration the long-term concern of their subordinates, particularly in designing compensation packages.

2.5.3.3 Lockett's Cultural Attributes

Lockett (1988) offered another summary of Chinese cultural values, represented by four attributes. They are (1) *collectivism or group orientation*, (2) *respect for authority*, including power distance, age and hierarchical position, (3) the *concept of face (mianzi) and harmony*, and (4) the *importance of relationships*. The first two are very similar to Hofstede's cultural dimensions, but Lockett's third and fourth attributes, the concepts of face and harmony, and the importance of relationships, extend Hofstede's typology, and as a result, Lockett's description of Chinese attributes is discussed here because the third and fourth attributes may have particular importance for SMC in China.

The first attribute, collectivism, is similar to Hofstede's concept of individualist versus collectivism (1994). According to Lockett, people in collectivist cultures are likely to distinguish their 'in-groups' from their 'out-groups' and treat the two differently. In-group

people are seen and treated as members of the same group, while out-group people are treated as non-members. People from the same in-groups are likely to hold primarily common goals and objectives, and they expect that each member of the in-group will share the responsibility of taking care of other in-group members. Security in exchange and group loyalty are highly appreciated, and group affiliation is expected to be permanent. Decision-making in collectivist cultures often involves reference to authority, and members of the same in-groups are more likely to share responsibility for tackling tasks and solving problems.

Lockett's second attribute, respect for authority, is comparable to Hofstede's concept of power distance, but also extends Hofstede's discussion of this dimension. Lockett (1988) suggested that high power distance means that people accept the norm that power is unequally distributed in the society, with seniors in the society having more power and authority to make decisions than those who are younger. While an overlap exists between Hofstede's and Lockett's concepts of power distance, Ng *et al.* (2008) further explain the nature of power distance in Lockett's model in terms of Confucianism. They argued that China is a high power distance society because Confucianism traditionally emphasises power and authority, and the benefits of fixed hierarchical relationships. Thus, the dominant belief is that people should respect the power and authority of the seniors of the society because respect will preserve social harmony, providing further support for the importance of senior management attitudes to SMC in organisations based in collectivist societies.

Lockett's third attribute is the relative importance of face (*mianzi*) and harmony in social interactions. Lockett (1988) argued that the concept of face is widely regarded as a key principle governing the conduct of Chinese social life, focusing in particular on acts of omission, for example not publicly embarrassing others, not coming into open confrontation, and not publicly uncovering others' weaknesses. The concept of saving face is likely to have implications for SMC in China, as emphasising face would suggest that Chinese will more likely to avoid open conflict and adopt a non-assertive approach to conflict resolution (Ng *et*

al. 2008). Thus, Chinese employees might be less likely to be assertive when handling cross-functional conflict.

The fourth attribute of Chinese cultural values proposed by Lockett (1988) focuses on relationships. This attribute includes three elements, namely the importance of relationships (*guanxi*), reciprocity (*bao*), and humanised obligation (*renqing*) (Ng *et al.* 2008). Chinese are said to value *guanxi* more than explicit contracts because the latter cannot cover all details of business dealings and *guanxi* complements explicit contracts (Lockett 1988). However, *guanxi* cannot be sustained between two parties if there is no need of reciprocity (or ‘*bao*’).

Lockett’s final attribute of relationship is ‘*renqing*’, or humanised obligation, and is a mixed concept of social cost, quality, and relationships, and also partly reflects the concept of reciprocity discussed above. This attribute highlights the importance of relationships (or *guanxi*) in Chinese culture. As relationships and trust are likely to be particularly important for interpersonal interactions within high-context cultures, the discussion below summarises the potential importance of *guanxi* and trust for cross-functional collaboration in a multicultural setting.

2.5.3.4 *Guanxi* and Relationships in Sales/Marketing collaboration (SMC)

Guanxi is a complex phenomenon. In Chinese, “*guan*” means a gate or a hurdle, and “*xi*” means a tie. Together, *guanxi* means passing the gate and getting connected (Leung *et al.* 2011; Zhuang *et al.* 2010). Several definitions of *guanxi* exist in the literature. Wong and Tjosvold (2010) defined *guanxi* simply as close and value relationships between people, characterised by the bestowing and receiving of benefits from each other. Leung *et al.* (2011) defined *guanxi* as personal relationship networks of informal social bonds in which individuals carry expectations and obligations to facilitate favourable exchanges. Other definitions focus on *guanxi*’s long-term orientation (Liu & Roos 2006). *Guanxi* is also referred to in some literature using the term ‘ties’, and different authors have distinguished between

business and political ties (e.g. Sheng *et al.* 2011), individual and firm-to-firm *guanxi* (e.g. Li & Wright 2000) and *guanxi* with those outside the organisation and inside (or ‘internal *guanxi*’) (Perks *et al.* 2009). This thesis uses the definition of *guanxi* as a network of personally defined reciprocal bonds (Redding *et al.* 1994) that help Chinese procure resources and are bound by normative obligations for reciprocity and long-term continuity (Bian 1997). These reciprocal bonds help Chinese procure resources, and achieve favourable exchanges (Hom & Xiao 2011). In this thesis, however, the focus is particularly on *guanxi* between Sales and Marketing, or internal *guanxi* (Perks *et al.* 2009).

While the concept of *guanxi* is in many ways similar to the notion of relationships in the West, business executives in China are said to develop *guanxi* relationships first, and then business relationships, while business executives in the West are said to develop business relationships first, and then social relationships (Chua *et al.* 2009). Moreover, according to Wong and Tjosvold (2010), a high quality relationship in the West is associated with liking and satisfaction. In other words, it is attitude-based. In contrast, a high level of *guanxi* reflects a sense of closeness and obligation. It is activity-based. If high levels of *guanxi* exist, Chinese people will be more likely to engage in exchange of favours, long-term reciprocity, personal interactions, harmony, face giving and saving, and differentiation activities (Law & Jones 2009). *Guanxi* has been said to be similar to the Western concept of networking, which emphasises what one knows and what one can do for others, instead of who one knows from socialising activities (Chua 2012).

The concept of *guanxi* also involves the Western notion of trust. *Guanxi* and trust are complementary values. *Guanxi* helps managers in China develop mutual trust and cooperation (Chua 2012), and it is thus likely to be key to doing business in China (Zhuang *et al.* 2010). Trust can be defined as the extent to which one party has confidence in a counter party's reliability and integrity (Morgan & Hunt 1994). In other words, trust is the perceived credibility (i.e., an expectancy that the partner's words or written statements can be relied on)

and benevolence (i.e., the partner is genuinely interested in the welfare of the other partner and is motivated to seek joint gain) towards a target of trust. Interpersonal trust is valuable when trusting parties are vulnerable to some extent and the decision outcomes are uncertain (Doney & Cannon 1997).

Intra-organisational trust is likely to be critical in today's increasingly complex and competitive business environment. Authors studying trust between Sales and Marketing have distinguished two kinds of trust, namely cognition-based trust and affect-based trust (Massey & Dawes 2007a, 2007b). According to Massey and Dawes (2007a), cognition-based trust develops when one person, based on previous encounters, perceives another person to be competent, reliable and dependable on work-related issues. On the other hand, affect-based trust occurs when one person demonstrates genuine care and concern for the welfare of the other. Dawes and Massey (2006) found that (1) cognition-based trust leads to affect-based trust and (2) cognition-based trust and affect-based trust give rise to effective cross-functional relationships between Sales and Marketing. To develop the two types of trust, bi-directional communication and communication quality are likely to be essential. Credible, understandable, relevant, and useful communication are therefore said to be the key to develop trusting relationships in the West (Massey & Dawes 2007a). However in China, there are likely to be differences between Chinese and American managers in the configuration of trusting relationships or *guanxi* within their professional networks (Chua *et al.* 2009). Chinese managers are more likely to develop socio-emotional support and instrumental benefits at the same time, and trust based on *guanxi* consists of both affective and instrumental elements. In contrast, Western managers are said to be more likely to separate true friendship from instrumental benefits, and hence their cognition-based trust is less likely to be related to affect-based trust (Chua *et al.* 2009). Chua *et al.* (2009) further argued that affect- and cognition-based trust are more likely to be more intertwined for Chinese than for American managers.

In China, when managers are developing *guanxi* among themselves, unspoken rules of relationship formation persist. For instance, members in a *guanxi* network have reciprocal responsibilities and obligations (Law & Jones 2009). In contrast with the West, where managers usually engage in a transaction first and develop a personal relationship only when a transaction is successful, transactions in China are said to occur only when *guanxi* development is successful (Law & Jones 2009). In other words, in China, a business relationship and social relationship are said to be intermingled (Chua *et al.* 2009), with *guanxi* being a prerequisite for business relationships (Leung *et al.* 2011; Perks *et al.* 2009).

In summary, there are differences and similarities between the concept of *guanxi* in China and the Western notion of a relationship. As *guanxi* and trust are complementary values, and trust is instrumental in SMC, more study is needed to understand the importance of *guanxi* in SMC in today's China business environment. As a result, this study will report and compare both Chinese and non-Chinese participants' perceptions on the importance of *guanxi* in driving SMC.

2.5.3.5 Conflict Management in Different National Cultures

Various authors have argued that cultural values are likely to affect conflict-handling styles and that Chinese and Western managers may employ different conflict-handling styles (Ma 2007; Morris *et al.* 1998). As conflict is likely to emerge from time to time between Sales and Marketing, this section examines the impact of cultural values on conflict management styles.

There are five different conflict-handling styles according to Thomas (1976). These are *competing* (high concern for the self and low concern for others); *collaborating* (high concern for the self and high concern for others); *compromising* (moderate concern for the self and moderate concern for others); *accommodating* (low concern for the self and high concern for others), and *avoiding* (low concern for the self and low concern for others).

In the West, managers from an individualist culture, such as the United States, are said to be more likely to employ a style of assertively competing with the other person (Morris *et al.* 1998). Another study suggested American managers tended to employ three approaches to manage conflict: (1) confronting their colleague in a tactful, calm, and cooperative manner; (2) seeking revenge by telling the boss, or (3) resigning themselves to the conflict situation due to lack of confidence (Cooper *et al.* 2007).

In contrast with the way American managers manage conflict, Chinese managers are more likely to use the avoiding and accommodating conflict management styles to preserve societal relationships, and to show their concern for others and maintain harmony (Morris *et al.* 1998). They are likely to split the difference, exchange concessions, and seek a quick middle-group position, because Chinese generally value social relationships and group harmony more than task accomplishment and personal desires (Ma 2007). In a Chinese collectivist setting, conflict avoidance might be an effective conflict resolution strategy because Chinese managers want to maintain harmony and save face for others (Chen *et al.* 2005). When Chinese attempt to accommodate, they may engage in unnecessary concessions, obeying another person's order when they would prefer not to, and/or yielding the other's point of view (Ma 2007).

The implications of these different conflict management styles between Chinese and Westerners are important for this study. The study investigates the perceptions and belief of employees, both Chinese and Westerners, both managers and non-managers, in the subject MNC's operation in China. If Chinese Sales and Marketing staff in the same organisation attempt to compromise to resolve conflict, or are more likely to withdraw from or sidestep conflict between Sales and Marketing, unresolved or insufficient conflict (for example by leaving ideas unchallenged) might negatively impact on organisational performance.

The above section has discussed different conflict management styles in American and Chinese culture. Given that conflict resolution is an important element of SMC, it is important

to investigate the drivers of, and barriers to, effective SMC in a workplace where not only Sales and Marketing staff, but also Chinese and Western managers, are working together. In the following section, a review of the Western literature related to the drivers of and barriers to SMC is presented. This examination is then followed by a discussion of the drivers of and barriers to SMC, as well as cultural considerations, in the context of previous non-Western literature.

2.6. Drivers of Sales/Marketing collaboration (SMC)

As discussed previously, collaboration between Sales and Marketing has been said to be important for business performance (e.g. Kohli & Jaworski 1990; Le Meunier-FitzHugh & Lane 2009a). But what factors help to achieve SMC? Over the past few decades, Marketing and Management researchers have examined various individual and organisational factors considered to be related to SMC. For example, factors such as aligned goals (Le Meunier-FitzHugh & Piercy 2007a), top management support (Le Meunier-FitzHugh & Piercy 2007b), cross-functional training (Maltz & Kohli 2000), communication (Ruekert & Walker 1987b), and job rotation (Rouziès *et al.* 2005) have been said to be conducive to SMC. A review of the Western literature reveals other factors that may help increase SMC. Table 3 below summarises the factors investigated in research into SMC in the West.

Table 3: Examples of key research into SMC in the West

Research	Major factors investigated
Biemans, Brencic and Malshe (2010)	Structure, communication patterns and information sharing
Dawes and Massey (2005)	Structural variables, individual variables and communication
Massey and Dawes (2007a)	Quality communication, bidirectional communication
Massey and Dawes (2007b)	Experience and education, trust, conflict and psychological distance
Homburg, <i>et al.</i> (2008)	Information sharing, structural linkages, power, orientations and knowledge
Homburg and Jensen (2007)	Orientation differences, competence differences
Le Meunier-FitzHugh and Piercy (2007)	Management attitudes toward coordination, interdepartmental culture and structure and orientation, inter-functional conflict, communication, market intelligence and learning
Le Meunier-FitzHugh <i>et al.</i> (2011a)	Aligned rewards, senior management attitudes on conflict
Rouziès <i>et al.</i> (2007)	Structure, process/system, culture and people

In this study, four factors that can potentially drive SMC are investigated because of the potential differences in interpreting and implementing these factors in a foreign headquartered subsidiary operating in China. These four factors are (1) communication and information sharing (e.g. Massey & Dawes 2007a; Rouziès *et al.* 2005); (2) the setting of common and/or aligned goals (e.g. Guenzi and Troilo, 2006); (3) positive management attitudes toward collaboration (e.g. Le Meunier-FitzHugh and Piercy 2007; 2010), and (4) common experience and knowledge (e.g. Homburg and Jensen, 2007). Due to the lack of research in a non-Western context, such as in organisations located in China, the significance of these drivers in a non-Western setting is uncertain. Thus this section highlight areas of agreement and conflict in the literature that are relevant for the study.

2.6.1 Communication and Information Sharing

Previous literature has argued that the communication of market and customer-related information across the organisation is a key factor in determining an organisation's responsiveness to changing customer needs (e.g. Kirca *et al.* 2005; Le Meunier-FitzHugh & Piercy 2011). The loyalty of business customers, in particular, is said to be influenced by whether or not the organisation seeks customer-related information such as feedback, encourages evaluation of its service, monitors customer satisfaction, and communicates changes to its customer (Dean 2002). To achieve higher levels of market orientation in an organisation, there are two potential benefits of increased communication between Sales and Marketing. First, the different mental models of Sales and Marketing can be challenged, and oversimplification of market representations can be avoided. Second, the two functions can share interpretations of information and develop generative learning, in that long-held beliefs about markets are challenged and a broader perspective about the market can be constructed (Guenzi & Troilo 2006). In other words, the company as a whole can enhance its ability to sense and anticipate future market trends ahead of its competitors, and hence the firm is likely to be more market-oriented.

However, effective cross-functional communication between Sales and Marketing may be difficult to achieve, due to the different perspectives of Sales and Marketing summarised in Table 1. These differences may create an interpretive barrier that precludes the exchange, absorption, and interpretation of information across the functional boundaries, and prevent the Sales and Marketing teams from reaching agreement on contentious issues.

Nevertheless, differences can sometimes also initiate communication. For example, the differences between Sales and Marketing in short versus long-term orientation and customer versus product advocacy may trigger more robust interaction and dialogue between Sales and Marketing and thereby lead to a positive market performance (Homburg & Jensen 2007).

Researchers have treated different types of inter-functional communication, such as face-to-face and impersonal communication, as important elements affecting cross-functional collaboration (e.g. Ruekert & Walker 1987b). With respect to SMC, informal communication flows between Sales and Marketing can decrease the tension between the two functions, thus helping to mitigate the effect of other collaboration barriers, such as differences in mental frames (Beverland *et al.* 2006). Both internal formal communications, such as meetings and conferences, and internal informal communications, such as casual contacts, are necessary activities for facilitating SMC (Le Meunier-FitzHugh & Piercy 2007b).

2.6.1.1 Direction of communication

Communication must also be bidirectional. Bidirectional communication can reduce inter-departmental conflict by aligning targets, improving understanding, and sharing ideas (Le Meunier-FitzHugh & Piercy 2007a). In addition, bidirectional communication can increase functional conflict and in turn, reduce dysfunctional conflict between the Sales and Marketing functions (Dawes & Massey 2005; Massey & Dawes 2007a). Moreover, bidirectional communication between Sales and Marketing is said to result in higher levels of customer orientation (Le Meunier-FitzHugh & Piercy 2007a).

Communication between Sales and Marketing may occur at different levels of the organisational hierarchy. But before Sales and Marketing engage in bidirectional communication, they must first institute effective vertical communication in their respective functional hierarchies and agree on the meanings of key terms, such as the definitions of target markets and customer values (Malshe 2011). If each level within a particular function has different interpretations of key terms, such as customer value, then it is difficult for the two functions to collaborate. For example, it is possible for the top level management of the two functions, such as a Vice President of Sales and Vice President of Marketing, to agree on key issues such as target markets and customer value propositions. However, if lower level

employees, such as Sales and Marketing staff, have different ideas on customer value propositions owing to their different field experience and knowledge, these lower level employees may have their own interpretations of the key terms. Hence, there may be confusion and/or conflict when they attempt to engage in cross-functional communication. Therefore, it is essential for the two functions to engage in effective vertical communication within their respective functions to clarify meanings of key terms before the two functions can engage in effective bidirectional cross-functional communication (Malshe 2011).

2.6.1.2 Frequency of communication

Organisations can also use management techniques to facilitate communication between Sales and Marketing. For example, they can appoint individuals as integrators, who will facilitate communication between the Sales and Marketing functions, or use different communication channels for communicating information, such as formal channels for strategic and frequently exchanged information, and informal communication channels for information about unstructured problems (Rouziès *et al.* 2005).

However, organisations should be cautious against indiscriminately increasing communication frequency (Rouziès *et al.* 2005); too much communication between Sales and Marketing can lead to lower quality information being exchanged, and a retarded decision-making process (Troilo *et al.* 2009). Indeed, high levels of communication frequency can lead to higher levels of interpersonal conflict between Sales and Marketing (Dawes & Massey 2005). It is instead necessary to achieve an *optimal* level of communication frequency with a mix of formal and informal communication (Maltz & Kohli 1996). The nature of information, the nature of the problem about which information is communicated, and the environmental uncertainty will all influence the effectiveness of formal and informal means of communication (Maltz & Kohli 1996).

2.6.1.3 Information sharing

The importance of information sharing has also been emphasised by literature on intra-organisational interfaces and by taxonomies of inter-organisational interfaces (e.g. Cannon & Perreault 1999; Fisher *et al.* 1997; Kahn *et al.* 2004). In addition, information sharing is emphasised by studies of market orientation, organisational learning, and new product development (e.g. Marinova 2004; Moorman 1995).

For communication to be effective, the information communicated must be of high quality, defined as credible, understandable, relevant, and useful to the other party (Massey & Dawes, 2007a). The literature has conceptualised numerous constructs in the context of information sharing, for example, information transmission, intelligence dissemination, and information utilisation (Jaworski & Kohli 1993). Of these constructs, information transmission - or intelligence dissemination - is conceptually the closest to inter-departmental information sharing.

With respect to the more specific SMC, information sharing is often regarded as an important factor contributing to effective collaboration. For example Rouziès *et al.* (2005) recommended that organisations should develop a culture with norms of sharing in order to improve SMC. A commitment to information dissemination and information sharing is said to have positive effects on collaboration, as effective sharing of the interpretation of information helps Sales and Marketing to align paradigms, share good practice, and allow flexibility in response to the market place (Le Meunier-FitzHugh & Piercy 2007b).

More specifically, Le Meunier-FitzHugh & Piercy (2011) suggest that information sharing can help both Sales and Marketing exploit available information, and develop more comprehensive customer and competitor intelligence as a result. The development of a joint market intelligence system that facilitates information sharing between Sales and Marketing has been found to be positively related to organisational learning, including developing good

practice and integrating knowledge for the benefit of the organisation (Le Meunier-FitzHugh & Piercy 2007a). In the same vein, Beverland *et al.* (2006) suggested that salespeople may be an important source of market insight, and can share their micro-level information about customers and competitors with Marketing, so that micro-information can be linked to the macro-level marketing strategy. This information exchange should therefore result in a clearer picture of the market.

However, the literature mentioned above is not sufficiently specific about when different kinds of information should be shared between Sales and Marketing. In this regard, Matthyssens and Johnston (2006) described an ideal scenario in which different kinds of information are shared during each stage of the entire marketing management process. For instance, at the analysis stage, Marketing might be strongly dependent on Sales for the collection of required marketing data. At that stage, Sales can collect and share information concerning suppliers, customers, and competitors. At the planning stage, Marketing defines a strategy and develops a marketing plan. At this stage, feedback from Sales to Marketing on the validity and feasibility of the marketing mix elements would be useful for finalising the marketing plan.

At the implementation stage, Marketing can share with Sales the details of the marketing program, detailing concrete activities and expected time to completion. Sales then designs the sales plan according to the information provided by Marketing. At this stage, the two functions need to share information intensively to solve any unforeseen problems which arise from the misinterpretation of the marketing plans formulated in the previous stage. Finally, at the control stage, Sales and Marketing need to share performance information extensively, as both functions need to check the results against the previously agreed objectives, and judge whether the marketing program was successful (Matthyssens & Johnston 2006).

Yet the above scenario is an ideal situation. In one study, Matthyssens and Johnston (2006) that Sales and Marketing staff did not experience much information sharing between them,

especially during the planning and implementation stage. For Sales and Marketing to share desirable information among themselves, a joint market intelligence system, positive management attitudes towards coordination, and an interdepartmental culture of cooperation would seem to be more essential (Le Meunier-FitzHugh & Piercy 2007a, 2010).

2.6.1.4 Communication in different national cultures

Lewicki *et al.* (2003) suggested that national culture affects how people communicate verbally and non-verbally. Researchers have used individualism as a cultural value dimension explaining and predicting communication behaviours. For example, in less individualist cultures, where group harmony is more highly valued, a direct and assertive communication style can be considered potentially face-threatening (Merriti & Helmreich 1996). In individualist cultures, people may be more likely to prefer communicating directly, explicitly, and openly with others as a way to respect the others' need for approval and being appreciated (Park *et al.* 2012). Consistent with this view, other authors have argued that a communication approach effective in one country may not be effective in another country (Wei-lin & Clark Jr 1999). Asserting one's own views, for example, is an important communication skill in the U.S., while *not* stating clearly what one has in mind can be seen as a sign of strength, maturity and social competence in an Asian culture (Miyahara 2000). This perspective would suggest that people in a low-context culture, such as the United States, will be more likely to be more direct in their communication style, while people in a high-context culture like China will be likely to be more indirect.

During communication Chinese are said to be (1) unlikely to impose their feelings on others; (2) more likely to avoid saying "no" but to use the word "inconvenient" or "too difficult" instead to save others' face; (3) more likely to de-emphasise their own achievements, and (4) more likely to use indirect and non-verbal communication frequently (Trimarchi & Liesch 2006). The result of this preference for a particular communication style is that Westerners

often think Chinese are not providing sufficient information during communication (Trimarchi & Liesch 2006). However, while some research has suggested Chinese are more likely to employ an indirect communication style, other studies have argued differently, suggesting that Chinese prefer direct persuasion appeals (Ma & Chuang 2001) and a direct communication style in business communication (Beamer 2003).

In summary, communication and information sharing between Sales and Marketing is likely to be important for the performance of an organisation in terms of market and customer orientation (Le Meunier-FitzHugh & Piercy 2011). However, to facilitate SMC, communication between the two functions will need to be bi-directional. Previous literature has suggested various management practices to increase communication and information sharing between Sales and Marketing, such as a joint market intelligence system (Le Meunier-FitzHugh & Piercy 2007a), positive management attitudes towards coordination (Le Meunier-FitzHugh & Piercy 2010), a cooperative organisational culture with norms of sharing (Rouziès *et al.* 2005), and good *guanxi* between Sales and Marketing (Menguc *et al.* 2011).

However, as mentioned above, different national cultures will affect how people communicate. It is uncertain whether communication and information sharing practices that are effective between Sales and Marketing staff in a Western business environment will be equally likely to achieve collaboration between the two functions in a Western-headquartered MNC's subsidiary in China. Thus, this thesis examines the perceptions of a diverse group of participants on the importance of communication and information sharing for SMC in a non-Western multicultural workplace in China.

2.6.2 Common and Aligned Goals

Setting common goals and/or aligning goals between Sales and Marketing have been said to be mechanisms which could drive effective SMC. Previous research has suggested that when the goals of Marketing and Sales are inconsistent, it can be detrimental to business

performance (Strahle *et al.* 1996). Other authors have also suggested consistent goals between Sales and Marketing can reduce inter-departmental conflict (Le Meunier-FitzHugh & Piercy 2007a), and thus result in more effective SMC (Biemans *et al.* 2010; Rouziès *et al.* 2005).

But do the goals need to be the same for Sales and for Marketing? In addition to the research discussed above, some researchers who have studied the interface between Marketing and other functions in Western organisations have stressed the value of the functions working together to achieve common goals (e.g. Krohmer *et al.* 2002; Lucas *et al.* 1988; Maltz & Maltz 1998). Collaboration between Marketing and R&D has been said to be highest when they have common goals, focuses and objectives (Song *et al.* 2000). However, in contrast, other researchers have suggested that common goals are not necessary for Marketing to collaborate with other functions, but that goal alignment needs to be emphasised (e.g. Ernst *et al.* 2010; Le Meunier-FitzHugh & Piercy 2007a). Table 4 summarises these different views on the importance of common and/or aligned goals for increasing cross functional collaboration.

Table 4: Research into the effect of common and/or aligned goals for increasing cross functional collaboration

Common goals	
Kahn (1996)	Argue top management should consider programs that encourage departments to achieve goals collectively.
Souder (1977)	Defined interdepartmental integration as collaboration, where departments work collectively under common goals.
Rouziès et al. (2005)	Hypothesised that integrated goals (or common goals that are super-ordinate to the interests of individuals within a firm) affect the degree of Sales-Marketing integration.
Aligned goals	
Strahle et al. (1996)	Suggest that Sales goals should be aligned with marketing strategies in order to improved Sales/Marketing integration.
Matthyssens and Johnston (2006)	Recommend that a central coordination position should be created to coordinate the objectives of the two departments.
Le Meunier-FitzHugh and Piercy (2007b)	Found that an organisation with totally separate Sales and Marketing goals displayed the least collaboration between Sales and Marketing.
Biemans et al. (2010)	Marketing and Sales can have different goals, however, it is important to keep the broader goals in mind and work through differences constructively.

As some of the studies referenced in the above table have suggested, common goals may not be necessary to drive collaboration and to achieve higher organisational performance. Rather, the goals of different functional departments, such as Sales and Marketing, should be consistent and aligned to facilitate effective SMC (Biemans *et al.* 2010; Kotler *et al.* 2006; Rouziès *et al.* 2005). The development of superordinate goals could help align the goals of Sales and Marketing (Rouziès *et al.* 2005), and senior management could assist Sales and Marketing to align goals, and help each function to be knowledgeable about the other function's goals (Le Meunier-FitzHugh & Piercy 2007b). Indeed, Le Meunier-FitzHugh & Piercy (2007b) found that incompatible goals between Sales and Marketing could lead to dysfunctional conflict between the two functions. This dysfunctional conflict, in turn, may

hamper effective SMC and create a harmful feedback loop. In response to these different views on the potential advantages (and/or disadvantages) of common or aligned goals, the thesis therefore investigates the views of participants from Sales and Marketing on the importance of goal consistency between Sales and Marketing.

2.6.2.1 Rewards and compensation

Various researchers have suggested that well designed reward systems can help align the goals of different functional departments and increase collaboration (e.g. Kotler *et al.* 2006; Rouziès *et al.* 2005). An aligned reward system can also be developed, so different departments set the same super-ordinate goals, such as company profits, and the reward system links rewards to the achievement of these super-ordinate goals through appropriate measurement (Le Meunier-FitzHugh & Piercy 2011). Proehl (1996) argued that reward systems that are tied to the achievement of team purposes can increase participation in cross-functional teams. By aligning cross-functional measurement and reward systems (as compared with departmental measurement and reward systems), employees are encouraged to widen their perspectives, and to solve organisational problems rather than blaming the other functions (Gittell *et al.* 2010). Marketing and Sales staff may then be more motivated to consider the perspectives of the other functions, in order to increase company success and obtain the associated rewards.

Previous research has argued that an aligned reward system can motivate different members of a cross-functional team to give increased priority to collective goals, such as detecting and responding to changing customer preferences and market movements, leading to cooperation and better financial well-being of the organisation (Nakata & Im 2010). In the field of SMC, several researchers have argued for the importance of an aligned reward system, after discovering that Sales and Marketing staff in the same company can have conflicting goals. For example, Strahle *et al.* (1996) recommended that sales bonus schemes should be linked to the successful implementation of marketing strategies in order to align the goals of Sales and

Marketing. Oliva (2006) also noted that Sales are primarily incentivised by specific rewards. Thus, if their compensation schemes are not linked to the marketing strategies of their organisation, internal friction between Sales and Marketing may occur because employees in the two departments may pursue conflicting goals and strategies. This outcome is then likely to decrease SMC.

In contrast, the more that Sales and Marketing staff perceive they are jointly rewarded for successful business outcomes, the higher the level of Sales/Marketing integration (Dewsnap & Jobber 2000). Various researchers have argued that incentives and rewards linked to integrated and super-ordinate goals, besides departmental goals, can facilitate SMC (e.g. Le Meunier-FitzHugh & Piercy 2007b; Le Meunier-FitzHugh & Piercy 2011; Matthyssens & Johnston 2006). When rewards for Sales and Marketing are aligned to the achievement of some super-ordinate goals, employees of both departments will feel responsible for, and connected to, ultimate company performance (Kotler *et al.* 2006).

However, research into the actual relationships between aligned reward systems and SMC has been scarce. While some authors have suggested aligned reward systems could potentially improve SMC (e.g. Beverland *et al.* 2006; Rouziès *et al.* 2005), a number of researchers have argued that aligned rewards between Sales and Marketing do not reduce conflict between the two functions (Le Meunier-FitzHugh *et al.* 2011a). Table 5 summarises various researchers' views on the importance of rewards and compensation for increasing SMC.

Table 5: Disagreement about importance of rewards and compensation for SMC

Rewards/compensation are important	
Strahle <i>et al.</i> (1996)	Suggested that rewards for Sales managers and Sales staff should be linked to the successful implementation of marketing strategies.
Dewsnap and Jobber (2000)	Argued that senior management can facilitate SMC by deploying rewards for the achievement of joint Sales and Marketing objectives.
Rouziès <i>et al.</i> (2005)	Argued that rewards and recognition that are contingent upon attainment of common goals help motivate functions to expend effort to realise those goals. Hypothesised that the use of incentives requiring achievement of integrated goals positively affects the degree of Sales-Marketing integration.
Beverland <i>et al.</i> (2006)	Suggested that a change in Sales force compensation is a means to improve the relationship between Sales and Marketing.
Guenzi and Trolio (2006)	Suggested processes, for example cross-functional incentive systems, as a way to improve Sales-Marketing integration.
Oliva (2006)	Suggested that if the sales compensation system is not aligned to marketing strategy, the result will be friction between the two departments.
Magnusson <i>et al.</i> (2014)	Suggested that rewards alignment leads to greater Sales and Marketing collaboration and is particularly important in highly individualistic and masculine societies.
Rewards/compensation are not necessarily important:	
Maltz and Kohli (2000)	Argued that a compensation system that emphasises inter-functional or organisational level outcome has no effect on conflict between Marketing and other departments.
Le Meunier-FitzHugh and Piercy (2007b)	Argued that aligned rewards should promote greater collaboration between Sales and Marketing. However, their research found that none of the organisations studied rewarded their Marketing staff on sales performance.
Le Meunier-FitzHugh <i>et al.</i> (2011a)	In five exploratory case studies, found no conclusive relationship between reward structure and SMC. There was no relationship between rewards alignment and inter-functional conflict, and the organisation studied with the greatest alignment of rewards had the lowest collaboration between Sales and Marketing.

In addition to research on the relationships between aligned reward systems and SMC discussed above, no research has studied the relationship among reward systems and SMC in an Asian cultural context. Rewards and compensations effective in the West may not be

effective in other cultures because staff in different cultures may have different reward preferences (Chiang 2005; Chiang & Birtch 2007). Given the scarcity of research into reward preference across cultures, this thesis examines people's preferences regarding the types of reward that they believe could drive effective Sales and Marketing collaboration in an MNC's subsidiary in China. These views may have implications for designing rewards and compensations to increase SMC in other MNCs in China.

2.6.3 Attitudes and Roles of Senior Management

In addition to communication and information sharing, common and/or aligned goals, research has also suggested that the attitudes and actions of senior management can either contribute to, or hinder, the development of a productive cross-functional relationship between Marketing and other departments (Gupta *et al.* 1986). Five actions that a senior manager can do to help improve Marketing's cross-functional interface with R&D departments are said to be (1) promote the need for integration; (2) establish joint reward systems; (3) balance long- and short-term objectives of the company; (4) encourage risk-taking, and (5) provide opportunities for functional managers to know and understand each other (Gupta *et al.* 1986).

Consistent with these suggestions, there is evidence of the attitudes and actions of senior management influencing Marketing/Sales collaboration. For example, Le Meunier-FitzHugh *et al.* (2011a) noted that effective SMC does not occur naturally, unless senior management intervenes and helps remove the barriers to SMC. Senior managers' support for, and positive attitude towards, SMC has been said to reduce inter-functional conflict and improve collaboration (Le Meunier-FitzHugh *et al.* 2011a; Le Meunier-FitzHugh & Piercy 2007b, 2010). A positive management attitude toward SMC can in theory help the two functions develop a culture of cooperation and sharing, set compatible and aligned goals, plan jointly, establish an esprit de corps, and commit to a common vision (Le Meunier-FitzHugh & Piercy 2007b). This view was echoed by Kotler *et al.* (2006), who argued that senior management

has an important role to play with respect to SMC. According to those authors, senior management should exercise influence to reduce inter-departmental conflict caused by competition for scarce resources between Sales and Marketing.

In addition to having a positive attitude towards SMC, senior management can help encourage Sales and Marketing to engage in disciplined communication (Kotler *et al.* 2006) and exchange quality information (Le Meunier-FitzHugh & Piercy 2007b). Management can take various actions to help improve communication quality and mutual understanding between Sales and Marketing, such as by appointing a liaison from Marketing to work with the Sales force, co-locating Marketing and Sales staff, and improving feedback from Sales to Marketing (Rouziès *et al.* 2005).

As discussed above, previous literature in the West has provided argument and evidence for the positive impact of senior managers' attitude on SMC (e.g. Kotler *et al.* 2006; Le Meunier-FitzHugh & Lane 2009a). However, there have been no studies examining the effect of management's support for SMC in China. According to Hofstede (1998), managers in the West may emphasise characteristics and responsibilities of individual employees in attempting to improve organisational effectiveness, and employees will expect to be consulted, and believe that the actions of senior management will play only a supportive role. In contrast, people in cultures with a greater power distance, such as China, are more likely to depend on their leaders to make decisions (Hofstede 1994, 1998). In high power distance cultures like China, human relationships are based on a person's hierarchical position and status, and subordinates are more likely to obey the decisions and judgments of their senior managers. Consequently, if senior managers in China have positive attitudes toward cross-functional collaboration, their subordinates in Sales and Marketing would be expected to cooperate and collaborate. It is thus possible that in high power distance cultures such as China, management support for SMC will be more important than in Western cultures.

Consistent with the previous discussion, Song *et al.* (2000) found that the positive effect of senior management support on Marketing managers' collaborative behaviour is more significant in a high power distance culture because subordinates in such a culture are more willing to follow the directions of their senior managers. They argued that in high power distance cultures, positive senior management attitudes toward integration will lead to less avoiding and more collaborating behaviour in resolving cross-functional conflict. However, their study used Hong Kong and Japan as examples of high power cultures, and focused on the integration between Marketing and Research and Development (R&D). Hence, no previous research has examined the effect of management attitudes and roles in promoting SMC in China. This thesis therefore examines the attitudes and roles of senior managers in driving SMC in a Western-headquartered MNC's Chinese operation.

2.6.4 Experience and Knowledge

The fourth driver of SMC examined in this thesis is the area of experience and knowledge. In this context, experience refers to an individual's experience outside their core discipline (Parry & Song 1993), and knowledge refers to the level of expertise an individual has in terms of the industry, the products, the customers, and the competitors, and the creation of new knowledge is critical for interaction (De Long & Fahey 2000). The importance of experience to inter-departmental relationships has been pointed out by various studies: for instance, Parry and Song (1993) suggested that an R&D manager's commercial experience outside their core discipline was perceived to be a facilitator for shared understanding between Marketing and R&D. In the context of Marketing-Sales relationships, Sales and Marketing have different kinds of knowledge and experience and are often likely to invalidate the opposite's knowledge and experiences, thus hampering cooperation (Beverland *et al.* 2006). Some researchers, such as Homburg & Jensen (2007), have suggested that differences between Sales and Marketing related to market and product knowledge are negatively related to the quality of the cooperation between them. A number of other researchers have also suggested that differences

in philosophies and background between Sales and Marketing, such as education and experience, can lead to cultural friction between the two functions, hampering the development of effective relationships, and create difficulties in SMC (Dawes & Massey 2005; Kotler *et al.* 2006).

In response to these arguments that Sales and Marketing have different experience and knowledge, some authors have suggested that Marketing and Sales would benefit from experience in the other function (or 'cross functional experience'). When Sales or Marketing have experience in the work environment of the other function, then they may be more appreciative of the knowledge of the other function, increasing the likelihood of effective collaboration (Beverland *et al.* 2006). A Marketing manager with Sales experience (or vice versa) is likely to be perceived by a Sales manager as more similar, which may improve the working relationship between the two, and lead to the emergence of (Cespedes 1993).

In contrast with the above argument that Sales and Marketing having experience in the work environment of the other function may increase the likelihood of effective SMC, other authors have argued that cross functional experience is not necessarily important. This competing strand of thought, articulated by Massey and Dawes (2007b), argues that Sales experience by Marketing managers may not increase relationship effectiveness between the two functions. Another study by the same authors found that Sales managers having Marketing training and Marketing managers having Sales experience had no influence on interpersonal conflict between the two kinds of managers (Massey & Dawes 2007b). These competing views are summarised in Table 6.

Table 6: Disagreement about importance of cross-functional experience and training for SMC

Argue that cross-functional experience and/or training is important:	
Dewsnap and Jobber (2000)	Perceived degree of achieved integration is an increasing function of the number of Sales personnel with brand-related experience, and Marketing personnel with trade-related experience.
Kotler et al. (2006)	Suggest that experience of the other function should help Sales/Marketing integration.
Massey and Dawes (2007b)	Found that Marketing managers' Sales experience is positively related to their affect-based trust in Sales managers. Argued that cross-functional experience leads to more functional conflict and less dysfunctional conflict.
Argue that cross-functional experience and/or training is not necessarily important:	
Dawes and Massey (2005)	Found that Sales managers' marketing training and Marketing managers' sales experience had no influence on interpersonal conflict between the two.
Le Meunier-FitzHugh and Piercy (2007b)	Argued that cross functional training can improve collaboration, however there was no evidence of any cross-functional training programs within the organisations in their exploratory cases studies.

In summary, research is inconclusive as to whether Sales and Marketing people having similar knowledge, or having functional experience on the other function, could improve SMC. Dewsnap and Jobber (2000), Massey and Dawes (2007b), and Kotler *et al.* (2006) have suggested that similar knowledge and experience between Sales and Marketing are desirable, but Dawes & Massey (2005) found that the level of marketing training by Sales managers and Marketing managers having sales experience had no influence on interpersonal conflict and no effect on SMC. In the face of these divergent views, and a dearth of research in this area for SMC in China, this thesis investigates the perceptions of employees working in an MNC's Chinese subsidiary on the value of cross-functional experience for Sales and Marketing employees.

As the proceeding discussion makes clear, despite the importance of SMC for enhancing organisational effectiveness, no research thus far has investigated the drivers of and barriers to SMC in an MNC's multicultural workplace in China. The next section therefore summarises the purpose of this thesis.

2.7. Purpose of the Thesis

As discussed in the proceeding sections, *no* research has investigated SMC in China, despite previous research having suggested that the typical Chinese business culture is different from the typical Western business culture. This lack of prior research into SMC in China means that it is uncertain whether previous research results based on findings from the West can be applied to Western multinationals' subsidiaries in China - workplaces which are likely to reflect both the organisational culture of the Western headquarters and the Chinese national culture.

Given the lack of relevant prior research in China, this thesis is thus designed to study the perceptions of employees who work in the Sales and the Marketing departments of an MNC's subsidiary in China. More specifically, the thesis will attempt to answer the following research questions:

1. What is the extent of SMC in a Chinese located subsidiary of an American-headquartered MNC in China?
2. What are the barriers to SMC in this MNC in China? and
3. What are the drivers of SMC in this MNC in China?

The thesis thus not only explores the extent of SMC in a multicultural workplace in China, but also the barriers to and drivers of collaboration to allow a better comparison of collaboration between the two functions in MNCs in different national cultures, offering practical pathways to enhance organisational effectiveness.

2.8. Conclusion

This chapter began by discussing the importance of SMC and the potential relationships between Sales and Marketing in organisations. It showed that while there is evidence of conflict between the two functions due to differences in functional cultures, SMC remains an effective pathway to enhance organisational effectiveness. Owing to the importance of China to multinationals, differences in cultural values between China and the West were also reported. In particular, Hall's (1987) cultural framework, Hofstede's (1980) cultural dimensions, and Lockett's (1988) characterisation of the Chinese culture were presented. The potential effects of these cultural differences on the factors driving SMC in Chinese business environments were discussed. The chapter also discussed four factors that may increase SMC based on previous research in Western organisations: (1) communication and information sharing; (2) common and/or aligned goals; (3) attitudes and roles of senior managements, and (4) the experience and knowledge of Sales and Marketing staff.

Due to the lack of research into SMC in a non-Western context, the lack of research in multicultural workplaces, and the importance of China, the purpose of the thesis is to study the extent of SMC in an MNC in China, as well as the barriers to and the drivers of SMC in this MNCs' multicultural workplace in China. Chapter 3 presents the methodology used to explore the research questions in the thesis.

Chapter 3 – Research Methodology

3.1. Introduction

The previous chapter discussed research studying the extent of, the challenges to, and the drivers of Sales/Marketing collaboration (SMC). This chapter documents the research methodology used in the study. The chapter begins by reviewing the research objectives, followed by a section which discusses various definitions of a qualitative research method, and why qualitative research is appropriate for the current research. In particular, critical realism is explained as a guiding principle for the research process. The advantages of using an interview technique will also be discussed.

The third section details and justifies the research design of the study. Specifically, the section documents how the number of interviews was decided, how interviewees were sampled, the interview technique and the flow of the interviews. Data collection procedures and the data analysis approach are discussed in the third section.

3.2. Research Objectives

As discussed in the Introduction and the Literature Review chapters, previous research studying collaboration between Sales and Marketing divisions has focused on Western business environments. No research thus far has investigated the issue of collaboration between the two functions in a Western-headquartered MNC's subsidiary in a cross cultural business environment, or, more specifically, in China. The lack of prior research into SMC in multinational corporations (MNCs) in China means that it is not possible to predict the extent to which previous research conducted in Western markets applies to corporations in Chinese business cultures. This study will therefore explore the issue of SMC in the subsidiary of a US-based multinational corporation in China. It provides the first description of SMC in China.

Cross-cultural management researchers, such as Hofstede (1993) and Ng, Nowak and Whiteley (2008), have suggested that a construct investigated in a Western business environment may not be directly applicable within the Chinese setting due to cultural differences. Thus, a driver of SMC in the West might be less effective, or potentially more effective, in China. As discussed in Chapter 1, the objectives of the study are to (1) explore the extent of SMC within a multinational corporation's subsidiary in China, (2) identify the potential barriers to and drivers of collaboration between the two functions in a multinational corporation in China, and (3) propose potential avenues for more effective SMC in the organisation studied (MNC X), and potentially within other comparable Western-headquartered MNCs in China. By reporting and discussing responses from interviewees with a variety of backgrounds and work experience, this study identifies possible avenues to improve SMC in MNCs in China.

3.3. Research Methodology

This section will first discuss various definitions of qualitative research, and then discuss why a qualitative research design is appropriate for the current research.

3.3.1 Definition of qualitative research

According to Shah & Corley (2006), the term 'qualitative method' has no precise meaning in any of the social sciences, and instead reflects an umbrella term covering an array of interpretative techniques. Partly in response to this difficulty, a number of researchers have defined qualitative research methods differently. Kohlbacher (2006) defined a qualitative method as one that collects data in the form of words or pictures, in contrast with a quantitative method, which collects data in the form of numbers. Crouch and McKenzie (2006) have suggested the term 'qualitative methods' reflects a group of data collection techniques based on various types of conversations between researchers and respondents. Van Maanen (1979) suggests that qualitative research is an array of interpretive techniques that

seek to describe, decode, and translate the meaning of certain more or less naturally occurring phenomena in the social world.

Although different researchers have different definitions of qualitative research methods, Hanson and Grimmer (2007) suggested that both ‘quantitative methods’ and ‘qualitative methods’ are actually umbrella terms that cover many different methods. Consistent with this idea, Hanzel (2011) has suggested two lists of methods associated with qualitative and quantitative methods respectively. Hanzel argues that qualitative methods include observation, use of text and documents, unstructured and open-ended interviews, and transcripts of naturally occurring interactions by means of audio- and video-recording. In contrast with qualitative methods, examples of quantitative methods include random sampling and introduction of measured variables in surveys, generation of stimuli in experiments, analyses of data collected in official statistics, and structured observation. Other researchers, such as Sinuff, Cook and Giacomini (2007), have suggested that qualitative methods include grounded theory, case studies, phenomenology and ethnography, while quantitative methods include randomised controlled trial methods.

3.3.1.1 Applicability of qualitative method to this study

This research uses interviews and associated interpretation using the lens of an informed observer (the author, a long-term employee of the organisation) to collect data from participants, thus representing the use of a qualitative research method. Qualitative research is appropriate for this study for a number of reasons: first, a qualitative research design is more applicable than quantitative research for investigating a phenomenon about which little is known (Sinuff *et al.* 2007). According to Johnson & Onwuegbuzie (2004), a qualitative method focuses on generation of insights, discovery, exploration and generation of theory and hypotheses. As no prior study has investigated SMC in multinationals in China, qualitative research is thus more appropriate than quantitative research to investigate this largely

unexplored area. For example, Malshe *et al.* (2012) used qualitative research to study Sales-Marketing interfaces in Saudi Arabia because they found no theoretical framework for studying Sales-Marketing interfaces under Islamic values and culture.

Second, a number of researchers, such as Ng *et al.* (2008) and Hofstede (1993), have suggested that constructs investigated in a Western business environment may not be directly applicable within non-Western settings due to cultural differences. The Chinese participants interviewed in this research may therefore not interpret a construct in the same way that it has developed in Western literature. Johnson and Onwuegbuzie (2004) have suggested that qualitative research will be more appropriate if constructs used by researchers are not the same as those used by the local community, again suggesting that qualitative research may be more appropriate for investigating the phenomenon of SMC in China.

Third, according to Bear-Lehman (2002), qualitative methods are more applicable when research is designed to study a few individuals' perceptions and experience extensively, and to use inductive reasoning to describe the meaning of those experiences and perceptions. Qualitative research is also particularly applicable to describe the meaning of people's experiences and actions (Johnson & Onwuegbuzie 2004).

Fourth, numeric or quantitative data is only a subset of words (Collins 1984). Given the exploratory nature of the current research, much information about SMC in multinationals in China might be left unexamined if only quantitative methods were used. In contrast, qualitative research allows an in-depth investigation into the beliefs and perceptions of employees in organisations, in terms of words, narratives, and numbers, and hence can mitigate information loss to some extent (Johnson & Onwuegbuzie 2004).

Fifth, consistent with the last point, Shah and Corley (2006) suggested that in-depth theory building often requires rich descriptions that only qualitative research can provide. Given the scarcity of research into SMC in non-Western cultures, rich descriptions are needed for

building such theories in non-Western cultures. Because of this, a number of researchers studying SMC have used a qualitative research method. For example, using qualitative research, Malshe *et al.* (2012) identified the specific role of top management in SMC in an Islamic cultural setting. A qualitative research design can similarly provide information and allow a deeper understanding of the nature of SMC in a Chinese cultural setting, as well as increase understanding of factors driving collaboration between the two divisions in this cross-cultural workspace.

To summarise, as qualitative research is generally accepted to be more applicable than quantitative research in investigating a phenomenon about which little is known (Sinuff *et al.* 2007), it is appropriate for exploring the area of SMC in multinationals in China. Also, as discussed in the literature review chapter, the Chinese business culture is different from the West (e.g. Hofstede 1993). Rich data from qualitative research is therefore needed for the development of an adequate understanding of the impact of culture on behaviour (Batonda & Perry 2003).

A qualitative approach can thus help generate insights into SMC in China through collecting and analysing a rich description of the relationship between Sales and Marketing, and these insights can help develop relevant hypotheses for subsequent quantitative research. In addition, using a qualitative research approach, a researcher can develop a deeper understanding of the SMC phenomenon, and provide full contextual information about the phenomenon being studied, and facilitate subsequent theory development (Zhang & Albrecht 2010).

3.3.2 Qualitative approach

The previous section justified the use of a qualitative approach for this study. The next section discusses how critical realism, as a scientific paradigm, is adopted to justify the qualitative approach of this research. In addition, the term ‘qualitative research’ covers a range of

techniques. This section will also discuss the advantages of using interviews to tackle the research questions of this study.

3.3.2.1 Critical realism as the foundation of qualitative research

The research problem under investigation in this study involves a cross-cultural phenomenon between individuals. Thus a qualitative research process is suitable because complex cross-cultural phenomena involve examination of human factors such as perceptions, feelings and the impact of culture on behaviours (Edwards & Skinner 2009).

Critical realism can be used to defend the validity of qualitative research (Maxwell 2004). It is based on at least two basic philosophical theses: first, the idea that the external world exists independent of human perception and cognition, and second, that this reality has its own inherent order (Tsang 2013). As explained by Easton (2010), critical realism pays attention to identifying alternative explanations of a given phenomenon, and attempts to generate many competing explanations, and choose the best explanation among these competing explanations in order to obtain the best interpretation of data. Consistent with this view, Maxwell (2004) suggested that qualitative research is particularly suitable for identifying causal mechanisms, revealing the role of contexts in causal explanations, and exploring the role of mental phenomena, such as beliefs, values and intentions held by interviewees in forming causal explanations.

A critical realist approach to qualitative research should identify a research phenomenon of interest, and ask what causal processes or causal mechanisms connect the causes to the phenomenon of interest (Maxwell 2004). In this research, the phenomenon of interest is the barriers to, and drivers, of collaboration between Sales and Marketing teams in a multinational corporation in China. Qualitative research is thus appropriate to identify potential causal factors, such as the drivers, which could potentially affect the level of SMC. In qualitative research, researchers should take into consideration the key entities involved

and attempt to identify the causal processes among these entities. With this in mind, researchers enter the field to collect relevant data, and always ask why the events of interest happen the way they do (Maxwell 2004). Creative insights and novel theories might be generated during the process (Eisenhardt 1989), although information collected from samples might be contradictory and provide competing explanations (Woodside & Wilson 2003).

In qualitative research, researchers investigate the perceptions and intentions of individuals that are not directly observable. Reconciliation of contradictory evidence can lead to new insights and theories, such as the introduction of new moderating variables (Eisenhardt 1989). Thus, qualitative research is compatible with the critical realism paradigm, which assumes that latent constructs such as intentions do exist independent of researchers' perceptions, and the existence of those latent constructs can be inferred (Maxwell 2004). Qualitative research can therefore be used to investigate the drivers of SMC.

3.3.2.2 Advantages of using an interview technique

In a qualitative research design, researchers can use different research techniques, including interviews. There are several advantages in applying an interview technique to the current research. According to Woodside and Wilson (2003), 95 per cent of thought is subconscious and individuals have only limited access to their own thinking processes, and hence might not be able to report their thinking processes accurately in a numeric scaled survey, and thus their response to questionnaires might be inaccurate or incomplete. In contrast, in interviews, researchers can utilise techniques to surface subconscious thinking (such as prompting), and interview multiple subjects to cross check the accuracy of the information provided by each interviewee (Woodside & Wilson 2003).

Moreover, as the current research involves latent constructs such as perceptions and relationships, some respondents might substitute easier questions for difficult questions relating to psychological constructs such as perceptions and feelings (Kahneman 2011). An

interview can explore perceptions and relationships that cannot be observed directly or measured easily. An interview is especially suitable for complex phenomena involving examination of human factors such as perceptions, feelings and the impact of culture (Edwards & Skinner 2009). This research studies the extent of collaboration between two teams, and also explores the feelings and perceptions of the two teams during collaboration, and so an interview is particularly appropriate. In addition, the workspace being studied is a multicultural workspace. In a multicultural workspace with interviewees from different nations and who speak different languages, interviews can be used to investigate research problems that involve an understanding of culture, where meanings are socially-constructed rather than being value-free (Easterby-Smith *et al.* 1991).

Using an interview technique, experienced interviewers can probe further, or add questions, when interviewees do not answer stated questions. The interviewer can also identify interviewees' lack of interest, and take steps to motivate the interviewees to respond (Kahneman 2011). Using an interview technique, an experienced interviewer can clarify the meaning of questions whenever he or she thinks it is necessary. Interviews also provide detailed descriptions of a real-life phenomenon and these descriptions can help readers to understand real-life phenomena more fully (Kahneman 2011; Walton 1972). The real-life phenomenon under investigation in this research is the extent of collaboration between two teams in a multicultural workspace, thus an interview technique is used to provide detailed descriptions of this phenomenon.

3.4. Research Design

A number of researchers have identified sequential steps for qualitative research, including determining the number of interviews, determining the interviewee sampling method, designing the interview instrument, data collection procedures and analysing interview data (Edwards & Skinner 2009; Eisenhardt 1989; Eisenhardt & Graebner 2007). The following

sections discuss the key steps in this qualitative research to determine which MNC would be studied, the sampling method and the data collection procedures.

3.4.1 Justification for investigating a single company

Different researchers have suggested different numbers of cases should be included in qualitative research. Researchers such as Dalton (1959) and Dyer and Wilkins (1991) have discussed that many case studies in the field of management involve only one or at most two cases. Woodside and Wilson (2003) emphasised that one essential objective of case study research is to gain a deep understanding of the phenomenon of interest. Thus, case study researchers focus on describing, understanding, predicting, and controlling the individual phenomena, which could be related to process, person, organisation, group, industry, or culture. This is consistent with Meyer's (2001) definition of a case study, which defined case study research as a detailed investigation of one or more organisations, or groups within organisations, with a view to providing an analysis of the context and processes involved in the phenomenon under study. Likewise, Edwards and Skinner (2009) characterised the case study approach as the analysis and the presentation of detailed information about single or multiple subjects, in relation to an event, culture or individual life. A single case study of an organisation can generate probabilistic insights into the way that an organisation functions, which can be generalised to other organisations (Hanson & Grimmer 2007).

A single case can be particularly valuable for qualitative inquiry when purposeful sampling is employed. This is because despite the small sample size, purposeful sampling can lead to an information-rich case for study in depth (Patton 2002; Petty *et al.* 2012). An information-rich case is one from which the researchers can learn a great deal about issues of central importance to the research objectives, and hence generate insights into the phenomenon of interest (Patton 2002).

3.4.1.1 Deciding the company to be studied

For the current research, the Chinese subsidiary of a large MNC in China was selected for study. This MNC (described in this thesis as ‘MNC X’) is a Fortune 500 company listed on the NASDAQ, and is one of the largest corporations in the information technology industry. With headquarters in the U.S., MNC X has subsidiaries in 100 countries and employs around 100,000 people around the world. MNC X established offices in China in the mid-1990s⁴ and now has close to 5000 employees in China. According to the company website, 45% of MNC X’s employees in China are employed in the Sales function or Marketing functions.⁵ Its offices around the world have employees from different nations and its workspaces therefore include different employees from many different cultures. In China, MNC X’s employees come from different nations, such as China, the US, Germany, Singapore and India, and one of MNC X’s company values is to respect different cultures.

MNC X’s multicultural workspace in China therefore provides an ideal avenue to study the extent of collaboration between Sales and Marketing, as well as barriers to and drivers of SMC in a cross-cultural workspace. The findings of the study should provide lessons for SMC for other MNCs from the U.S. with similar multicultural operations in China.

3.4.1.1.1 *The researcher’s role within the company*

MNC X is particularly appropriate for this research project because the researcher has worked for MNC X for more than 10 years. She has in-depth knowledge about different aspects of the organisation, having worked in both the Sales and Marketing departments at MNC X, and in the MNC’s headquarters in the U.S and in its subsidiaries in Singapore, Hong Kong and

⁴ Exact date not revealed to maintain the anonymity of the organisation

⁵ Full citation omitted to maintain the anonymity of the organisation

China. Since this study focuses on a workspace where Westerners and Chinese work together, an interviewer with knowledge of both the Chinese and Western cultures is important. Researcher-specific factors will affect the effectiveness of cross-cultural interviews (Birks *et al.* 2007). In this case, the interviewer possesses at least a basic understanding of the relevant culture of potential interviewees from both a Chinese culture and a Western culture. Given her experience with MNC X, the researcher also shares a similar background with interviewees, and when an interviewer shares a similar background with interviewees, she will be able to understand the interviewees better than researchers who do not (Garton & Copland 2010). The researcher thus has a fundamental understanding of the underlying culture at MNC X, an understanding of the industry, and of the organisation studied. She also understands the organisational culture, the organisational structures and the businesses of the subject MNC, and is able to communicate with different levels of MNC staff, including managers. Moreover, the interviewer speaks both Mandarin and English fluently, and was able to conduct all interviewees using the native language of each interviewee, except with one German interviewee (a fluent English speaker), where the interview was conducted in English.

3.4.2 Determining the number of interviewees

The number of interviews for any study should be determined by the desired complexity of the resulting theory, the time for conducting interview-based studies, monetary constraints (Bock & Sergeant 2002), and data saturation (Morse 2000). Consistent with this view, there are two criteria for determining the number of interviews: theoretical and pragmatic (Rowley 2012). From a theoretical standpoint, the number of interviews should be determined by the nature of the research strategy. For example, if the research strategy is an in-depth study exploring sensitive and personal issues, the interviews should be longer and hence usually fewer interviews can be conducted within a time constraint. On the other hand, from a pragmatic standpoint, the number of interviews will be determined by the number of willing

subjects, as long as people with different roles, experience, backgrounds and other characteristics that might influence their responses to interview questions are included (Rowley 2012). Since this study explores the drivers of and barriers to SMC in MNC X in China, interviewees may need to reveal personal and sensitive issues. Thus, each interview was expected to be long, and hence not many interviews could be conducted within the time constraints of the study. Nevertheless, the number of interviews can only be considered sufficient when data saturation occurs, which means no further themes and categories can be uncovered from more interviewees (Mason 2010).

3.4.2.1 Data saturation

Data collection for this study was approached using the principle of saturation, that is, bringing new subjects into the study until the data set is complete, as indicated by data replication or redundancy (Bowen 2008). Data saturation was considered to occur when additional interviewees ceased to provide substantial new themes or descriptions of concepts, or new terms (Leidy & Vernon 2008; Mason 2010). Data saturation will presumably occur because there is a point of diminishing return to a qualitative sample, and more data does not necessarily lead to more information (Mason 2010). Theoretical saturation occurs when all of the main variations of the phenomenon have been identified and incorporated into the emerging theory (Guest *et al.* 2006).

Morse (2000) lists several additional factors that should be considered for reaching data saturation. These factors include:

- *Scope of the study:* The broader the scope of the research question, the longer it will take to reach saturation.
- *Nature of the topic:* If the research topic is obvious and clear, and information can be easily obtained from the interviews, then fewer interviews are needed. In contrast, if

the topic is difficult to study, or if the interviewees are reluctant to talk about the topic, more interviews are necessary.

- *Quality of data:* If interviewees are more articulate, have more experience in the topic, and are more willing to share their experiences with a researcher, then fewer interviews are needed to reach saturation.
- *Study design:* A longitudinal study will require more interviews than a cross-sectional study, and an intervention design will require more interviews than a non-intervention design.
- *The use of shadowed data:* If the research questions require interviewees to talk about the experience of others, and how their own experience resembles or differs from others, there should be more interviews.

It has been argued that saturation may be achieved in as few as six to twelve interviews (Guest *et al.* 2006) but it is not uncommon to set the sample size at 20–30 interviews even though saturation may occur earlier (Rothman *et al.* 2009). Consistent with that approach, data saturation in this study was reached with 20 interviews.

3.4.2.2 Purposeful sampling

In addition to the data saturation concern, from a pragmatic standpoint, purposeful sampling was used to include interviewees with different roles and background as far as possible, in order to capture any variation in responses to interview questions. The sampling approach is discussed in more detail in section 3.5.3. This approach is consistent with arguments that qualitative researchers might use small purposeful samples for their qualitative inquiry, as long as purposeful sampling is used to provide the researchers with rich information for in-depth study (Patton 2002).

Nevertheless, data collected from a small sample with data saturation using purposeful sampling can also be useful for generating answers to research questions. In fact, according to

Bock and Sergeant (2002), several types of valid findings can be drawn from this kind of small but representative sample. Thus, in this study, the number of interviewees was determined by the use of purposeful sampling and data saturation.

3.4.3 Determining the interviewee sampling method

As discussed previously, the research design uses qualitative sampling to generate insights into SMC in a target MNC in China. Since this study investigates collaboration with an MNC's multicultural workspace, the interviewees approached were Sales and Marketing managers and staff in MNC X's subsidiary in China.

There are at least three types of qualitative sampling: convenience sampling, purposeful sampling, and theoretical sampling (Koerber & McMichael 2008). Consistent with the discussion above that a qualitative sample aims to select information-rich cases for in-depth study (Patton 2002), and attempts to illuminate specific aspects of the phenomenon being studied (Giacomini *et al.* 2000), the current research used purposeful sampling to select interviewees based on whether the interviewees possess certain traits and qualities related to the aims of the research. When generating purposeful samples, researchers seek to include people who represent the widest variety of perspectives possible within the range specified by their purpose (Koerber & McMichael 2008). Purposive sampling was therefore used to obtain a sample that was diverse enough to represent the variation known to exist in the population, such as variations in Sales versus Marketing function, work experience in the other function, male or female, overseas work experience, and nationality.

3.4.3.1 Ethics approval and issues

The Macquarie University code of ethics guided the research, and in April 2010, the research was reviewed and approved by the university's Ethics Review Committee. The target organisation agreed that staff could be approached for interviews and that the research could be published as long as the name of the MNC was not disclosed. As a result, the organisation

is referred to throughout this thesis as ‘MNC X’. In addition, to protect the confidentiality of both the MNC and the interviewees, the names of all interviewees have been replaced by pseudonyms.

The purpose of the research was communicated to the interviewees before the interviews. Although she works in the chosen organisation, the interviewer will not be promoted or favourably evaluated as a result of the research. The interviewees did not receive any financial incentives or other benefits from the researcher.

Part of the approval from the organisation was that interviewees would not be identified. As a result, pseudonyms have been substituted for the interviewees’ names in the discussion of results in this and subsequent chapters. Information and consent forms were emailed to all interviewees before the interview and were signed by all interviewees prior to the interviews. The objectives of the research, the name of the researcher, her affiliation and contact details, as well as her principal supervisor’s name and contact details, were printed on the information and consent form.

3.5. Data collection procedure

As discussed above, the research used purposeful sampling to select interviewees. Emails were first sent to potential interviewees to explain the objectives of the research and ask their consent to be interviewed. The terms of access, including anonymity, confidentiality, and a publication permission agreement were included in formal requests to each interviewee. All subjects who were approached agreed to be interviewed. This high success rate (100%) is likely to be due to the experience of the researcher and her relationships with people in Sales and Marketing, as well as her reputation and credibility within MNC X. Prior to each interview, the researcher made a follow-up phone call to each interviewee to clarify any questions interviewees might have about the research, and to arrange the time and location of the interview. A research information statement and consent form was provided to all subjects

prior to commencing the interview and consent was obtained from each interviewee before the interview commenced. All interviews were conducted face-to-face, as this format has several advantages over telephone interviews. In a face-to-face interview an interviewer will be more likely to develop rapport through small talk, politeness routines, joking, and nonverbal communication, and generate higher levels of comprehension through clarifications and nonverbal cues such as physical and facial gestures and body language (Irvine *et al.* 2013). With agreement from interviewees, audio recording was used during the interview. Each interview lasted between 55-75 minutes, and was conducted in either Mandarin or English, depending on the first language of the interviewee (or in the case of one German interviewee, the day to day language). All interviews were taped using a digital recorder and transcribed verbatim. The researcher supplemented verbal responses of interviewees with observations recorded at the meetings, which included the linguistic style of subjects, such as pitch, volume and timbre of voice, rate, duration and rhythm of speaking (Bales 1950; Emory & Cooper 1991).

3.5.1 Interview technique and questionnaire

The study adopted the open-ended interview technique described by Miles and Snow (1978). A semi-structured questionnaire based on the research objectives was developed for conducting the interviews. Semi-structured interviews involve questions guided by identified themes in a consistent and systematic manner interposed with probes designed to prompt more elaborate responses (Qu & Dumay 2011). It was employed in this study because it is flexible, accessible, intelligible, and capable of disclosing important and often hidden facets of organisational behaviour (Qu & Dumay 2011). Semi-structured interviews allow interviewees to express their opinions in their own terms and in the way that they think and use language. Thus, semi-structured interviews were expected to be effective in learning how interviewees perceive conflict and cooperation between Sales and Marketing.

Before the actual interviews, two pilot interviews were conducted with employees from MNC X's Hong Kong office in order to test the adequacy of the data collection instrument and data collection procedure. The data collected from the pilot interviews are not reported. Pilot interviews can reveal inadequacies in the interview protocol and are useful for detecting ambiguities and determining the researcher's comfort with the research processes (Creswell 1997). Pilot interviews can also be used to review and revise the instrument such as questions and question order before actual data collection (Alam 2005) and allow the researcher to check if there is sufficient time for asking the list of questions on the instrument (Condie 2012).

The pilot interviewees were thus conducted to test whether the interview questions were suitable and useful for answering the research questions, and whether the interviewer's questioning and probing skills were adequate. Questions were also asked after the pilot interviews to understand the interviewees' perceptions and to identify any concerns about the interview experience. Comments from these interviews resulted in adjustments to the interview procedure and questionnaire, and smoothed the final interview protocol.

3.5.2 Structure of the interview

All interviews commenced by giving the interviewee a general overview of the research aims. The first few questions aimed to capture each respondent's perceptions, rather than those of the researcher (Dick *et al.* 1990), and provided the platform from which interviewees' experiences would unfold. This part of the interview was unstructured and proceeded in a relaxed and unhurried manner, because it is arguably less stressful for the respondent, and wording of the questions can then more easily be altered to assist interpretation. Interviewees were asked to introduce themselves, describe how long they had been in their current role and at MNC X, and their work experience in other functions and other countries.

The next part of the interview constituted open-ended questions to encourage interviewees to share their views in their own words. All interviewees were first asked to comment on their perceptions of the extent of the relationship between Sales and Marketing professionals within MNC X in China. Next, all interviewees were asked if they believe there is a need for Sales and Marketing to collaborate in their company. Interviewees were then probed for further details. Probe questions require the interviewees to provide more specific information about the phenomenon of interest (Qu & Dumay 2011), and/or explain the reasons (Yeung 1995), evidences and rationales for a given phenomenon (Miller *et al.* 2011; O'Connor *et al.* 2011). Where their views were not already clear from responses to earlier questions, interviewees were probed about why they thought Sales and Marketing need to collaborate, and the benefits of SMC.

Questions on the potential drivers of and barriers to SMC were asked in a semi-structured way. Interviewees were asked to discuss the challenges they face when they attempt to collaborate with the other function, and the barriers to SMC. Interviewees were then asked to comment (unprompted) on the potential drivers for SMC, and asked their views about the importance of *guanxi* between the two functions.

Additional questions were also asked of interviewees who have work experience outside China. These additional questions aimed to capture respondents' perceptions of any differences in the effectiveness of SMC in countries they have worked in, when compared to China. The full list of interview questions can be found in Appendix One.

3.5.3 Characteristics of the sample

As discussed above, in order to reveal possible cultural and functional barriers to SMC, interviewees were purposefully selected to include those with different cultural and functional backgrounds. According to Hofstede (1993), employees with different cultural backgrounds might perceive management approaches differently. Thus selecting Sales and Marketing

interviewees with different cultural backgrounds can help generate insight into SMC in a cross-cultural workspace. As Sales and Marketing staff are said to have different approaches in formulating and addressing business problems (Rouziès *et al.* 2005), each group might have its own view of the drivers of and barriers to SMC. Thus, an equivalent number of interviewees from Sales and from Marketing was recruited. In addition, as several researchers have suggested that experience in the other function can improve SMC (e.g. Dewsnap & Jobber 2000; Kotler *et al.* 2006; Massey & Dawes 2007b), the study purposely recruited interviewees with experience in the other function.

Ultimately, the study comprised 20 in-depth one-to-one interviews. The sample included 12 males and eight females, and ten Sales and ten Marketing professionals. Full details of all interviewees are summarized in Appendix Two. All subjects had a minimum of five years of work experience and had worked in other companies, though they had not been recruited on the basis of experience in another company. Table 7 classifies interviewees according to their current role and their previous work experience, and shows that a significant number of interviewees have both Sales and Marketing experience: six Sales people have Marketing experience, and seven Marketing people have Sales experience.

Table 7: Description of interviewees with current and previous work experience

	Current role:	
	Sales	Marketing
Previous Sales experience		Joseph
		Joshua
	Andrew	Christopher
	Austin	Emily
	Mason	Alexis
	Brandon	Sarah
		Hannah
Previous Marketing experience	Jordan	
	Jacob	
	Michael	Samantha
	Matthew	Jessica
	Tyler	Gabriel
	Anthony	

As senior managers' roles and attitudes are said to be critical to SMC (e.g. Le Meunier-FitzHugh *et al.* 2011a; Le Meunier-FitzHugh & Piercy 2007a, 2009b), the research purposely recruited people who are at managerial level and those who are at a non-managerial level (hence 'staff'). Table 8 summarises the level of interviewees by function (Sales or Marketing) level (management or staff) and cultural background (Chinese or Western).

Table 8: Description of interviewees who are at managerial, or staff level, with Western managers shown in italic

Level	Sales	Marketing
Managerial	<i>Jacob, Michael, Matthew,</i> Andrew, Jordan	<i>Joshua, Christopher,</i> Emily, Joseph
Staff	Brandon, Anthony, Austin, Mason, Tyler	Alexis, Sarah, Hannah, Samantha, Jessica, Gabriel

People from different nationalities were also purposefully recruited, because national culture might affect interviewees' perceptions of management concepts (Hofstede 1993; Ng *et al.* 2008). Four interviewees were Westerners, respectively from the United States (three) and Germany (one), 11 were mainland Chinese, one was Singaporean and four were Hong Kong Chinese. Table 9 provides a classification of the interviewees according to their native languages.

Table 9: Description of interviewees with their native languages

Native language	Sales	Marketing
English	Jacob, Michael	Joshua, Christopher
Cantonese	Brandon, Anthony	Joseph, Hannah
Mandarin	Tyler, Jordan, Andrew, Austin, Mason	Emily, Gabriel, Sarah, Samantha, Jessica, Alexis
German	Matthew	

Chinese people with work experience outside China were also purposefully recruited as they can provide insights into SMC outside China from a Chinese cultural perspective. Almost half of the Chinese interviewees had work experience outside China, predominately in the United

States and Hong Kong. Table 10 provides a list of Chinese interviewees who have worked in countries other than China.

Table 10: Work experience outside China by Chinese interviewees

	Sales	Marketing
China only	Jordan, Andrew, Austin, Mason	Sarah, Samantha, Jessica, Alexis
Outside China	Brandon, Anthony, Tyler	Joseph, Hannah, Emily, Gabriel

3.6. Data analysis

All interviews were recorded and transcribed. Five interviews were conducted in English and transcribed into English. Fifteen interviewees were conducted in Mandarin, and then transcribed into simplified Chinese⁶. The transcripts were verified by the interviewer, and for use in the thesis, quotes and examples were translated into English.

The qualitative data analysis software product NVivo was used as a tool for end-to-end data analysis. Appendix Four provides a description of NVivo for readers who might not be familiar with the package, and a briefer summary follows.

The term ‘node’ in NVivo is used to describe a storage location that allows users to represent specific themes, places, people, or other area of interest (Wiltshier 2011). By coding text as

⁶ Mandarin is the official language of the People’s Republic of China. Simplified Chinese characters are officially known as Jiantizi, and are the official written characters for use in the People’s Republic of China, as opposed to traditional Chinese characters that are used in Hong Kong and Taiwan.

part of a node in NVivo, qualitative researchers can represent specific themes, places, people, or other area of interest, and gather together data relevant to the themes represented by the nodes (Wiltshier 2011). While coding breaks text into sequences and tags it with analytical categories (Schönfelder 2011), a node is a location, while coding is a process (Lewis 2004).

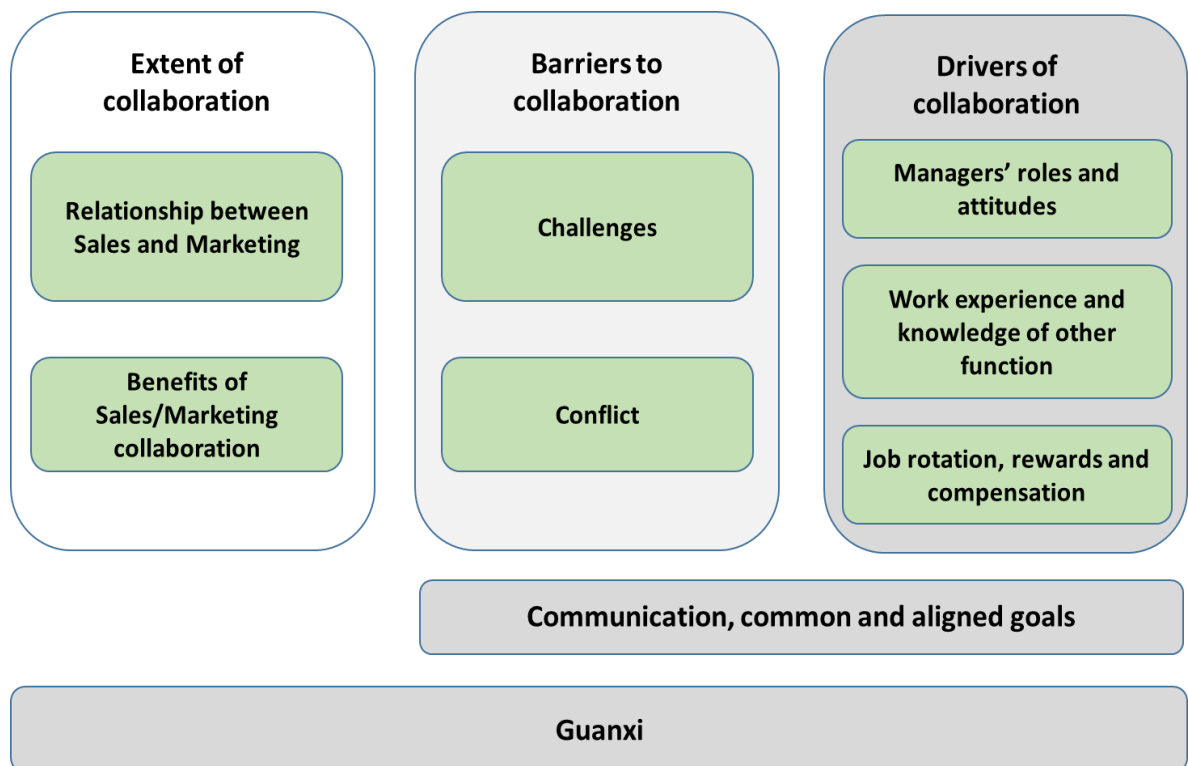
The coding of NVivo into free nodes was used to categorise the responses to the interview questions for analysis. In NVivo, free nodes are nodes that have not been formally related to other nodes in the database (Lewis 2004). NVivo lists free nodes in alphabetical order and stores them in a separate folder (Wiltshier 2011). Researchers can keep the free nodes in the free node area until they finally decide how to categorise or code the free nodes (Wiltshier 2011), which may be missing categories and codes that are thematically related (Schönfelder 2011). Tree nodes are groups of nodes that are organised into a formal hierarchical relationship (Lewis 2004; Wiltshier 2011). Toward the final stage of a qualitative investigation, most nodes would usually be classified into some kind of tree nodes (Bergin 2011; Wiltshier 2011).

While it provides a methodology for summarising data in terms of pre-ordered and/or emergent categories, the search capability of NVivo has some limitations, and this has implications for coding. The search capability only applies to words, instead of meanings. For example, 'collaboration' in the current research can be expressed by different interviewees using different terms, such as 'collaboration', 'cooperation', or even 'integration'. A direct use of the search facility using the term 'collaboration' may therefore miss the same concept if it is expressed in other terms. Thus, although the search facility has some advantages over manual search, one still needs to use a combination of the search facility and manual scrutiny techniques to interrogate the data thoroughly. Furthermore, using NVivo, qualitative researchers may be reluctant to change coding schemes and categories once these coding schemes and categories are developed (Bergin 2011). Thus, after building up themes across the data, it is often useful for the researcher to return to 'manual methods', and search through

the coded text and memos manually in order to identify linkages within the text and memos (Welsh 2002).

As a result of qualitative data analysis, a number of free nodes were established and three categories of tree nodes were developed from the data collected, namely ‘Extent of SMC’, ‘Barriers to SMC’, and Drivers of SMC’. The final node structure is summarized in Figure 2. The data related to the relationship between Sales and Marketing and benefits of SMC were grouped under ‘Extent of SMC’. Under ‘Barriers to SMC’ were challenges and conflict. Lastly, a number of free nodes such as ‘Managers’ role and attitude’, ‘Work experience and knowledge of other function’, and ‘Job rotation, rewards, compensation and incentives’ were all grouped under ‘Drivers of SMC’. ‘Communication’, and ‘Common and aligned goals’ can be both a barrier to SMC and/or a driver of SMC, and ‘Guanxi’ was applicable to all three top level nodes. Figure 2 summarises the relationship between the tree nodes and the free nodes.

Figure 2: The assignment of free nodes to respective tree nodes



3.6.1 Structured qualitative comparison

Qualitative data can be variable-coded and theme coded (Sivesind 1999). Theme-coding means that one selects text related to a certain theme, and attaches a specific code to it. For example, in this research, the drivers of SMC were theme coded. Variable coding means that one uses codes to mark text with certain clearly defined features, such as the age and gender of an interviewee. Qualitative researchers can use variable-coding to code background information about respondents, such as their age, gender and social positions, and see if differences in these background characteristics result in differences in texts mentioned by the interviewees (Sivesind 1999). Structured qualitative comparison can help generate insights into the relationships between variables and themes. Table 11 below demonstrates how the 20 interviewees were variable-coded to allow structured qualitative comparison between each interviewee's function, nationality, work experience, organisational level, and previous and current functional experience.

Table 11: Classification of interviewees

Variables	Categories
Function	Sales <i>or</i> Marketing
Nationality	Chinese <i>or</i> non-Chinese
Work experience	China only <i>or</i> Outside China
Organisational level	Manager <i>or</i> Non-manager
Experience	Sales/Marketing only <i>or</i> both Sales and Marketing

3.7. Conclusion

This chapter has justified the methodology used to answer the research questions. As reported in Chapter 2, the research questions are:

- ❖ What is the extent of SMC within a multinational corporation's subsidiary in China?
- ❖ What are the barriers to, and drivers of, SMC in this chosen MNC X in China?
- ❖ What are the potential avenues for more effective SMC in this MNC X in China, and potentially within other comparable Western-headquartered MNCs in China?

Since no research thus far has attempted to answer these research questions, it was argued and concluded that a qualitative research methodology using interviews was the most appropriate method for investigating the research questions. In doing so, the chapter first defined the term 'qualitative research' as an umbrella term including observation, use of text and documents, and in-depth interviews. Next, the chapter argued that a qualitative method was suitable for resolving the research questions because little is known about the research area from prior investigations, and because a qualitative method can generate initial insights, discoveries of hypotheses and rich descriptions about the phenomenon of interest – in this case SMC in MNCs in China.

An interview design was used to collect the relevant data and the advantages of using interview design were discussed. The chapter then presented the research process, which included determination of the sample size, sampling method and data collection procedures. Data collection ended when data saturation occurred, and the findings suggest data saturation occurred after 20 interviews.

Lastly, the characteristics of the sample were reported. Based on the data analysis method detailed in this chapter, the findings will be presented in the following Results chapter.

Chapter 4 - Results

4.1. Introduction

As discussed in the literature review chapter, a number of studies in the West have investigated factors that might contribute to effective collaboration between Sales and Marketing. These factors include common and aligned goals (e.g. Homburg & Jensen 2007; Strahle *et al.* 1996), management attitudes toward collaboration (e.g. Le Meunier-FitzHugh & Piercy 2007a), communication (e.g. Rouziès *et al.* 2005), conflict and trust (e.g. Massey & Dawes 2007a), and experience in and knowledge of the other function (e.g. Homburg & Jensen 2007). Although the potential effects of these factors for driving better SMC have been studied in the West, there is no study that has focused on investigating the factors driving SMC in China. As discussed previously, Chinese might behave differently in business environments from Westerners because of cultural differences between China and the West (e.g. Hofstede 1994; Lewicki *et al.* 2003). Factors effective in the West may therefore not be applicable or may be *more* applicable in the Chinese business environment for increasing collaboration between Sales and Marketing. Thus in this chapter, insights will be provided through exploring people's views on SMC in a multinational corporation in China.

Consistent with the objectives of the thesis outlined in Chapter 1, this chapter will report the findings from the interviews with a variety of staff from MNC X in several sections, starting with respondents' views on the need for collaboration. Respondents' feedback on the extent of collaboration between Sales and Marketing, and conversely, the extent of conflict between the two functions in this organisation, will then be reported. Both the types of conflict and the potential causes of conflict between Sales and Marketing staff reported by interviewees will be documented. Respondents' opinions on the ways to manage conflict in an MNC in China will also be reported. Following the discussion on conflict, the chapter will report interviewees' views on the factors that have been said to drive SMC in Western literature:

common and aligned goals, senior managers' attitudes and roles, and experience. The following chapter, Chapter 5, discusses these results in more detail and discusses the implications for practice.

4.2. Collaboration between Sales and Marketing

As discussed in the literature review chapter, a number of researchers have argued that collaboration between Sales and Marketing is important for driving better business results (e.g. Homburg & Jensen 2007; Homburg *et al.* 2008; Le Meunier-FitzHugh & Piercy 2007a). In order to investigate whether Marketing and Sales staff themselves believe that collaboration is important for their organisation, each interview commenced by asking the interviewee if they believed that Sales and Marketing need to work together. Interviewees were unanimous in their opinion that Sales and Marketing *do* need to work together:

Sure, this is an answer that is beyond doubt. If Sales and Marketing don't cooperate, the result certainly won't be good. (Joseph⁷, Marketing, Manager, Hong Kong)⁸

I think collaboration [between Sales and Marketing] is absolutely necessary. This is not only 100% certain, (it's) 120% certain! (Laughs) (Emily, Marketing, Manager, Chinese)

Indeed, the brevity of many responses suggested that most interviewees thought that the answer was obvious:

⁷ Pseudonyms have been used instead of interviewees' real names to ensure their confidentiality, as discussed in Chapter 3.

⁸ For each quote, the interviewee's function, level, and nationality are listed. Further details on each interviewee i.e. their experience in the opposite function and/or outside China, and their native language, are listed in Appendix 2.

Yes. No question. (Christopher, Marketing, Manager, Singaporean)

Of course, this is for sure! (Andrew, Sales, Manager, Chinese)

For certain! (Matthew, Sales, Manager, German)

One respondent emphasised the importance of collaboration between Sales and Marketing by arguing that collaboration between those functions is more important than between other functions in the organisation:

The Finance department can't change their numbers randomly, or the Operations department can't say you haven't placed an order when you have. But Marketing has many options, options like to execute or not to execute, how to do this or that, when to do this and that...many variables, so I think the collaboration between Sales and Marketing needs to be stronger than between other departments like Finance or Legal. (Austin, Sales, Staff, Chinese)

When interviewees were asked to describe how Sales and Marketing work together in this MNC in China, some interviewees viewed Marketing as being in a supporting role to Sales:

I believe the most important job for Marketing is to support Sales. It's because (Marketing and Sales) share a common goal, which is to capture revenue. This goal can't be achieved through Marketing staff directly, it is mostly achieved by the Sales team. (Sarah, Marketing, Staff, Chinese)

This company and the companies I worked for before are more Sales oriented. This causes Marketing people to be in a very supportive role. Members of the (Marketing) function will say: 'OK, our performance measurement is to achieve our budget, or to compete and win over competitors, so we will treat our Sales team as a customer'. This is the mindset of most Marketing people. Even when sometimes [Marketing] have their own agenda in doing things, if the Sales team says: 'We need to do this in

this way', Marketing will be more likely to take a supporting role and support them, instead of saying: 'Sales team, you need to do this based on my agenda'. (Jordan, Sales, Manager, Chinese)

Although Jordan, quoted above, is from Sales, with previous experience in Marketing, he still suggested Marketing is a supporting function to Sales. However, other Marketing subjects described a more equal relationship between Sales and Marketing, by emphasising the need for them to work together:

I would describe the relationship between Sales and Marketing as they depend on each other. If you are saying Marketing is doing well, it must be reflected in the sales result. If not, even if Marketing does things well, you can't say it's good if the sales result isn't good...If Marketing doesn't perform, in the end it will be reflected in the sales result. Sales also can't be separated from Marketing...So without Marketing, it's very difficult for Sales, if there is no Sales staff to execute, Marketing can't deliver results. (Joseph, Marketing, Manager, Hong Kong)

Marketing and Sales have an integral relationship. A marketing program requires feedback from Sales, for example feedback on overall customer trends, feedback from customers about our products etc. When Marketing has this type of feedback, we can do something, or provide feedback to our product team. As a matter of fact, Marketing designs a program or a message, and we rely on Sales to execute. Marketing and Sales are two teams that can't be separated - if you isolate them, then marketing programs may not help drive sales results and Sales can't leverage marketing programs to drive revenue. (Emily, Marketing, Manager, Chinese)

Consistent with these views from Marketing staff, a Sales interviewee echoed the view that the performance of each function depends on the performance of the other:

Sales and Marketing have, in fact, an interdependent relationship. If there are no Sales people, no one will sell the product to customers even if Marketing promotes how good the product is. If you only have Sales people but no Marketing people, no one will position the value of a product and set the long-term product plan and strategy. Either way, customers won't be convinced to spend money on a product. So these two functions do depend on each other. (Tyler, Sales, Staff, Chinese)

When interviewees were asked about the benefits of collaboration between Sales and Marketing, respondents from both functions discussed the potential for higher revenue for the organisation. However, there were subtle differences in the benefits identified: respondents from the Sales function discussed the potential for higher sales:

More focused marketing to help drive the whole sales pipeline. (Jordan, Sales, Manager, Chinese)

[Marketing's role is] to generate pipelines and interest for product. And ultimately success in closing revenue....In the Sales team, either more revenue, or revenue comes in faster. (Jacob, Sales, Manager, American)

In contrast, Marketing respondents tended to emphasise the potential for higher efficiency if Sales and Marketing could achieve better collaboration, by discussing the potential for better return on investment (ROI):

I think ROI would definitely be higher. If I can get valuable input from Sales, my whole campaign and all my marketing activities can help the salespeople to generate leads, it's simple. If my lead generation is good, they can close their deals. Won't this raise the ROI of the entire sales cycle? Therefore, ultimately it's good for the company. (Hannah, Marketing, Staff, Hong Kong)

The ROI would be a bit higher, that is, our return on investment and our productivity would be higher. We've spent a lot of marketing dollars, so we hope that Sales can get better productivity. (Alexis, Marketing, Staff, Chinese)

As the quotes above show, interviewees' responses on the need for Sales and Marketing to work together are consistent with Western management literature, showing strong support for the importance of SMC. However, there was disagreement as to *how* the two functions should work together – for example, whether Marketing's role is to 'support Sales', as one interviewee described it, or whether the two have an 'integral relationship', as another described it, where each depends on the performance of the other. There were also different views on the benefits of collaboration, with Marketing and Sales interviewees emphasising different benefits – with each function, again perhaps unsurprisingly, focusing on benefits that would primarily accrue to their function.

4.2.1 The extent of collaboration between Sales and Marketing

While some prior studies considering the cross-functional relationship between Sales and Marketing have suggested that collaboration between Sales and Marketing is far from harmonious (e.g. Dawes & Massey 2005; Dewsnap & Jobber 2000; Webster 1997), other studies have found collaboration between Sales and Marketing to be operating quite effectively (e.g. Le Meunier-FitzHugh & Piercy 2007b; Massey & Dawes 2007b). In the face of these conflicting results, respondents were asked their opinion about the extent of collaboration within the organisation. Two Americans with work experience in both the US and China commented that they thought that the level of collaboration within the China office was good, relative to other company locations:

Collaboration [between Sales and Marketing] is pretty good in China relative to other markets that I've seen. (Jacob, Sales, Manager, American)

They (Sales and Marketing) depend on one another. Yes, generally speaking they have a good relationship because their goals are aligned. (Michael, Sales, Manager, American)

In contrast with the views of these two Americans, a Chinese subject who had worked in both the US and China offices of this MNC argued that she thought that the relationship between Sales and Marketing in the US office is closer than the relationship between Sales and Marketing in the China office:

I'm not sure if it's because of the differences in culture or not, it seems to me there is less conflict in the US. In my opinion, the working relationship between Sales and Marketing seems closer in the US than here. (Emily, Marketing, Manager, Chinese)

The differences in these views may potentially be explained by another American interviewee, who described the working relationship between Sales and Marketing in this MNC as 'inconsistent':

I would say it's inconsistent how well it works together. It's inconsistent based on different geographies and then it's probably inconsistent even within the geography. Probably some portions of the organisation work well together and some don't. (Joshua, Marketing, Manager, American)

When interviewees were prompted to comment on their own working relationship with the other function, notably none of the interviewees from Marketing reported that they have a good relationship with the Sales team. In contrast, several Sales interviewees reported a good relationship with Marketing:

From an internal point of view, I feel [the relationship] is pretty good. Because before Marketing designs and initiates a program, they share with us the objective of the program. And when we give them some suggestions, they listen to our feedback. (Austin, Sales, Staff, Chinese)

We are quite aligned when it comes to marketing deliverables. When we need some demand generation activities like an event or a website or an email, we collaborate well. However, if you ask me if there's any room for improvement, the answer is absolutely yes. (Brandon, Sales, Staff, Hong Kong)

Several interviewees suggested a lack of understanding of the other function as the explanation for what they appeared to see as a lack of consistent collaboration between Sales and Marketing in this MNC's operation in China:

I think there are challenges in meeting each other's expectations. But despite the challenges, both Sales people and Marketing people know they have to work together. (Mason, Sales, Staff, Chinese)

I think there are gaps and misunderstandings in our mentality, we may not understand the nature of each other's job. (Hannah, Marketing, Staff, Hong Kong)

Frankly speaking I don't think the Sales team understands what Marketing does. I think it's because the perspectives of Sales and Marketing are different. To be specific, Sales is more short-term, Marketing is more long term...so when Marketing talks to Sales on things which are longer-term, Sales may not understand, or may not be willing to accept, because they have no time. (Samantha, Marketing, Staff, Chinese)

Sometime Marketing and Sales are like a duck talking to a goose, they speak in different languages⁹. To a large extent, if there is no chemistry between Sales and Marketing, sometimes it will be very problematic. I don't think this kind of

⁹ "A duck talking to a goose" is a Chinese expression used to describe a situation when two people are unable to understand one another, or are talking about two different things.

collaboration [between Sales and Marketing] will happen naturally. (Jordan, Sales, Manager, Chinese)

Consistent with reports of conflict between Sales and Marketing (Dawes & Massey 2005; Kotler *et al.* 2006), some respondents criticised their colleagues in the other function. For example, Tyler complained that his Marketing colleagues are not willing to adapt:

Some members of the Marketing team aren't willing to adapt their views in response to customers or markets, or adapt their value propositions for the customer or for the market. (Tyler, Sales, Staff, Chinese)

Another member of the Sales team complained that Marketing staff make decisions based on what will make them look good:

Marketing think 'I need to make this happen for the boss and for other people to see'. (Anthony, Sales, Staff, Hong Kong)

One respondent, Hannah, who had worked in both Sales and Marketing, reported that in each function she had been unhappy with the other. For example, she said of her time in Sales:

When I was in a Sales role, I thought that Marketing had no contribution, or its contribution was limited. (Hannah, Marketing, Staff, Hong Kong)

However, now working in a Marketing role, Hannah repeatedly complained about Sales staff:

Marketing expect Sales to give feedback, input and insight about the market, competitors or customers. But field Sales [staff] say 'Why should I tell you this? What for? Even if I explain to you, you won't understand!' (Hannah, Marketing, Staff, Hong Kong)

So in contrast with the divergent reports from other researchers, who have variously described SMC in different organisations as variously marked by conflict, or as being good, the dominant pattern from these interviewees was one of different views on the level of

collaboration from different people within the same organisation: some like Jacob, a Western Sales manager, and Austin, a local Chinese Sales staff member, believed that the relationship is ‘pretty good’, and Jacob believed that collaboration between Sales and Marketing in China is better than in other markets he had worked in. In contrast, Emily, from Marketing, believed that collaboration was *worse* than in the U.S.. There was also evidence that the perspectives of interviewees may have depended on their roles. For example, Hannah, who had worked in both Sales and Marketing, showed evidence of strong in-group preference; in each function she reported having had problems with the other function. It is also possible that the perspective of Jacob, as a Western manager, may have been influenced by the unwillingness of Chinese staff to display, or complain about, conflict in front of a Western manager. Thus Jacob’s report that collaboration is better in the China subsidiary of the MNC may reflect his lack of awareness of conflict, rather than reflecting an accurate comparison of collaboration within different geographical subsidiaries. The implications of these different perspectives will be discussed more in Chapter 5, but certainly suggest that for this organisation, there was no consistent view on the level of collaboration between Sales and Marketing.

4.2.2 Conflict between Sales and Marketing

Even in the absence of outright conflict, there was criticism of the other function by some staff. For example, when asked how long he had been in Sales, Anthony went on to speak animatedly about his experience with Marketing staff.

In my team, Marketing colleagues like to talk to me because they think I give them more ideas about how to do marketing from a Sales perspective. I’ve found that Marketing in a lot of companies has a similar problem – using a pure Marketing point of view, the idealistic point of view of one person, to look at products and campaigns and then throw it at you – and maybe before that there’s no good communication. With Sales, no good communication! To the market, it’s a pure

Marketing point of view. In my opinion if, in a company, it has a very strong product, in the beginning maybe Marketing will be the lead, because the product is strong, and doesn't need a lot of Sales staff to drive it. But in the later stages, when the product and the company need to develop further, they will need more field Sales, especially field Sales ... because a lot of the time the customer in Tier 1 and Tier 2 cities is different from in Tier 3 and Tier 4 cities¹⁰. To truly understand what customers need, we can't sit in the office and write a Powerpoint and then sell the product! We want to reach different customers, understand their needs. Who does the job? Definitely Sales! (Anthony, Sales, Staff, Hong Kong)

Similarly, Emily, a Marketing professional, criticised Sales for withholding information and for not giving constructive feedback:

Sales won't provide us with honest feedback, they withhold information and I don't know why they do it. If they don't tell us what's going on in their business, I'll be handicapped in designing a marketing program. If I take the limited feedback they give me and add my own understanding to design and launch a program, even if my program delivers a good result, Sales still won't give me any feedback and if they do, their feedback is not very encouraging...I think the reason why Sales isn't open with

¹⁰ Different analysts categorise China's cities in different ways, since the Chinese government does not officially define tiers. Many analysts use gross domestic product and population size to classify large cities in China, while some also use government administrative tiers, which are loosely based on demographic and economic criteria and which reflect a hierarchy of economic links. Tier 1 cities are at the top of the administrative structure and are usually considered to include China's municipalities: Beijing, Chongqing, Shanghai, and Tianjin. Provincial capitals largely make up Tier 2 cities. Provinces are further divided into prefecture-level cities (Tier 3), county-level cities (Tier 4) and counties (Tier 5). So Tier 3, Tier 4 and Tier 5 cities would typically be in remote, less developed locations (Sinclair 2010).

their feedback is maybe because of job security...Even if you force them to give feedback to you, they might just give you very generic feedback, not a lot of detail and it won't be specific. In that case, there's nothing actionable. (Emily, Marketing, Manager, Chinese)

Previous research has suggested that economic friction can be a source of conflict between Sales and Marketing (Kotler *et al.* 2006). In MNC X, Marketing has control of a discretionary funding budget, but Sales does not. As a result, the Sales function needs to seek approval from Marketing for Sales initiatives requiring additional funding. Perhaps reflecting this disparity in financial control, Marketing staff did not identify economic friction as a source of conflict. However, Sales staff repeatedly complained about difficulty in obtaining funding:

Sales always needs funding to reduce the cost for customers, or to contribute to the customer's business, or to do things that can help achieve short-term goals.

However, from Marketing's perspective, this (use of funding) may not be consistent with their way of thinking, because Marketing thinks longer term. (Brandon, Sales, Staff, Hong Kong)

Similarly, Anthony (in Sales) complained that it is difficult to obtain funding:

To give an example, when there is an idea from a partner and we discuss this idea with Marketing, Marketing says: 'How much revenue is this idea going to bring in?'

Always doubting, very challenging of your idea. (Anthony, Sales, Staff, Hong Kong)

Although no Marketing interviewees identified funding arrangements as a source of conflict between Sales and Marketing, a participant from Marketing discussed an experience when the Sales team received funding from Marketing but failed to deliver the expected results for Marketing:

They hope once Marketing gives them the money, we won't care and we won't manage the money anymore. If they deliver revenue, even though they don't deliver the results we expect, everything will be OK. (Sarah, Marketing, Staff, Chinese)

In contrast with the usual view that conflict is negative, a growing body of literature suggests that not *all* conflict is dysfunctional (e.g. De Dreu & Weingart 2003; Jehn 1995), and that under some circumstances, conflict can be beneficial (Amason 1996). As discussed in the literature review section, Massey and Dawes (2007a) studied conflict between Marketing and Sales managers and identified two types of conflict - functional and dysfunctional conflict. When interviewees were asked to describe the types of conflict when Sales and Marketing work together, only two interviewees – one Chinese and the other Hong Kong Chinese, both at a managerial level, mentioned that conflict can be healthy and constructive:

I think conflict actually is healthy competition. In the process of taking care of long-term against short-term, you are doing an optimisation exercise. I don't mean short-term is the best, short-term is not the best, the best decision should be a balanced decision. Unless that conflict is a very, very damaging conflict, I think Sales and Marketing should maintain a certain level of tension between them. Indeed this is healthy. (Joseph, Marketing, Manager, Hong Kong)

If the chemistry and relationship between Sales and Marketing is good, even when there is conflict there's no need to worry, because it will lead to a very constructive force. If the chemistry is right, the other side will listen to feedback more positively. If the chemistry is not right, that's trouble. Meaning, the other side will not take feedback constructively and will use energy to defend themselves. (Jordan, Sales, Manager, Chinese)

These statements from managers are consistent with the view of Le Meunier-FitzHugh and Piercy (2010), that senior managers should create a healthy competitive environment between

Sales and Marketing staff to promote functional conflict and hence effective collaboration.

However, no other respondents, when discussing conflict, commented that conflict could be functional in terms of driving SMC or achieving increased organisational effectiveness.

Participants' views on the level of conflict between Sales and Marketing in this MNC are not consistent with the view that the typical relationship between Sales and Marketing is marked by high levels of conflict, or 'war'. However, the frequent complaints by each function about the other are also inconsistent with what appears to be the most positive view in the literature of the relationship between the two, that it is effective, with healthy levels of constructive conflict (Massey 2012). As discussed above, there was almost no recognition by interviewees that conflict can contribute to collaboration between the two functions. Surprisingly, in contrast with the view that Westerners are more likely to engage in direct communication and, potentially, thus more likely to engage in healthy levels of conflict, the only two interviewees who discussed the benefits of conflict were Chinese, both at the managerial level. So while there did not appear to be excessive levels of dysfunctional conflict, there was equally almost no evidence of functional conflict in interviewees' descriptions of interactions between the two functions. That is, while the two Chinese managers discussed the advantages of functional conflict, there was no evidence of functional conflict in descriptions of interactions between the two functions. The reasons for this lack of functional conflict are not clear, but are certainly consistent with the reported cultural characteristic of Chinese as avoiding overt conflict. If it is true that functional conflict results in constructive challenging of ideas, beliefs, and assumptions (Massey & Dawes 2007a), then the apparent absence of functional conflict between Sales and Marketing would appear to limit effective collaboration between the two functions, and thus limit the benefits to the organisation.

4.2.3 Ways to manage conflict

Biemans, Brencic and Malshe (2010) have suggested that SMC could be more effective if conflict between Sales and Marketing can be resolved constructively. Constructive conflict

resolution is thus likely to be an important element of SMC. However resolution of conflict in a Chinese MNC may be more complex than in a Western organisation because previous literature has suggested that Chinese avoid conflict and adopt a non-assertive approach to conflict resolution, attempting to maintain inner harmony (Ng *et al.* 2008).

Consistent with this view, two American respondents discussed what they believed was a tendency for Chinese employees to avoid conflict:

People in China are less ready to expose conflict. They are more interested in trying to resolve conflict themselves to maintain face between the two people and to make sure they can do it in a way to satisfy both their goals, rather than put it in the hands of managers who might decide something that is not aligned with what the two individuals want to accomplish at the beginning. (Joshua, Marketing, Manager, American)

[In China], I have never seen conflict in an open environment of more than two people. They don't show conflict openly. Even when people absolutely, totally, completely, disagree! I've said 'Listen, we were in a meeting together, you didn't bring it up!' They were like, 'Yes, we were in a meeting, but we won't bring up conflict in meetings.' (Jacob, Sales, Manager, American)

When asked how he thought Chinese manage and escalate conflict differently from Westerners, Jacob contrasted the way conflict is handled in the US and in China:

[It's] Dramatically different! In my experience in the U.S., I would draw meetings together to make decisions - when you have a group of key stakeholders and you would say 'These are the issues that I have on the table and let's make a decision' - the physical meeting and the face-to-face is a very efficient and effective way to drive a decision. It is an absolute disaster in China. In the U.S., you sit in a room and after you discuss, you say 'Hey, is everyone in agreement?' If there are silences, it

typically means we are in agreement. Maybe one or two people don't fully agree and we get to do a little bit more work. In China, you have ten people in the room, you say 'Hey, do I have agreement on this issue after discussing it?' Everyone will say nothing, and all ten will have dramatically different opinions and will absolutely not support whatever the decision theoretically made in a group setting. So I think in the U.S., you can have a meeting and discussion and make a decision at the meeting, or you can use meetings as driving decision points. In China, a meeting is the last place you want to make a decision...[...]...In China, you have to do even more of that. If there are ten people in the meeting, pre-meeting with all ten and get agreement across the board with all ten people. Once you have agreement, you have the meeting. A meeting is just a formal acknowledgement of what everybody already knows. In the U.S. a meeting is to drive a decision, in China you say 'I am going to have a meeting to acknowledge the decision which we've already independently agreed upon. And we just need to sit in the room and see the presentation one more time and agree.' Wow, just a different way of doing it. (Jacob, Sales, Manager, American)

At this stage, Jacob became animated and recounted an example that he said finally taught him the differences between meetings chaired by Chinese managers and meetings chaired by Western managers:

I even had someone on a team of mine, I asked 'Can you go in and sit in a meeting? This meeting is really important and it's being driven by a Western manager. I disagree with the pattern we are taking and we need to be there to stand in and make changes. So I need you to disagree in the meeting'. The response from my staff is 'We shouldn't go to the meeting. If we disagree with them we shouldn't go to the meeting. A meeting is not the place where disagreement should happen. If we go to the meeting, that means we agree'. I said 'Oh no, this is a Western manager, if you

*go to the meeting you can disagree.’ But I realised if it is a Chinese manager, the path was **not** to go to the meeting and disagree. The path would have been before the meeting happened, to email or call that person and say ‘Listen I don’t agree with the path you are taking, can we have a discussion before this meeting?’ ...To me that was a dramatically different mindset when a Chinese person from my team said ‘if we disagree we shouldn’t go to the meeting!’ I said ‘No we disagree, we should go to the meeting’. It was a fantastic example of how two people will dramatically interpret a meeting differently. If that is a Western manager, they are drawing a meeting to initiate conflict and come to a conclusion. Where I was told, ‘If that is a Chinese manager, they will be calling the meeting to acknowledge the agreement, not to disagree’. Now we know how to interpret meetings in China and the U.S. (Jacob, Sales, Manager, American)*

Jacob’s perception of how Chinese escalate and manage conflict differently is consistent with literature suggesting that in collectivist cultures like China, people are likely to be particularly wary of open confrontation in the face of conflict in order to maintain a good relationship (Hofstede 1980). As discussed previously, it is possible that Western managers may be less aware of conflict in China if Chinese staff are reluctant to engage in conflict, or complain about conflict, in the presence of a Western manager. However, Brandon, a Hong Kong Chinese interviewee, reinforced Jacob’s view that communication is different in China, and in particular that in China people would avoid direct criticism:

The methods you use to deliver a message during communication are not the same (in China). For instance, in Hong Kong you can criticise others’ work directly, or you can ask questions about others’ work. However in China, the same statement may become a criticism, and people will think ‘Why are you criticising me?’ It’s because our backgrounds are different, and also there are differences in our

language.¹¹ Moreover, I believe in every nation, the people will push away outsiders to a certain extent. That will increase conflict between us. (Brandon, Sales, Staff, Hong Kong)

However, another Hong Kong Chinese interviewee, Joseph, had a contrary view, arguing that Chinese do not manage conflict differently, arguing instead that there are variations in the directness of communication:

I don't think Chinese manage conflict differently. The principle should be the same (when conflict exists), that is, both Sales and Marketing need to think about a win-win, and put themselves in each other's shoes. Only then will conflict be resolved. I think this is the way to manage conflict and it's no different in China and in other countries. Although the way people communicate might be different, some are more direct, some are more subtle, but the principle to resolve conflict must be there, which is to achieve a win-win. (Joseph, Marketing, Manager, Hong Kong)

So as with the variation in views on the level of conflict, there were also very different views between interviewees on how Chinese manage conflict, with some, like Jacob and Brandon, arguing that the process is very different in China, and others, like Joseph, arguing that it is not. For these interviewees, the differences in views cannot be explained by a cultural perspective, since Joseph and Brandon – both from Hong Kong – had very different views on how Chinese manage conflict relative to conflict management in the more Western

¹¹ In Hong Kong, the predominant language for most local Hong Kong residents is Cantonese, a regional variation of the Chinese language. Cantonese shares much vocabulary with Mandarin, the most commonly spoken language in Mainland China, and many Cantonese speakers would also speak Mandarin. However, a purely Cantonese speaker would understand very little spoken Mandarin and vice versa, so the two languages are not mutually comprehensible.

environment of Hong Kong. However, it is possible that in arguing that Chinese do not manage conflict differently, Joseph was focusing on a common practice across the two cultures of aiming for a win-win, rather than considering the *process* of achieving that outcome. As he noted, within any one culture, there will be differences in communication styles, but the quotes from Jacob and Brandon were consistent with an apparently dominant belief among interviewees that Chinese staff within this MNC tend to avoid open conflict. Thus while the desired goal (a win-win), is likely to be the same, as Joseph argued, a typical conflict management process does appear to be different within this MNC in China.

4.2.4 Barriers to collaboration

As discussed in the literature review chapter, some authors discussing the relationship between Sales and Marketing have argued that one of the reasons why the two groups do not necessarily work well together is due to their different perspectives (e.g. Kotler *et al.* 2006; Rouziès *et al.* 2005). Other research suggests that staff in Sales and Marketing differ in additional ways, including sub-cultural values, orientations and competences (Beverland *et al.* 2006; Homburg & Jensen 2007), differences in time-orientation (Homburg & Jensen 2007), differences in goals (Strahle *et al.* 1996) and differences in cultural values (Beverland *et al.* 2006). Some authors have argued that these differences between Sales and Marketing will hinder close interaction between the two functions and may cause conflict when Sales and Marketing work together (Beverland *et al.* 2006; Dewsnap & Jobber 2002)

Consistent with previous descriptions of differences between Sales and Marketing, interviewees from both groups discussed differences between the two functions. However the two groups tended to emphasise *different* differences. The following sections discuss the two most commonly identified differences discussed by the two groups: orientation and goals.

4.2.4.1 Orientation

While previous literature has identified differences in time orientation as one difference between Sales and Marketing, *no* Sales staff mentioned differences in time orientation between the two groups. In contrast, differences in time orientation were repeatedly discussed by Marketing staff, who argued, *inter alia*, that salespeople are more short term focused:

I think there are huge differences between Sales' perspective and Marketing's perspective. The difference is that Sales are more short-term and Marketing are more long term, or Marketing will look at things a few steps ahead. (Samantha, Marketing, Staff, Chinese)

Maybe we look at things from a different perspective... Why do I say that the perspectives are different? Because Marketing is relatively more long-term, and need to be more visionary. And Sales, usually, is more short-term. That is, looking at monthly performance, quarterly performance, and at the longest, one year. That's why we look at things from a different perspective. (Christopher, Marketing, Manager, Singaporean)

I think that there are differences between Sales and Marketing. When I first started doing Marketing, I realised that Sales teams are more practical, more short-term and more realistic... In my opinion Sales teams are more practical, and Marketing, sometimes, we tend to be more long-term. (Sarah, Marketing, Staff, Chinese)

Marketing assist Sales to do some forward-looking tasks, because Sales are more short-term, and Marketing should do more longer-term tasks... in my opinion we have different views, Sales look at things right in front of them because they have a revenue quota, and probably do not have time and energy to look at long-term stuff, so they only look at the numbers they can bring in to the company in the short-term – one month or two months. (Alexis, Marketing, Staff, Chinese)

Most of the time when Marketing execute, Sales will go after other stuff randomly. So even when Marketing try very hard to align with Sales in the beginning, because we support Sales, when it comes to target or long-term stuff, Marketing and Sales cannot be aligned. (Emily, Marketing, Manager, Chinese)

No Sales interviewees, not even those with previous marketing experience, mentioned or discussed differences in respect to time orientation. In contrast, some Sales subjects mentioned other types of difference in orientation between themselves and their Marketing colleagues, such as Sales staff being more customer focused:

Sales may tackle a problem from a customer's angle too much, not from the company's angle. Marketing may tackle a problem from the company's angle, but not from the customer's angle. (Matthew, Sales, Manager, German)

In my opinion, in general, Sales' and Marketing's perspectives and their starting points aren't the same: Sales are more outside-in, while Marketing are more inside-out. For example, from Marketing's point of view, they need to promote their product, to promote their value proposition, but in Sales, we look at things from a customer's viewpoint: 'My pain point, I have this request, how do you meet my requirements?' That's the difference in starting point. (Tyler, Sales, Staff, Chinese)

While these interviewees in Sales apparently perceive themselves to be more customer oriented than Marketing, no Marketing subjects mentioned this difference in customer orientation when discussing differences between Sales and Marketing. Moreover, even subjects who had previous experience in both Sales and Marketing did not mention the same types of differences. One Marketing subject specifically commented on how the differences in each other's expectations might lead to ineffective collaboration between Sales and Marketing:

Perhaps we don't understand each other's importance. That's another problem. Maybe Sales always think 'You, Marketing, sit in an office, do some admin and paperwork' because they don't know what everyone is doing. Versus Marketing may think 'You, Sales, every day, running around, don't know where, don't even know if they are working or not'. Maybe there is a misunderstanding. Maybe there is an expectation-setting mismatch because we don't know each other – put it this way, Marketing doesn't know what Sales' expectations are, and vice versa. (Hannah, Marketing, Staff, Hong Kong)

A Sales subject also gave an example of the differences in priorities between Sales and Marketing:

For example, a customer might need some information, or need to clarify something, Marketing may not get the information or may delay in their response time. Marketing request Sales to do something, but that something may not directly relate to business, to Sales, this becomes lower priority, lower importance. (Brandon, Sales, Staff, Hong Kong)

The first step for effective collaboration has been said to be awareness of each other's differences in perspectives (Biemans *et al.* 2010). However, as the preceding discussion shows, interviewees from the two functions separately argued that they have different orientations, but the two groups did not agree on the supposed orientation of the two groups – they emphasised different types of differences when asked about Sales' and Marketing's perspectives. In short, there was little evidence that staff from the two functions appreciated the perspective of the other group, or shared an understanding of their differences in perspectives. If, as suggested by Biemans *et al.*, (2010), awareness of differences in perspectives is the first step in effective collaboration, the apparent failure of the two

functions to understand the perspective of the other would appear to create an important barrier to collaboration in this MNC.

4.2.4.2 Goals

The second most common area of difference discussed by participants was differences in the goals of the two functions. Previous literature has suggested that differences in goals between Sales and Marketing can cause conflict in collaboration between the two functions (Le Meunier-FitzHugh & Piercy 2007b; Strahle *et al.* 1996). The views of interviewees were consistent with this idea:

Differences in targets (between Sales and Marketing) may lead to conflict. (Sarah, Marketing, Staff, Chinese)

It is always a huge challenge to align Sales and Marketing. Based on my experience, it is because of the different definitions of success. Sales' success is to drive revenue. Marketing's success could be in responses, perceptions, high level perception changes...If you are a marketer and you want alignment, you will need to take whatever metrics you have and translate it into Sales' view. (Matthew, Sales, Manager, German)

Sales measure the success of events by working out how much revenue these events have generated. Marketing, on the other hand, report to their boss how many events they have organised and how many customers have attended these events. Their measurement does not sync with our measurements, such as the number of opportunities, revenue potential and wins. (Andrew, Sales, Manager, Chinese)

When Joseph (in Marketing) was asked about the differences between Sales and Marketing, he talked at length about how differences in measurement can cause conflict:

Of course they have many common goals. The common goal is to do things right, so Marketing and Sales can work together. But they have different measurements. Marketing usually look at things more long-term. They probably aren't looking at next month's results. My team, they definitely aren't looking at next month, they need to look ahead a few months, even a few years. But for Sales, their pressure is 'I don't really care (about) three years later. I need to deliver numbers for this quarter, for this year.' So you will find, fundamentally, they are looking at things differently. For one it makes sense to look at the long-term, it probably doesn't make sense to look at the short-term. The short-term might need sacrifices, but the long-term might be good. So you will find when their measurements are not 100% tied, there will probably be tension....So my example is saying the short-term and long-term will create Sales and Marketing conflict. And the fundamental problem is actually Sales and Marketing, in some areas, their measurement is not the same. If you don't align them properly, it potentially can cause conflict or tension. (Joseph, Marketing, Manager, Hong Kong)

The reports from Sales and Marketing participants are thus consistent with previous research into barriers to collaboration between Sales and Marketing in Western-based organisations; participants variously expressed that differences in targets, definitions of successes, measurements and time orientation can cause conflict between Sales and Marketing – and thus, presumably, create a barrier to collaboration. However, when asked about potential drivers of collaboration, participants also discussed how having common and/or aligned goals could be used to increase collaboration, so the influence of goals on collaboration will be discussed later in this chapter when discussing the drivers of collaboration, and revisited in Chapter 5.

4.2.4.3 Communication and information sharing

Effective communication and information sharing would seem to be an essential component of collaboration, and an absence of effective communication and information sharing would thus present an obvious barrier to collaboration. As discussed in the literature review chapter, previous research studying the importance of communication and information sharing has suggested that effective communication and information sharing between Sales and Marketing creates a collective understanding of a situation that may improve collaboration between the two functions (Day 1994; Kohli & Jaworski 1990). However, differences in product knowledge and interpersonal skills between the two functions have been said to hinder communication and create a barrier that precludes information exchange, thus preventing Sales and Marketing from reaching agreement on contentious issues (Homburg & Jensen 2007). Consistent with this view, when respondents were asked about communication between Sales and Marketing in this MNC in China, a lack of information sharing between the two functions came up as one of the barriers to collaboration:

I believe communication is very important between Sales and Marketing. Based on my experience, communication is OK here, at least I don't see people not communicating. If I talk to them [Sales], they talk back to me. However the problem is in the content of what we communicate. The content isn't specific enough to make the conversation meaningful. (Emily, Marketing, Manager, Chinese)

Emily continued by giving an example of how communication between her and Sales had failed:

Last year I tried very hard to educate the Sales team on what's Marketing and what are the terms we use in Marketing. I wasn't expecting them to understand, but I did my best to educate them on the end to end process in developing and executing a marketing program... When my marketing program launched, I over-communicated

the results with the Sales team and hoped that they would understand what kind of result Marketing could bring, I even told them, indirectly, that I was happy with my marketing results. But I still didn't find the communication effective because we never heard any feedback from them. (Emily, Marketing, Manager, Chinese)

Despite Emily (in Marketing) claiming that she “over-communicated” with Sales, there was evidence that Sales staff were unhappy with the lack of information sharing between the two teams - for example, a Sales person complained about Marketing not sharing *useful* information with him. In addition, he also commented that if Marketing would share useful information with him, it would help him understand his counterpart in Marketing better. As a result, he believed, conflict could be minimised:

I believe information sharing is necessary. Frankly speaking, we [Sales] only receive some information about customers or competitors. But our competitors also have that information. We don't have information about the overall market trends, or insights that we in Sales can't see. If Marketing would share this information with us, maybe we'd understand better what Marketing does. Otherwise there'll be more conflict between us. (Austin, Sales, Staff, Chinese)

So unsurprisingly, participants agreed, without exception, that effective communication is important for collaboration between the two functions. There was also almost universal agreement that better communication would improve collaboration, but there were multiple views on what needed to be done to improve communication. The contrasting views of Emily and Austin (above) show some evidence that there could be a lack of bidirectional communication between Sales and Marketing people in this MNC. According to Biemans *et al.* (2010), a lack of communication and information sharing between Sales and Marketing can prevent the two groups from obtaining greater understanding of each other's role and reduce their credibility in the other function's eyes.

Bidirectional communication has been found to significantly reduce conflict between Sales and Marketing (Dawes & Massey 2005). Bidirectional communication can, however, be challenging when Sales and Marketing are structured differently in an organisation. For example, Lorge (1999) attributed the friction between Sales and Marketing in one organisation to physical separation. In this MNC, all Marketing staff are located at headquarters in Beijing. However, the Sales staff are spread across different regions in China. One Sales subject commented on the challenge of communication due to this structure:

Our Sales people are mostly regional based, but our Marketing team is based in headquarters in Beijing. It's almost certain that there will be a challenge in communication. If Marketing wants to execute something, the order is always coming from headquarters to the field. It's one-way communication and I believe this causes difficulties in communication. (Brandon, Sales, Staff, Hong Kong)

Several subjects also suggested that the differences between Chinese and Western cultures might also lead to challenges in communication. For example, Joshua and Hannah, who both have work experience outside China, commented that differences between the two cultures can cause poor communication between Sales and Marketing:

The U.S. is much more mature for sure. The U.S. has a much better culture of transparency. Part of that is, maybe it's not natural for Sales to want to be transparent, to provide complete visibility into their contacts, their performance, their forecasts of their accounts and all kinds of stuff. But [in the U.S.] we have been able to institutionalise over the years so that this has become the norm. We have tools and processes to facilitate that. In China, we haven't reached that level of maturity where transparency is the norm. Because of that, people hold things very tightly to their chests in terms of information. We haven't made the leap where people put a lot of the information they need into the tools. They don't always follow

the processes that they should. They do the bare minimum to make it look like it is working but it is really not something people are becoming comfortable with. So lack of transparency makes it super-difficult for people to collaborate because not everyone has the visibility to know what is really happening, therefore how they can help or when to engage or things like that. That probably is the number one difference, and some of that is cultural and some of that is just maturity. But that will, over time, eventually change as well. But it's still quite a gap. (Joshua, Marketing, Manager, American)

In China, my number one challenge is we are not able to communicate clearly. I have found some people here have a unique communication style. For example, usually when you communicate, you will have an objective in mind, you will know what you are trying to achieve and how you are going to achieve it. Here in China, very often they miss these important components. So when we communicate or are having a conversation, I don't get their points, so our conversation is meaningless. (Hannah, Marketing, Staff, Hong Kong)

As with the diversity in views on other topics, participants' views on the reasons for inadequate communication varied widely, and often presented a sharp contrast in views. For example, Emily a (Chinese) Marketing manager, claimed that she 'over-communicated' with Sales, but Joshua, a (Western) Marketing manager, argued that 'people (in China) hold things very tightly to their chest in terms of information'. There were also repeated complaints of receiving inadequate information from the other function; Emily claimed that (despite her having 'over-communicated'), 'we never heard any feedback from (Sales)'. In contrast, Austin, from Sales, complained repeatedly about a lack of information from Marketing. The results thus present a picture of inadequate bidirectional communication between Sales and Marketing, but the reasons behind this inadequate communication are less clear.

Certainly, the regional structure of the organisation in China will make communication more difficult, with most Marketing staff based in Beijing, and an overwhelming majority of Sales staff based outside Beijing. As Joshua, the American Marketing manager argued, differences in cultural communication styles may also contribute to inadequate communication. However, it is also possible that Joshua's rank (as a manager), and his inability to speak Mandarin (the native language of nearly all staff in the China operation), may have resulted in people being less comfortable in communicating with him. It is also likely that the previously discussed differences in orientation and goals between the two functions may have led to each function focusing on different aspects in their communication, and a mutual perception of inadequate communication. Complaints about communication between different functions of an organisation are not unusual, and the previously discussed functional differences between Sales and Marketing, coupled with cultural differences between the Western managers and local staff, are likely to add to difficulties in communication between the two functions. Thus, achieving optimal communication will always be a challenge. The discussion chapter will revisit this issue, discussing potential avenues for this organisation to improve communication and information sharing, and thus improve SMC in its China operation.

4.3. What might increase Sales/Marketing collaboration (SMC)?

As discussed in the literature review chapter, researchers have identified a number of areas that could improve collaboration between Sales and Marketing. One of the objectives of this study was to identify potential drivers of SMC in a multinational workspace in China. The following sections report respondents' opinions on each of the potential drivers that have been suggested in existing literature to drive SMC in the West.

4.3.1 Common and aligned goals

Sales and Marketing have typically been said to have different goals, performance measures and cultures (Beverland *et al.* 2006). Some researchers who have studied the interface

between Marketing and other functions have stressed the value of functions working together to achieve common goals (e.g. Krohmer *et al.* 2002; Lucas *et al.* 1988). Collaboration between Marketing and other departments such as R&D has been said to occur mostly when they have common goals, focuses and objectives (Song *et al.* 2000). Other researchers have suggested that attention should be given to better alignment of goals and the use of shared objectives, while still retaining the independent views of Sales and Marketing, thus not detracting from the independence of the two groups (Dewsnap & Jobber 2000; Le Meunier-FitzHugh & Piercy 2007a, 2007b; Schmonsees 2006). Interviewees had mixed responses when asked if having common goals between Sales and Marketing could drive better collaboration. Some argued for common goals between Sales and Marketing:

Sales and Marketing should communicate at the beginning of every quarter or every fiscal year to come up with an execution plan. The plan needs to be based on Sales' goals. If Sales and Marketing have a common set of goals and understanding, the execution plan will have lots of impact on the business. (Andrew, Sales, Manager, Chinese)

[Sales and Marketing] share a common goal, which is to drive revenue. This goal can't be achieved directly through Marketing, but can be achieved by the Sales team. So I believe Marketing must work with the Sales team very closely...help them succeed, then we can consider ourselves to be successful. So our goal and the goal of Sales are the same, revenue and market share. (Alexis, Marketing, Staff, Chinese)

In contrast with the above views on the value of common goals, other respondents said they expect the company to set different goals for Sales and Marketing, reflecting their different roles, but that those different goals should be aligned:

I think it is inevitable for Sales and Marketing to have differences in their goals. It's because different roles should have different goals. (Brandon, Sales, Staff, Hong Kong)

If their goals are set up in a way that they are conflicting, then that is going to naturally lead to a certain level of conflict. Organisations are smart enough in the ways that they set goals and priorities. They don't set them up in a way that they are conflicting but sometimes it takes extra effort to figure out how to align the goals and make it obvious that both can contribute to each other's success. (Joshua, Marketing, Manager, American)

Sometimes a common goal looks good because it drives everyone toward the same direction. But one needs to be very clear on measurement and guidance. That means for example, if the whole team, both Sales and Marketing, carry one quota,¹² it seems that it's good for teamwork because everyone works toward the same sales number. However, it's meaningless because the whole team has now become one Sales team. So it's very difficult to set a good target which not only drives people to work together, but also measures people on delivering what their roles need to deliver. (Hannah, Marketing, Staff, Hong Kong)

When asked about the advantages of common and/or aligned goals, a number of respondents proceeded to talk about the importance of alignment of other measures in order to achieve effective collaboration, such as performance metrics and rewards:

¹² 'Carry quota' is a term used in the company that implies accountability for attaining a specific revenue target.

I think a big challenge for a marketer is anytime you are in a Sales organisation, the sales metrics are going to win out. So my experience is - if you are marketer you need to take whatever metric you have and translate it and turn it into sales revenue if you want alignment. If you don't want alignment, or you don't think you need it, then don't bother...I think having the alignment first on the metrics, and then having agreed roles and responsibilities, those are the two things that tend to make the collaboration work. (Jacob, Sales, Manager, American)

One of the challenges I face [when working with Sales] is our metrics are different. For example, my biggest goal is to achieve a revenue objective and increase the market share of my product. However the Sales team doesn't have revenue targets for a particular product, they only care about their overall revenue goal...¹³ But I believe the company intentionally arranges our direct measurements to be different. Because this way we can both maximise our contributions to the company. (Sarah, Marketing, Staff, Chinese)

If you look at the objectives and measurements of Sales and Marketing, of course they have some common goals. For example, getting things done is a common goal which drives Sales and Marketing to work together. But they have different measurements...when their measurement is not 100% aligned, there will be tension between them. (Joseph, Marketing, Manager, Hong Kong)

Previous research studying the interface between Marketing and other functions has suggested that aligning rewards may be used to reduce conflict between functions (Gupta *et al.* 1986). Alldredge, Griffin and Kotcher (1999) have also noted that in many organisations, Sales and

¹³ Here, Sarah means that while Sales has overall revenue targets, there is no specific goal for each particular product.

Marketing are being pulled in two different directions by having different reward systems. However, another study found that differences in rewards packages between Sales and Marketing was not a burning issue between the parties and aligned rewards did not reduce interdepartmental conflict (Le Meunier-FitzHugh *et al.* 2011a). Despite the conflicting results from those studies, interviewees in this study suggested that aligning compensation could help Sales and Marketing staff work towards some common goals:

Aligning Sales and Marketing compensation would be good, definitely great. It could drive alignment of our goals. Then Marketing people will not only focus on corporate marketing, they will think more about whether they can help us generate revenue. If something can't help, they probably won't even do it...If the compensation of Marketing people had more key performance indicators related to revenue, I believe our collaboration would definitely be better. (Austin, Sales, Staff, Chinese)

If my compensation was based on a sales plan, it would be an incentive to develop a [marketing] program which drives revenue - because 40% of my salary would be tied to our sales result. If today Marketing people had a particular bonus which was linked to a revenue target, they would think: 'Is there anything I can do to help achieve this revenue target sooner?' (Alexis, Marketing, Staff, Chinese)

Consistent with Alexis's view about the importance of aligning Marketing compensation with sales goals, a number of interviewees from Marketing also suggested ways to compensate and reward Sales people that would encourage them to provide feedback to Marketing and focus on a Marketing program:

*What is really critical this year is we are changing the way Sales people are compensated. I am able to directly train these people and I know exactly what motivates them...They are **my** Sales force, they are able to give me feedback so I can*

refine my marketing messages...The far most important motivator is compensation. Sales people care about almost nothing but getting paid. That's how we build their compensation packages. (Gabriel, Marketing, Staff, Chinese)

*Say I have a program to drive the number of new customers and increase market share. This program is not about deals and not directly related to Sales forecasts. But if I have some incentive, for example, if you win an account you can get a free gift, then you will feel rewarded. You notice I have put in additional reward to help you focus, and this is what you **do**we could have some competition among Sales people, say 'winners will have travel coupons'. If we had this competition, we would have a number of champions, and they would then become role models. This is a way to do it, to make Sales people feel they have to do something, a way to motivate them to help you. (Samantha, Marketing, Staff, Chinese)*

However, some respondents argued that a reward, such as an incentive, may not always work as a motivator to Sales staff. Sarah (in Marketing) gave an example:

I have launched an incentive for telesales before, and I intended to use this incentive to drive the sales revenue of a particular product. But the product has no awareness in China, and not many people are using it. Corp [headquarters] wanted us to use this incentive to push telesales to sell this product in two months, but that's very unlikely to happen. And the timing was bad, when we launched this incentive, it was at the end of our fiscal year and Sales was very behind in meeting their overall revenue target. To them the most urgent task was to meet their overall revenue target, not to focus on a particular product...I think I made a mistake when I launched this incentive program, I didn't realise what telesales really needed. Even if they needed funding, they needed the funding to drive overall revenue. Also, it was

quite unrealistic for Sales to close a deal for a new product in two months, and did they want to sell a new product? Probably not. (Sarah, Marketing, Staff, Chinese)

In China, a sales contest doesn't work. It's because in China, Sales people have more concerns [than Sales people in Hong Kong]. For example, they will think about if because of winning a sales contest, they might over-achieve their sales quota too much, and then next year their quota will be even higher.¹⁴ So they'd rather just meet their quota this year instead of over-achieving it...In Hong Kong, if Sales people have an opportunity to over-achieve their quota, they will try very hard to over-achieve their quota. But in China, they will think about 'If this year I over-achieve my quota, will this result become a huge barrier for me next year, will this cause my quota to be extremely high and I will have no way to achieve it?' (Joseph, Marketing, Manager, Hong Kong)

As the preceding discussion suggests, the issue of using goals to increase SMC is complex. Interviewees disagreed on whether there needed to be common goals across the two functions, or whether separate but aligned goals would more effectively reflect the differences in roles and activities between the two functions. However, consistent with a large body of research (e.g. Kerr 1975), and as some interviewees commented, goals are far less important in driving behaviours than the performance measures used within the organisation, and most importantly, the rewards linked to those measures.

As reflected in earlier discussion, Sales and Marketing commonly have different time orientations, with Sales evaluated on short-term sales targets, and Marketing evaluated on longer-term results. As a result, designing a performance management system, including

¹⁴ 'Quota' is commonly used within the organisation to mean 'sales target', so over-achieving a quota means surpassing the sales target.

aligned goals, measures, and reward systems, that will encourage SMC is not simple. This issue will be discussed in greater detail in Chapter 5.

4.3.2 Senior managers' attitudes and roles

As discussed in the literature review chapter, previous research has suggested that a positive management attitude towards SMC will improve collaboration between the two functions (Kotler *et al.* 2006; Le Meunier-FitzHugh & Piercy 2007a, 2010; Song *et al.* 2000). When interviewees were asked if there is a role for senior managers to play in helping Sales and Marketing collaborate, all managers and most interviewees who are not at managerial level agreed that senior managers can improve Sales Marketing collaboration:

I believe [senior managers] can absolutely play a role to help drive collaboration between the two teams. From the start, they must be genuinely determined to foster a collaborative environment. (Hannah, Marketing, Staff, Hong Kong)

Bosses are very important...They act as a platform for Sales and Marketing to communicate. (Anthony, Sales, Staff, Hong Kong)

Absolutely! Behaviours of individuals always come from the top down. So it's critical to have collaboration at the CEO level, COO level, managers' level, and ultimately that'll get down to the individual level. This is something that won't grow from the bottom up. (Matthew, Sales, Manager, German)

Senior managers can encourage people to collaborate. They can establish an environment for people to communicate and collaborate. (Brandon, Sales, Staff, Hong Kong)

When prompted to elaborate on what senior managers could do to help facilitate SMC, several respondents who are at the managerial level suggested that they are leading the collaboration between Sales and Marketing by modelling and/or encouraging staff to collaborate:

You can make hundreds of rules on collaboration, people always get around rules. So leading by example is the only way that [collaboration] can happen because if the leader doesn't do it, people don't see it as valuable... The most powerful thing is example, what's the example of the senior leadership team that they collaborated on and drove success on. So people look at it and say 'Wow, the leadership team collaborates on this, they have very good results from it. As the result of those good results, people are promoted or recognised in the organisation. I like to be promoted, I like to be recognised, and I like to have a successful project'. (Jacob, Sales, Manager, American)

I think my responsibility [as a manager] is to be role model number one. I have to strive to create a healthy relationship across the organisation. I have to demonstrate that when I make decisions, I am thinking broadly beyond the immediate goals of my team and our organisation. I also coach by challenging the Sales managers on what they could be doing to extend their collaboration (with Marketing). (Michael, Sales, Manager, American)

Leaders of both teams need to work together to encourage the team to collaborate. One very important thing about a leader is that a leader mustn't be a silo. They should be able to think beyond themselves and their own scope... If leaders don't have a mind-set to think beyond their own team, it will damage the business, their team will be a silo. So I think as a true leader, the most important thing is that the leader can think and look at the big picture and have win-win thinking. (Christopher, Marketing, Manager, Singaporean)

Consistent with Rouziès *et al.* (2005), who suggested that managers should establish cross-functional teams between Sales and Marketing for better collaboration, one respondent who

has been a manager of both a Sales and a Marketing team commented that the leadership teams of Sales and Marketing can play a role in ensuring alignment:

The leadership teams of the two functions need to be aligned, to understand what is the expectation of the role Marketing should play for Sales, and Sales for Marketing, to support both their objectives or to establish joint objectives...Real commitment from leadership is that there will be a strong alignment, and dedicating specific people in both organisations (sic) who are responsible for connecting and maintaining that alignment. (Joshua, Marketing, Manager, American)

While all interviewees who are managers responded positively on the importance of their role for fostering SMC, their responses and their focuses were different. It is notable that different managers reported different areas of focus: some managers seem to be more participative, some seem to be more results orientated. For example, two interviewees who are Sales managers with no work experience outside China had very different views on how managers can facilitate collaboration between the Sales and Marketing teams. The first, Jordan, as shown in the quote below, was focused on processes to increase collaboration – determining objectives, establishing systems, obtaining Marketing input into Sales reviews, and helping Sales understand the importance of Marketing:

I believe there are a number of things we can do as leaders. First, to balance short-term and long-term objectives; this is very difficult in practice, especially when there is pressure to meet sales revenue. What do you do to maintain a good balance? Definitely not an easy thing to decide. I think we need some systems to make sure leaders themselves will have a balance. Second is to build a very good process. For example, a Sales leader must invite Marketing people into Sales reviews. In planning a strategic initiative, it must be owned and led by Marketing, and not have Marketing in an assistance role, to have a process in which Marketing can play an active role.

Third, and equally important, is how to promote the value of Marketing within the Sales team. This is very important. You need to promote the types of services that Marketing provides to Sales people, you need to have everyone certain about the function of Marketing. (Jordan, Sales, Manager, Chinese)

In contrast with Jordan's focus on processes to increase collaboration, another Chinese Sales manager, Andrew, was much more hands-off, providing only limited instructions at the start of a project, then accessing performance relative to pre-determined measurements:

I am sure leaders have a role to play to facilitate collaboration between the two teams. But I am more interested in the end results, not so much in how people work together. So I am not willing to be too involved in their collaboration, I believe my role as a leader is to sit in the kick-off meeting and then at the end. At the kick-off meeting I will tell them how I want the two teams to work together and what the measurements are. At the end I will look at the end results and measure their performance against them. (Andrew, Sales, Manager, Chinese)

Jordan and Andrew, the Sales managers quoted above, are Chinese managers with no work experience outside China, so their cultural and work experience are at least to some extent similar, but as the quotes above show, their views on how managers can facilitate collaboration between Sales and Marketing are very different. Their views on how they attempt to facilitate SMC are also very different from the response of the American Sales manager, Jacob, who was quoted above as discussing the importance of the senior leadership team for providing an example of collaboration. Consistent with his views on the importance of leading by example, Jacob emphasised the importance of being involved in how the two teams collaborate to achieve results:

You need the leadership team to set an expectation of 'this is how we do it'. Part of it is telling the team about two things, about what you do and the results you drive. But

it is also about how you do it... To me 'how' is equally important to 'what'. (Jacob, Sales, Manager, American)

In addition to managers reporting different areas of focus, interviewees who are not at management level also expressed different views on how they would like senior managers to help drive collaboration between the two teams. This group of respondents repeatedly reported communication as an important area in which their managers could assist them:

First, [the managers] need to infuse the thinking that communication is important.

Second, they need to establish a platform for communication. Indeed, communication is like that - someone being encouraged, or others taking the first step - then it will become easier and better. (Brandon, Sales, Staff, Hong Kong)

I need a senior manager to help me communicate important priorities down [to the Sales team] at appropriate times. The senior manager needs to ask them to follow through the agreed upon priorities in a timely manner. This is what I mean by top-down communication. (Sarah, Marketing, Staff, Chinese)

The boss can be the platform to let everyone communicate. The boss can say 'You two come and talk. What do you think? One, two, three, agreed. Later on, you can't argue it's not your responsibility if things have failed, or whose credit it is when things succeed'. (Anthony, Sales, Staff, Hong Kong)

The responses from both managerial and non-managerial staff reflected a common view that senior management can help develop a culture of sharing information and communication, and that a positive management attitude towards SMC will improve collaboration between the two functions. This view is consistent with arguments by Le Meunier-FitzHugh and his colleagues (Le Meunier-FitzHugh *et al.* 2011a; Le Meunier-FitzHugh & Piercy 2007a, 2010). However, a study of the interface between Marketing and other functions has suggested that a manager's experience (or lack of experience) outside their core discipline will influence their

ability to act as a facilitator (Parry & Song 1993). Consistent with this view, some interviewees who are not managers argued that managers having experience in the other function would help to drive effective collaboration between the two functions:

Whether or not managers can facilitate or drive collaboration depends on their knowledge. For example, if the boss of a Marketing team has a Sales background, they will influence their staff and help them build up similar experience. Or they will take a further step to ask their staff to communicate with Sales people and customers. If your boss only has a Marketing background, or say, they¹⁵ are more long-term oriented, then it may be more difficult. It depends on the background of the boss and their understanding of the cooperation and collaboration required. (Tyler, Sales, Staff, Chinese)

For a senior manager, especially a Sales leader, if they have experience in Marketing and understand the function of Marketing, they will be more likely to endorse our programs and campaigns. I think this will gradually facilitate Sales to collaborate better with Marketing. (Samantha, Marketing, Staff, Chinese)

Managers having experience in the other function is intuitively attractive, and reflects arguments in the literature that Sales and Marketing collaboration will be increased if staff have experience in the opposite function (e.g. Kotler *et al.* 2006). This issue will be addressed in the following section, responding to separate arguments from interviewees that Marketing staff should have experience in Sales. However, it is notable that eight out of the nine managers in the sample had experience in the other function, but when asked about the role of

¹⁵ The Chinese spoken language does not use gender specific forms. Thus when translating quotes where the gender of the person discussed is not obvious, the gender neutral usage of spoken Chinese is translated using the neutral form of ‘they’, consistent with conversational English.

management in increasing SMC, none suggested that their own cross-functional experience had any part to play in helping them increase collaboration between the two functions.

Managing conflict is clearly only one part of managing collaboration, but as discussed in the literature review, various authors have argued that senior managers can help resolve conflict between Sales and Marketing (e.g. Le Meunier-FitzHugh *et al.* 2011a). However, only two managers, one Hong Kong Chinese and one Singaporean, discussed management as having a role in managing and resolving conflict:

A senior manager's role is definitely to be a facilitator, or a judge. That means a manager is the last referee. It is because we [managers] need to make decisions which maximise the best interests of the company. Often, a decision and a judgment needs to be made by management. Therefore, the role of a manager is very important. How can they reconcile conflict to maximise the company's interests? That's a management decision. (Joseph, Marketing, Manager, Hong Kong)

When conflict occurs, how the manager resolves the conflict is critical. They need to be skilful in resolving conflict, because if conflict isn't resolved, it will be difficult to continue the collaboration. (Christopher, Marketing, Manager, Singaporean)

In contrast, non-managerial staff did not discuss managers having a role in conflict management. This lack of discussion of managers as having a role in conflict management – by any staff and by the majority of managers - is surprising, because studies of Western organisations have suggested that a manager often plays the role of mediator and that people treat the manager as a path for escalation when conflict occurs (e.g. Le Meunier-FitzHugh *et al.*, 2011a; Lewicki *et al.*, 2003). The apparent lower importance of a manager's involvement in conflict management in this MNC may be because, as suggested by Ma (2007), Chinese people are more likely than Westerners to employ avoiding, compromising and accommodating styles of conflict management. Consistent with this view, a manager from the

U.S. who has worked in different countries argued that Chinese people will not escalate conflict to the management team. As a result, he suggested management may be less aware of conflict in China than in the West:

Rather than using escalation as a primary or more immediate mechanism to get resolution, people prefer, or find it more productive, to take care of things offline or between two people...It doesn't create the visibility that some of the conflicts are there, and therefore it doesn't expose some things that are happening repeatedly, that management can take care of across the organisation through changing goals or policies, or whatever it might be. Sometimes, while everyone is hiding under the covers, it doesn't expose it in a way that might help us to change things in the future to make it more productive. (Joshua, Marketing, Manager, American)

This view that senior managers may be less aware of conflict in China, and thus less involved in resolving conflict, is somewhat ironic because the high power distance culture in China would suggest that top management support for initiatives would be particularly effective in China. Consistent with this view, an American manager discussed the management style that he believed would be most effective in China:

Chinese management is much more a command and control structure, and people (in China) tend to work best in an environment with a very strong leader who provides very clear guidance. (Michael, Sales, Manager, American)

According to Michael, and reflecting the literature in this area, senior management would be expected to potentially be more important in resolving conflict in China. However, consistent with the previous discussion about the importance of rewards in motivating behaviour, a Chinese interviewee discussed an example where even a senior manager's authority may not prevail if what the manager wanted wasn't reinforced by the performance metrics and the reward structure:

Sometime even a senior manager can't make things happen. [The Sales team] won't do things that you suddenly assign to them, because their most important measurement is revenue, and it's set at the beginning of the year. If you assign additional tasks to them that don't help them drive revenue, or that may even have an impact on their current revenue, they won't be willing to do the task. Even if the task is assigned by senior management, if senior management doesn't promise to reduce their quotas, they definitely won't be willing to do it... This is what I've found in the Sales team, but in the Marketing team, if the big boss suddenly says 'we need to do a project', even though it is not in your commitment you'll still need to do it immediately.¹⁶ But Sales won't do something that isn't in their commitment. That's why I say salespeople are more practical. (Sarah, Marketing, Staff, Chinese)

So participants' views on the potential roles of senior management in fostering collaboration and/or managing conflict between Sales and Marketing reveal a picture that is both internally inconsistent, and also surprisingly inconsistent with evidence from Western literature. While staff believed that management can play a role in fostering collaboration, and management believed that they were leading collaboration, there was no agreement between different managerial interviewees on how management could most effectively drive SMC. Different managers reported very different ways of attempting to foster collaboration: some believed their role was to lead by example, some focused on processes to drive collaboration and others specified the desired outcome, and relied on measurement to drive performance. Interviewees at the management level, without exception, believed they were doing well.

¹⁶ 'Commitment' is a term used within the company for a set of objectives developed and agreed at the beginning of each fiscal year for each employee. Each employee's performance is then reviewed against these measurements at the end of the fiscal year.

However, respondents who are staff gave numerous examples of how their managers could improve.

In the area of conflict management, where Western literature has been most clear on suggesting a role for management, there was surprising little discussion. Only two managers, both from outside mainland China, suggested that conflict management was an important part of their role. No staff-level participants suggested that conflict management was an important part of the role of senior management in encouraging collaboration between Sales and Marketing. It is possible that Chinese management and staff see management as less important for managing conflict than has been reported in the Western literature due to the Chinese preference for avoiding conflict. Thus, rather than escalate conflict to the level of a manager, staff prefer to avoid conflict and the manager is thus less likely to be involved in conflict management. The implications of the diversity of views on the role of senior management in fostering SMC will be discussed in more detail in Chapter 5.

4.3.3 Experience in both Sales and Marketing

In the previous section, evidence was presented on the role of senior managers in driving better SMC. As discussed in the literature review chapter, the literature on SMC has also suggested that if Marketing staff have Sales experience, or vice versa, there will be higher level of trust between them, which in turn will positively affect Sales/Marketing relationship effectiveness (Massey & Dawes 2007b). Consistent with this view, interviewees from the Sales team suggested that if Marketing staff have Sales experience, the Marketing staff can find it easier to communicate with members of the Sales function:

I believe it's important for Marketing people to have experience in Sales. Although in this company, Marketing people have good sales sense, and they are not too pure

marketing.¹⁷ However, I still think Marketing should hire people with actual Sales experience. That's a must. (Austin, Sales, Staff, Chinese)

It's definitely easier to work with a Marketing person who has done a Sales job before. When I communicate with a Marketing colleague, if they have a background in Sales, the communication will be much more effective. There's no doubt about that. (Brandon, Sales, Staff, Hong Kong)

Similarly, Sales staff also suggested that if Sales or Marketing people have work experience in the other function, it will help both of them to do a better job in their current capacity:

If a Marketing person has Sales experience, or they have visited many customers before, they will understand Sales' role better. It will be easier for them to understand Sales' point of view. If a Sales person has done a Marketing job before, it will be easier for them to translate Marketing language into something that is easier for customers to understand. (Tyler, Sales, Staff, Chinese)

If Sales and Marketing people have experience in doing each other's job, at least they will be looking at things from each other's angle. If a Marketing person doesn't have Sales experience, they won't understand what challenges Sales people are facing. If a Sales person doesn't have Marketing experience, they won't understand Marketing's challenges either. Sometimes this will lead to some challenges to the collaboration between them...Of course, if a Marketing person actually was a Sales person before, it would be a very good background for them. Honestly, Marketing people who have a Sales background will do better in designing market positions and customer solutions. (Mason, Sales, Staff, Chinese)

¹⁷ Austin was speaking in Chinese but used the English terms 'sales sense' and 'pure marketing'.

While most interviewees from Sales commented that it is easier to work with Marketing people who have a Sales background, there were mixed responses from subjects in Marketing on the same issue. A few Marketing interviewees agreed that Sales and Marketing staff having experience with the other function would facilitate collaboration between the two teams:

If I were the boss, I would want all Marketing people to have Sales experience. When Marketing people have done a Sales job, they will understand why some of their programs have failed. Sales think Marketing people dream up these marketing programs and Marketing people don't know how business works. If you have done Sales before, they won't think you don't know how the business works. (Alexis, Marketing, Staff, Chinese)

It can be good to have Sales people with Marketing experience or vice versa because if you have been in one role and you move to another, you are much more sympathetic to what people need to achieve, the challenges that they face, or the ways that they need to do their jobs. So it can be good, but it's not at all necessary. (Joshua, Marketing, Manager, American)

I definitely encourage role rotation between Sales and Marketing. If Marketing people have been in Sales before of course it's good, same with Sales, Sales people who have worked in Marketing before will perform better too. I have found people who have done role rotation will usually perform better than those who haven't. The reason why their performance is better is because they understand each other well, they'll think from each other's point of view. For example, a Marketing person who has done sales before will understand how Sales think, so they work better with the Sales team, and vice versa. Marketing people who rotate to become Sales, very soon they'll be promoted to a Sales director role. Why? It's because they know how to work with Marketing, they know what Marketing needs and how to get resources and

support from Marketing. So I definitely encourage role rotation. However, I also recognise Sales and Marketing need to have different capabilities and competencies. But still, if we can rotate their roles, it will definitely help. (Joseph, Marketing, Manager, Hong Kong)

In contrast with Joseph's comments on the benefits of role rotation between Sales and Marketing, one Sales manager questioned the practicality of rotating Sales and Marketing people and argued there might be a negative impact on the business if Sales and Marketing were to rotate roles:

Although it might be easier for Sales and Marketing people to understand each other if they have each other's experience, we usually don't have the luxury to do (role rotation). To give you an example, when a Marketing person moves into Sales, they will feel very challenged because they used to think very long-term, but now they are short-term driven. They can feel very emotional¹⁸ and uncomfortable. They will feel stressed when what they need to do now is quite operational and trivial. On the other hand, it might be easier for a Sales person to become a marketer. But only under one condition: the Sales person must have the potential to think strategically. If the objective of rotating Sales' and Marketing's roles is to have them collaborate better in the future, I don't think it is a good idea, because this kind of rotation will impact on the quality of business execution. When Marketing people rotate to become Sales, they won't perform for at least three months, and sales results will be impacted. When a Sales person rotates to do Marketing, then Marketing won't be effective for at least three months. (Jordan, Sales, Manager, Chinese)

¹⁸ Jordan was speaking in Chinese, but used the English word "emotional".

While some research has suggested that people in Marketing and Sales functions should be qualified to work in either Marketing or Sales (e.g. Homburg & Jensen 2007), Jordan's view on the differences between Sales' and Marketing's capabilities and competencies is consistent with a number of studies that have suggested that Marketing and Sales staff have different educational backgrounds and that the skills required for each function are different. Marketing staff usually receive more formal marketing education than Sales staff, and Marketing staff are said to be more analytical, data oriented, and project focused (e.g. Kotler *et al.* 2006; Rouziès *et al.* 2005). Some interviewees in Marketing also doubted the practicality of having a Sales person performing a Marketing job:

In theory, it's good if Sales and Marketing people have each other's experience. But in practice it's very difficult. Like I said, Sales' job is to look at the short-term, and Marketing's job is to look at the long-term. If someone has been in Sales for a very long time, they will be motivated to obtain quick successes and instant benefits, and perhaps not be willing to look longer than right this minute. If you were a good Marketing professional, you might be good at spending money, doing advertising, PR, events etc. You might not be a good Sales person. I once heard a Sales person say: "You guys (Marketing) are very good at spending money, but that doesn't mean you know how to earn money!" (Samantha, Marketing, Staff, Chinese)

I never think about rotating Sales and Marketing people. It's because when you recruit a Marketing person, or a Sales person, you will be expecting different qualifications from them. For recruiting Marketing people, I'm looking for someone with strategic thinking, more long-term thinking. I will also look at their data analysis skills. I also believe a good marketer will ask: "If I'm doing this, what is the return?" For Sales, they don't need to be strategic, they don't need to crunch data. The only data crunching Sales ever does is when they are asking for a discount. They are very short-term... To give you an example, there's a new hire in the Marketing

team, his previous job was in Sales. He said he wants to learn more about Marketing, so we hired him. Frankly speaking, we've been suffering for six months ever since we hired him. We are still not sure if he will stay long in this Marketing position. It's because he has this Sales perspective, he really doesn't understand Marketing, he thinks Marketing is very easy. He thought: "I don't have to close a deal, Marketing is just about sitting in the office and designing a program. It's also very glamorous, very fancy." He's suffering now because he doesn't realise there are a lot of data and tools, and there are deadlines to meet in launching a program. So based on the recent experience I've had, I think switching between Sales and Marketing roles will be challenging. (Emily, Marketing, Manager, Chinese)

Emily's views on job skills are consistent with literature that has suggested Marketing and Sales staff have different competencies and will engage in different activities (e.g. Le Meunier-FitzHugh & Piercy 2010). Consistent with this view, some interviewees suggested that when it comes to collaboration, willingness to communicate is more important than having experience in the other function:

It's impossible to ask Sales or Marketing people to do each other's job. I also don't think it's necessary. Even if they have each other's experience, it may not be helpful. It's because what Sales and Marketing need to know is very different. It's more important to have an open mind, to listen, and to understand, than to have each other's experience. (Hannah, Marketing, Staff, Hong Kong)

In summary, based on the responses from interviewees, there were three views about work experience in the other function. Most interviewees from Sales suggested that SMC will be more effective if Marketing people have Sales experience. However, there were mixed responses from Marketing interviewees about work experience; some argued that having experience in Sales may not be useful for performing Marketing jobs, and some suggested it

is not essential for Sales and Marketing people to have a background in the other function. A third group believed that job rotation between the Sales and Marketing functions, although beneficial in theory, may create problems. When discussing the role of management specifically, as reported in the previous section, some staff believed that management would be more able to foster SMC if employees had experience in both functions. However eight out of the nine management participants within this sample did indeed have experience in the other function, but none mentioned cross-functional experience as a factor in their ability to facilitate SMC.

The results therefore show wide diversity of views in this area. Western literature has suggested that SMC would be improved if staff have cross-functional experience, and Sales staff in this sample supported that view. It is notable that nearly all managers and a number of the staff in this sample had cross-functional experience. However, none of these reported that their own cross-functional experience was beneficial for them: instead nearly all participants who argued for cross-functional experience were Sales staff arguing that Marketing staff should have Sales experience, rather than arguing that Sales staff need Marketing experience. The argument that staff would benefit from cross-functional experience was therefore largely limited to an argument for different experience and behaviour on the part of the other function, rather than any apparent belief that the participant's own function would benefit from cross-functional experience, perhaps reflecting an in-group bias and focus on the participant's group's needs.

While theoretically attractive, the idea that Sales and Marketing staff should have cross-functional experience also poses substantial practical difficulties. Firstly, as discussed previously, Sales and Marketing staff will typically have different experience and training, and require different skills. Attempting to give all, or even most, staff experience in the other function risks wasting resources by allocating staff to roles where their skills and experience are poorly fitted, increasing training costs for the organisation. Secondly, within this MNC in

China, there are far more Sales roles than Marketing, so attempting to ensure all Sales staff have Marketing experience would present a substantial logistic challenge.

4.3.4 Guanxi in Sales/Marketing collaboration (SMC) in China

As discussed in the literature review section, various authors have suggested that since Chinese people value interpersonal relationships, a high level of *guanxi* will have beneficial effects in China (e.g. Jehn & Weldon 1992; Kirkbride *et al.* 1991). When respondents were asked to comment on the importance of *guanxi* in SMC, almost all confirmed *guanxi* is important:

I think so. Guanxi means how well people understand each other. If you know someone well, they will talk about their situation and the difficulties at work and you will understand them better. When people understand each other's situation and challenges, it is easier for them to come to a consensus. (Samantha, Marketing, Staff, Chinese)

Guanxi is definitely very important. If we have better guanxi, then it will be easier to discuss things. We'll embrace each other from the beginning, and will listen and accept each other's opinion better. (Alexis, Marketing, Staff, Chinese)

Good guanxi between Sales and Marketing can definitely help their work. In our company, we have individuals with very different personalities. All of them are great individuals. If we have good guanxi among ourselves, it will help our business.

Knowing how to maintain good guanxi with people around you is very important. (Anthony, Sales, Staff, Hong Kong)

I think good guanxi between Sales and Marketing is important. It will help their communication. When Marketing is explaining an initiative and its objectives, if they

have good guanxi with Sales, Sales will be more interested in listening. They will discuss it with Marketing more patiently. (Austin, Sales, Staff, Chinese)

However, two Chinese non-manager subjects who have never worked outside China expressed contrary views on the importance of *guanxi* and argued that for SMC, *guanxi* is not important:

I don't think guanxi is very important in Sales and Marketing collaboration. To the contrary, if guanxi is too good, it might inhibit collaboration between the two teams. For example, if a Sales person and a Marketing person with good guanxi were discussing a customer situation, if the Marketing person knows the customer better, he might bluntly say "you are wrong". So I think, good guanxi between two people may not help a discussion. If people have clear positions, they can communicate without any personal gaunxi. (Andrew, Sales, Manager, Chinese)

I don't think Marketing people and Sales people need to have good guanxi. When I first came back to China [from the U.S.], I also had this perception that guanxi is very important. I actually tried to build personal guanxi first, before we did anything else. But then I found guanxi is not very important at work. I think even though people may have very good personal guanxi, if their goals and measurements are not the same, at the end of the day there will still be conflict and collaboration will still be ineffective...There is a Marketing manager who has very good guanxi with Sales. At the end of the day, Sales think Marketing is there to support Sales, so that the Marketing manager becomes a personal administrator...If you have guanxi, it's hard to say no, it's hard to stop Sales bossing you around, because you have guanxi...I actually prefer Marketing and Sales to keep a distance. (Emily, Marketing, Manager, Chinese)

Other Chinese interviewees with work experience in other countries argued that there is no difference in the importance of relationships in China and in other countries for SMC:

Guanxi definitely is important. But everywhere in the world, guanxi is important. People might have misunderstood¹⁹ that relationships in China are more important, but I think outside China, guanxi is also very important. (Joseph, Marketing, Manager, Hong Kong)

Guanxi is the foundation for collaboration, this is for sure. But I think guanxi is equally important around the world. (Brandon, Sales, Staff, Hong Kong)

Jacob and Michael, both American managers, discussed the role of *guanxi* in the context of SMC, and in that context, agreed with the views of Joseph and Brandon that *guanxi* is no more important in China than in the West:

The role of guanxi in SMC in China is probably no more important than in the U.S. The U.S. and China are similar from an internal standpoint. Guanxi is about understanding and trust and respect. So in the U.S., you've got to have understanding, trust, and respect, to get things done in an efficient manner. I actually think it is comparable. (Jacob, Sales, Manager, American)

What we typically think of as guanxi in the [pause] that, that enables businessmen in China to be effective in working with one another, I don't think it is tremendously important inside the structure of [MNC X]; I don't want to speak broadly, I can only relate to [MNC X] in China, but the reason that I don't think that is tremendously important is number one: the kind of cooperation that we're talking about is not

¹⁹ Joseph was speaking in Chinese but used the English word “misunderstood”, though a more accurate translation of what he appeared to mean might be ‘mistakenly believe’.

super significant, I mean it's important overall for the strategy of business, but it is not something that's difficult to give, there is no sacrifice involved in doing what you are doing, it's just a matter of making personal prioritisations about where you're going to apply the resources that you have. We're not asking people to give somebody, to give a friend of theirs a job as the PMM [Product Marketing Manager] or you are not talking about large sums of money. (Michael, Sales, Manager, American)

One of the characteristics of *guanxi* in China is there are conditions, including the need to reciprocate - to “repay” favours over a length of time (e.g. Law & Jones 2009). Some interviewees mentioned the importance of this long-term nature of *guanxi* and the rapid turnover of people in Sales and Marketing in China might inhibit the development of *guanxi* between the two functions:

From a Sales-Marketing perspective, it's really about the long term. If I am here for ten years, I understand what you want to do and what you are trying to do and your motivation. If I am only here for ten months, I really don't. So we will be more guarded in our conversations. (Gabriel, Marketing, Staff, Chinese)

*Guanxi is something that happens between people over a career in a lifetime, we are talking about relationships that form and then go away in a matter of a couple of years or so. [MNC X], we've changed so much that there's probably, there may be only one or two people in all of the Marketing team that were in that job two or three years ago, so *guanxi* doesn't really matter that much. Just common relationships do matter a lot as we think about them, [pause] as kind of more universal, really to cooperate with others, to seek first to understand before you are understood, and basic human interaction - that's important. Because if you don't have a good working relationship, I guess that's the best way to describe it, then it's going to be*

easy to ignore those people, and their needs, and their factors might not get included into anything that Marketing is doing or Sales is doing. (Michael, Sales, Manager, American)

Research has suggested that the Chinese concept of *guanxi* is different from the Western concept of a relationship (e.g. Chua *et al.* 2009; Wong & Tjosvold 2010), and that *guanxi* is key to successful business operations involving both Chinese and Westerners (e.g. Hui & Graen 1997). However, previous research has rarely focused on *guanxi* as a relationship *within* an organisation, with Perks *et al.* (2009) a rare exception. These results suggest that within an organisation in China, *guanxi* may be no more important than cross-functional relationships in the West. This may be because in the presence of formal organisational processes, *guanxi* or personal relationships are less important, consistent with evidence that social relations or ‘ties’ are prevalent in the absence of formal institutional support (Li *et al.* 2008). In addition, as some participants noted, rapid turnover of staff in China is likely to mean that internal relationships or *guanxi* are less important, because one of the parties may leave at any time, and therefore be less likely to repay any favours owed to another party.

4.4. Conclusion

This chapter has summarised the findings and reveals several insights into the extent of collaboration between Sales and Marketing functions within MNC X in China. All interviewees agreed that it is essential to the company’s success for the Sales and the Marketing functions to collaborate. However, interviewees differed in their views on the respective roles of Sales and Marketing in SMC. There were also mixed views on the extent of SMC in the China division of this MNC. Some interviewees believed that the level of collaboration within this MNC in China is better than within other subsidiaries of the same company, while other interviewees suggested the opposite. Moreover, a few Sales interviewees reported that they have a good relationship with Marketing people, but no

Marketing interviewees mentioned they have a good relationship with the Sales team. Other responses indicated that there is conflict between the Sales team and the Marketing team. The overall findings suggested the two major barriers to SMC are ineffective communication and a lack of information sharing between the two teams.

Interviewees also commented on factors that are said to be drivers of SMC in the Western literature: common and aligned goals, senior managers' attitudes and roles, cross-functional experience of Sales and Marketing staff, and *guanxi*. Overall, there was surprisingly little consensus on the drivers of SMC between the two functions, between managers and staff, and between Chinese and non-Chinese. The inconsistent views between various groups in this study suggest a much less homogenous, but more complicated, situation between Sales and Marketing when it comes to SMC in a multicultural workspace than has been suggested in previous research in this area.

The next chapter will therefore further discuss the findings in the light of the unique characteristics of this U.S.-headquartered subsidiary in China. Implications of the phenomena will be identified and the findings will be aligned to the research objectives. Possible avenues to improve collaboration between Sales and Marketing in a multinational corporation in China will also be discussed, followed by the proposed contributions and recommendations for practice arising from this research.

Chapter 5 – Discussion and Conclusion

5.1. Introduction

While previous studies of SMC have almost exclusively focused on organisations within a Western context, this thesis is the first description of SMC within a multinational workplace, namely a mix of American and Chinese cultures. The previous chapter reported the study's results. This chapter summarises the results in regard to the study's three key objectives below, as outlined in Chapter 1:

- (1) to explore the extent of SMC within a multinational corporation's subsidiary in China;
- (2) to identify the potential barriers to and drivers of collaboration between the two functions in a multinational corporation in China; and
- (3) to propose potential avenues for more effective SMC in the organisation studied (MNC X), and potentially within other comparable Western-headquartered MNCs in China.

In this chapter, conclusions on the research questions are also reported, followed by a discussion of the contributions and implications for practice of the thesis. Finally, the limitations of the research and implications for further research are discussed.

5.2. Findings from the thesis

5.2.1 Benefits of collaboration between Sales and Marketing

To address the first objective, the research started by asking each interviewee if they thought the Sales and Marketing functions in this MNC in China needed to work together. As discussed in Chapter 4, all interviewees agreed that Sales and Marketing need to collaborate. Moreover, all agreed that if Sales and Marketing cooperate effectively, the company would benefit. These views are consistent with previous research conducted in the Western organisations that has suggested that effective SMC improves organisational performance.

However, while all interviewees agreed that there are business benefits if Sales and Marketing work well together, there were subtle differences in the suggested benefits. Participants from Sales, for example, tended to focus on sales returns as a benefit, while participants from Marketing suggested that collaboration is likely to increase return on marketing investment. These differences are not surprising, because the participants work in two different functions with different functional goals. Each group thus tended to emphasise an outcome that reflected self-interest by enhancing their own function-specific Key Performance Indicators (KPIs), rather than financial effectiveness for the organisation.

Although it may not be unexpected that different functions would have different ways to contribute to organisational performance, and would thus focus on different potential benefits of collaboration, the differences in responses between the Marketing and the Sales interviewees on the likely benefits of collaboration could mean a lack of understanding of the roles and contributions of each other, and thus different expectations about the benefits of effective SMC. Participants agreed that SMC would provide benefits, however, there appeared to be no shared view on what those benefits would be.

So while interviewees agreed that there were potential benefits from collaboration, each function appeared to have a different perspective on what those benefits might be. This lack of common perspective raises the risk that collaboration may be unlikely, or more seriously, that conflict between the two functions may be likely, or even inevitable, unless the needs and/or interests of both functions are met. So, if collaboration between the two functions is to be achieved, it is important that each function sees a clear benefit from collaboration – either to their own function and/or to the organisation.

5.2.2 The extent of collaboration between Sales and Marketing

Given the strong consensus among all interviewees that they need to have effective collaboration between Sales and Marketing, participants were then asked to comment on the

extent of collaboration between Sales and Marketing within this organisation in China. Sales and Marketing interviewees had different responses on this topic; most Sales interviewees answered that the relationship between colleagues in the two departments was good, whereas only a few Marketing participants said the relationship was good.

There were also mixed views on the extent of collaboration between interviewees who have worked in some of the MNC's operations in other countries. Two American managers (both from Sales) with work experience in both the United States and China believed that the level of collaboration and the relationship between Sales and Marketing within the China office was better than in some of the MNC's operations in other countries. In contrast, several Chinese non-management participants (from both Sales and Marketing) who had also worked in other countries believed that the relationship between Sales and Marketing in the Chinese subsidiary was no better than in its other locations.

One possible explanation for these contrasting views may be that the Western participants may not have noticed subtle workplace conflict, since as discussed in Chapter 4, many Chinese staff preferred to avoid conflict. For example, Chapter 4 discussed a case where Chinese staff did not want to attend a meeting where they anticipated conflict. Thus, if American managers judge the absence of open conflict as a key indicator of the level of SMC, then they would be likely to overestimate the level of collaboration. In contrast, Chinese managers may be more likely to recognise that the absence of conflict in a meeting might indicate avoidance of conflict, rather than the absence of conflict. Hence the Western participants may have perceived interaction between Sales and Marketing as reflecting better cross-functional collaboration in China than in Western countries. This explanation would suggest the American interviewees in the study could be misreading the effectiveness of SMC due to the Chinese culture of avoiding conflict.

A second possible explanation why these Western participants thought the extent of collaboration between Sales and Marketing in this MNC in China is better than in other

countries involves the power dynamics between managers and non-managerial staff. Because the Western participants were at a managerial level, their non-managerial staff may have been reluctant to raise problematic issues with them, and may thus have concealed conflict from their managers. An example of the different way Chinese non-managerial staff handle conflict was that before attending a meeting that would be dealing with contentious issues, Chinese employees were more likely to approach different stakeholders on an individual basis to attempt to resolve the issues, rather than address the issue of conflict at the meeting.

These disparities in views among participants about the extent of, and need for, SMC are particularly interesting when contrasted with reports by previous researchers who have examined SMC in the West. Those researchers have reported very different findings, variously reporting Sales and Marketing collaboration to be neither collaborative, nor harmonious (e.g. Dewsnap & Jobber 2000, 2002), or even ‘at war’ (Kotler *et al.* 2006), or ‘healthy’ (e.g. Dawes & Massey 2005; Massey 2012). In contrast, within this organisation, there appeared to be no single view; different people had very different views on the extent of collaboration between Sales and Marketing. So different studies have reported different results on the extent of collaboration *across* organisations, but have reported finding a particular level of collaboration *within* the organisation or organisations studied. In contrast, these results failed to find a consistent view, and suggest that within an organisation, there is likely to be a wide variety of views on the extent of collaboration and/or conflict between Sales and Marketing. So these results suggest that there is no single answer on the extent of collaboration within an organisation; instead there are likely to be multiple views within the organisation, depending on the perspective of each individual.

5.2.3 Barriers to Sales/Marketing collaboration (SMC)

In addition to exploring the extent of collaboration between Sales and Marketing in this MNC in China, another objective of the research was to identify barriers to SMC. A number of studies in Western organisational settings have suggested that differences between Sales and

Marketing, such as their different backgrounds and skills, may hinder collaboration and cause conflict between the two functions (e.g. Beverland *et al.* 2006; Dewsnap & Jobber 2002; Kotler *et al.* 2006; Rouziès *et al.* 2005). Consistent with those reports, as reported in Chapter 4, when participants were asked about their views on barriers that inhibit collaboration between Sales and Marketing, several drew attention to the differences between Sales and Marketing. Despite advice from various researchers on how to better effect collaboration (e.g. Beverland *et al.* 2006; Kotler *et al.* 2006) subcultural differences persist in this MNC, and as reported in research in Western locations, these differences between Sales and Marketing may decrease collaboration between the two functions.

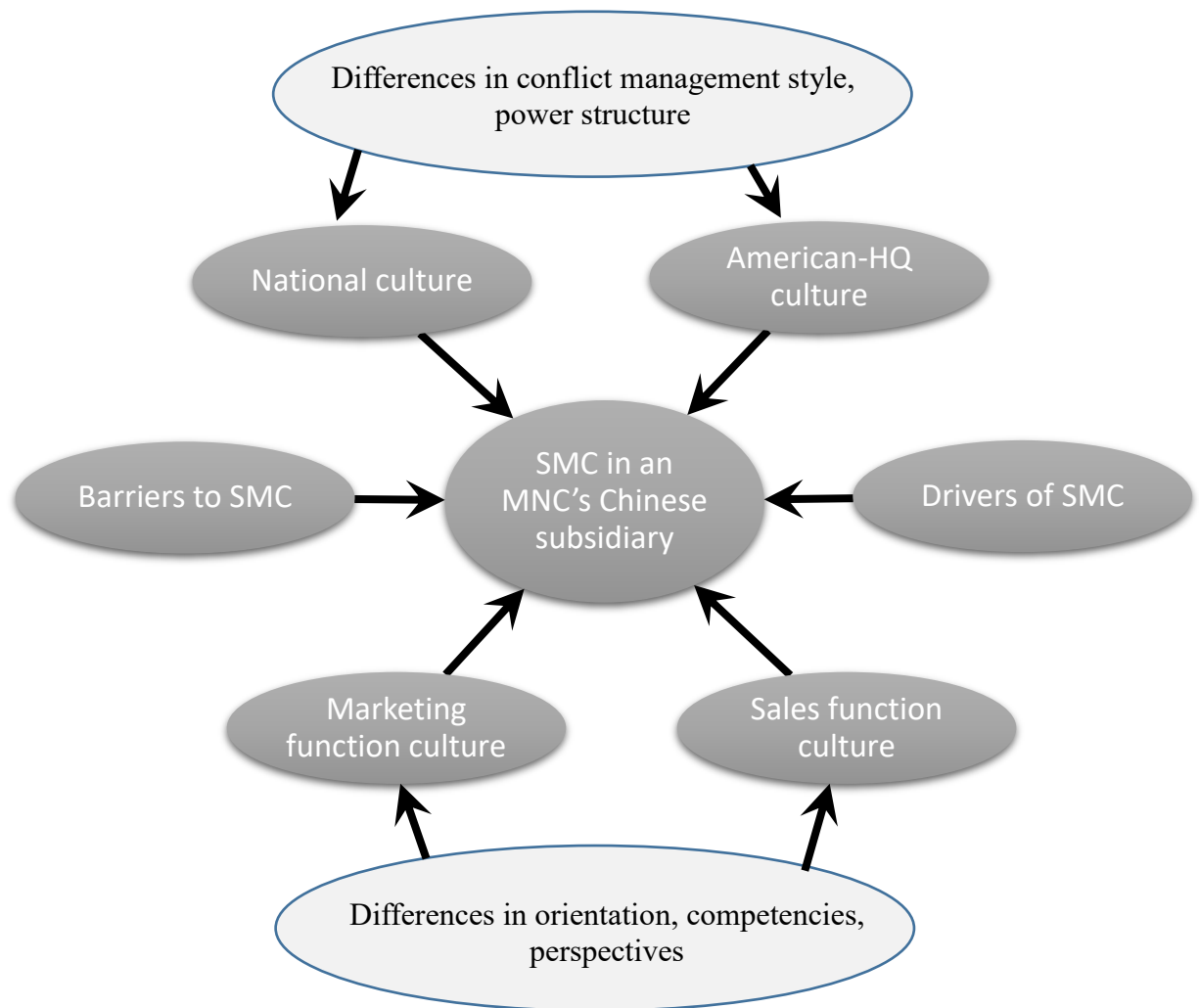
However, when the interviewees were probed to elaborate on the differences between Sales and Marketing, the differences identified by Sales participants were notably *different* from those mentioned by the Marketing participants. For example, Marketing participants repeatedly argued that Sales has a more short-term outlook, resulting in each function focusing on different things. In turn, interviewees from Sales suggested that salespeople are more customer-oriented than Marketing, resulting, they believed, in Sales focusing more on the customer than Marketing. These beliefs about the other function may not reflect the actual focus of the other function, but the willingness of each function to express negative stereotypes about the other suggests a lack of awareness for, and recognition of, the other's perspective, which could hinder effective collaboration and potentially create conflict between the two functions.

The presence of negative stereotypes about another function within an organisation is perhaps unsurprising: anyone who has worked in an organisation is likely to have heard comments that reflect negative stereotypes about one or more groups within the organisation. The results did not provide any evidence that negative stereotyping was increased by the Chinese location. However, since as discussed previously Chinese staff were unwilling to engage in open conflict, it is possible that negative stereotypes about the other function may be more

likely to remain unchallenged in a Chinese setting, due to the dominant cultural preference for an indirect communication style and conflict-avoidance, compared to a Western location, where direct communication and confrontation of others is more common. Thus, in the Chinese location exemplified in this research, negative perceptions concerning the other function may remain unaddressed and thus present a greater barrier to collaboration than in the West.

Perhaps the most important barrier to collaboration identified was the different subcultures of the Marketing and Sales functions, apparently largely caused by differences between Sales and Marketing in terms of orientation, such as time orientation in long versus short-term, and in differences in competencies and in perspectives, as shown in a lighter colour in the diagram. In addition, as also shown in the figure, SMC in this MNC's Chinese subsidiary will be potentially complicated by the inter-relationship between the American culture of the MNC's headquarters and the Chinese culture of its Chinese subsidiary, for example on conflict management style and power structure. The results reported in Chapter 4 are consistent with this model of the factors contributing to SMC in this Chinese MNC subsidiary. However, the results showed less unanimity in opinion than might be expected from previous research: instead, the results showed a variety of opinions regarding Sales and Marketing collaboration within the organisation, compared to the relative unanimity within organisations, and diversity across organisations, that has been a feature of previous research into SMC in Western organisations. As discussed in Chapter 2, the literature has identified different barriers to and drivers of SMC, as summarised in Figure 3 below, previously displayed in a simpler form in Chapter 1, and here expanded to identify the key differences between Sales and Marketing which, based on these results, appear to contribute to difficulties in collaboration between the two functions.

Figure 3: Model of factors impacting on SMC in MNC X in China



Given these differences between functional sub-cultures (and to a lesser extent) the problems caused by differences between national cultures, the results suggests that greater attention to understanding the differences between the two functions, and where appropriate, a willingness to address those differences, may therefore be important steps to enhance collaboration. The implications for practice will be discussed in more detail later in this chapter.

5.2.4 Drivers of Sales/Marketing collaboration (SMC)

Another objective of the study was to identify potential drivers of SMC in this MNC's operation in China. The study specifically examined participants' views on factors that were identified in previous research as potential drivers of SMC. The following section summarises interviewees' views on the three main drivers, namely common and aligned goals, senior

managers' attitudes and role, and previous experience in the opposite function, as compared with previous studies.

5.2.4.1 Common and aligned goals

Previous research has suggested that differences in goals between Sales and Marketing can cause conflict in SMC (e.g. Strahle *et al.* 1996). As a result, this research explored whether common goals could be a driver of SMC. When participants were asked if common goals between Sales and Marketing could drive better collaboration between the two functions, most interviewees responded favourably to the idea of common goals. However, some participants argued that common goals are not useful for collaboration, and could in fact be detrimental to business results because the two functions need to have different goals.

Common goals might be expected to be more important for Chinese interviewees because Chinese people are said to value cohesiveness, consistent with the collectivist culture in China (Song *et al.* 2000). As such, common goals would be expected to be most attractive to the Chinese interviewees who have no experience in living and working outside China.

However, in contrast with this theoretical perspective, several Chinese interviewees, all with no experience of living outside China, were opposed to the idea of common goals between Sales and Marketing. It is difficult to explain the discrepancy between the typical research view that common goals are consistent with the Chinese collectivist culture and are therefore likely to be acceptable to Chinese employees, and the finding from this study that some participants, including those who have no experience in living and working outside China, do not see common goals as important for workplace collaboration. The difference may be due to the multinational culture of this MNC, or perhaps due to increasing individualism among Chinese. The discrepancy certainly suggests, however, that further research investigating the relative benefits of common or aligned goals is worthwhile.

Although not all participants agreed on the value of common goals for driving better SMC, all participants agreed on the importance of goal *alignment* for SMC. All participants, regardless of their nationality and their work backgrounds, commented on the importance of goal alignment for SMC for driving better business performance. This agreement on the importance of goal alignment is consistent with previous research which has suggested that although Sales and Marketing may not have the same goals, goal alignment between the two functions is desirable to help increase SMC and hence improve company performance (e.g. Le Meunier-FitzHugh & Piercy, 2007b; Kotler *et al.*, 2006).

One approach to align goals recommended by various researchers in the West is through aligned measurements and reward systems (e.g. Beverland *et al.* 2006; Le Meunier-FitzHugh *et al.* 2011a; Strahle *et al.* 1996). Consistent with this view, several of the participants, immediately and unprompted, brought up the topic of rewards when asked about common goals as a potential driver for SMC. For example, when participants talked about goals, some interviewees recommended that both Sales' and Marketing's compensation be aligned with sales revenues.

However, creating aligned goals between Sales and Marketing is more difficult than it seems. For example, in theory an incentive reward program could be used to create aligned goals. However, an example of the difficulty in designing a reward program to motivate Sales to drive longer-term results was given by a Marketing participant: when she initiated a reward program for Sales, it did not motivate the Sales team, she said, because the reward program was focusing on long-term goals, but Sales' compensation is tied to short-term results. This example suggests that while aligning rewards may be a potential driver to improve SMC, the effectiveness of a reward program depends on the goal that the reward program is focused on. Thus, when goals are not aligned with the objective of collaboration between the two functions, reward alignment may not be effective in driving SMC. In summary, both goals *and* rewards may need to be aligned.

5.2.4.2 Senior managers' attitudes and roles

Research points to a positive relationship between management attitudes towards SMC and effective collaboration (Le Meunier-FitzHugh & Piercy 2009b). As reported in Chapter 4, most interviewees agreed that senior managers can help improve SMC. However, existing literature examining the role of senior managers does not recommend a pathway for *how* senior managers could facilitate SMC.

In this study, all of the Western managers interviewed emphasised an essential means for how senior managers can facilitate SMC: by acting as a role model for their subordinates to imitate. That is, the senior managers should lead by example, by demonstrating how Sales and Marketing can interact and communicate productively for the benefit of the entire organisation. However, none of the Chinese non-management interviewees suggested that senior managers should set an example to facilitate SMC. Moreover, *only* the Western managers commented on this role modelling; none of the Chinese managers interviewed mentioned leading by example as one of the ways of facilitating SMC. These Chinese managers instead discussed the importance of setting goals for effective collaboration and monitoring the results when Sales and Marketing teams collaborate. These differences between Chinese and Western managers, and between the stated behaviour of managers and the expectations of Chinese staff, may reflect cultural influences on expectations of optimal leadership behaviours. In low power distance cultures, managers are more likely to see having close relations with staff and modelling collaboration as optimal leadership behaviour. In cultures with greater power distance, like China, managers are more likely to make decisions and to direct behaviour of their staff, rather than emphasising collaboration (Hofstede 1998). Consistent with this view, Chinese managers in this study emphasised the importance of setting goals and monitoring results for effective collaboration. Thus, despite the Western organisational context of this MNC, national cultural differences in leadership were evident,

with Western and Chinese managers demonstrating very different approaches to developing SMC.

In addition to the differences in behaviours reported by Western and Chinese managers, the results also showed, as discussed above, differences between the expectations of Chinese staff and the behaviour of Western managers. The study therefore suggests a mis-alignment of expectations between managers and staff on the role of managers in facilitating SMC.

Furthermore, as noted above, no Chinese staff discussed a role for managers in conflict management. This lack of discussion of a role for managers in conflict management is surprising because some previous literature has argued that one role of senior management in SMC is to resolve conflict between the two functions (e.g. Le Meunier-FitzHugh & Piercy 2007a; Matthyssens & Johnston 2006). An explanation for the discrepancy may be that previous research has only considered the role of senior management within the context of Western firms, and this study suggests that Chinese managers and staff have different expectations of managers compared to the Western managers interviewed in this study.

Participants provided some ideas on how senior managers could improve SMC: by role modelling, goal setting and results monitoring. However, as discussed above, there were differences between Western and Chinese managers in what they think they should do to drive better SMC. There were also differences in what staff think managers should do, and managers think they should do, to facilitate SMC. Even within staff interviewees, there were different expectations and suggestions on what they would like their managers to do. These divergent views and expectations suggest that there is no clear expectation of what senior managers can do to facilitate SMC. Managers need to identify what they can do to facilitate better collaboration between Sales and Marketing, and if what they can do is different from what their staff expect, discuss and align their staff's expectations with theirs in regard to what role senior management can play in driving SMC.

5.2.4.3 Cross functional experience in both Sales and Marketing

The study also investigated whether common experience could drive collaboration. Extant research into the drivers of SMC has studied participants working in either Sales or Marketing, but has not compared or analysed findings based on participants' previous experience working in the opposite function. As such, the study contributes to the field by specifically analysing the viewpoint of participants who have work experience in both Sales and Marketing. Thus, it is the first research to contrast the views of participants who have worked in *either* Sales or Marketing, or in *both* Sales and Marketing.

Researchers have argued that Sales and Marketing staff in Western cultures who have work experience in the opposite function will collaborate more effectively (e.g. Dewsnap & Jobber, 2000; Kotler, *et al.*, 2006). Consistent with this view, some participants, from both Sales and Marketing, recommended that Marketing managers should have Sales experience, and vice versa, to improve SMC. Some Sales participants expressed this view very strongly, insisting that their Marketing colleagues should have Sales experience and knowledge, and vice versa. For example, a Chinese Sales manager stressed that Marketers having Sales experience is “a must”. However, other interviewees questioned whether Marketing staff with Sales experience would perform better than those without any Sales experience. Several interviewees with both Sales and Marketing experience argued that the two functions require very different skills, and that experience in the opposite function would therefore be of little or no value.

Based on the responses of interviewees, therefore, no evidence was gathered that having experience in the opposite function had improved, or would improve, SMC in this MNC: some Sales participants who had worked in Marketing still argued that Marketing had little or no contribution to business performance. Similarly, some Marketing participants who had worked in Sales did not believe Sales staff would benefit from Marketing experience. A

participant in Marketing even provided evidence of how a colleague with Sales experience had performance challenges when he moved from Sales to the Marketing function.

Individuals with experience in both Sales and Marketing would presumably have more understanding of the roles of both functions. However, understanding Sales/Marketing roles and awareness of the differences between Sales and Marketing may not mean a person would be competent in either or both functions. In addition, while it might be theoretically attractive to have experience in both functions, there is the practical difficulty that the number of Sales staff vastly outnumbers Marketing staff, so it is unrealistic for the entire Sales staff to have Marketing experience.

Another reason why cross-functional experience may not be effective for increasing SMC in this multicultural MNC is that the collectivist characteristic of the Chinese staff may result in them focusing on their current function as a reference group. In other words, the desire to fit in with one's functional group is likely to be strong, and so staff will tend to focus on values and behaviours aligned with their functional group, irrespective of their previous experience. Future research could explore the role of a collectivist culture on collaboration and its relationship with cross-functional experience.

5.2.5 Other key findings on Sales/Marketing collaboration (SMC)

The preceding section discussed findings relative to key drivers of SMC identified in previous literature. As reported in Chapter 4, some participants mentioned other potential avenues to improve SMC. The following section summarises these suggestions: communication and information sharing, *guanxi* and relationships.

5.2.5.1 Communication and Information Sharing

A fundamental belief shared by members of collaborative groups is that their trust in, and commitment to each other, facilitates open communication. A barrier to SMC is then said to be ineffective communication and deficiencies in information sharing (Beverland *et al.* 2006;

Rouziès *et al.* 2005). As reported in Chapter 4, participants repeatedly suggested that improved communication between the two functions could benefit SMC in this MNC. In addition, a number of participants also argued that information sharing and the quality of information being shared are equally important.

A possible reason why participants stressed the importance of communication as a driver of SMC may be because of the diversity of this MNC in China. Not only were there different national cultures within this workplace, but also language barriers that placed particular demands on effective communication. Although most interviewees agreed that there is communication between the Sales and Marketing teams in this MNC in China, some, however, suggested that collaborative communication in a multicultural workplace will need to be more specific and meaningful than in a workplace with the same spoken and written languages. Multicultural work environments have the advantage of providing diverse skills and encouraging creativity (Ayoko & Härtel 2006; Ochieng & Price 2009). However, members in diverse work groups need effective communication to overcome their differences to solve problems effectively (Harrison & Klein 2007).

Thus in a multicultural workplace like the Western-headquartered subsidiary in China examined in this study, senior managers may play an even more important role in effective communication. Senior managers, for example, could design specific communication processes to facilitate bi-directional communication, choosing the style and means of communication in order to foster cross-functional and cross-cultural collaboration.

5.2.5.2 Guanxi and Relationships

In addition to communication, working relationships, or specifically, *guanxi*, between Sales and Marketing was another area that interviewees commented on when they were asked to suggest ways to enhance cross-functional collaboration. As discussed in the literature review chapter, there were different views on how comparable *guanxi* in China is to relationships in

the West. Although there is general consensus that *guanxi* has many similarities to the Western concept of relationship, research has suggested a high level of *guanxi* will have beneficial effects in China (e.g. Jehn & Weldon 1992; Kirkbride *et al.* 1991), and *guanxi* has been said to be key to successful business operations involving both Chinese and Westerners (Hui & Graen 1997). As such, one might expect *guanxi* to be more important in SMC in China than relationships in other Western countries. However, two interviewees argued that for Sales and Marketing to collaborate, good *guanxi* may actually *hinder* the effectiveness of the collaboration. Participants noted that people tend to say ‘yes’ to sustain a good *guanxi* in Chinese culture. However, when individuals from Sales and Marketing collaborate, they sometimes need to disagree, because their roles and perspectives vary. Thus, the aim of keeping good *guanxi* with their Sales or Marketing counterpart might inhibit them from voicing different opinions and perspectives.

In addition, some participants argued that the rapid turnover of labour in China has caused *guanxi* with other staff within the organisation to become less crucial, because *guanxi* involves an expectation of “repay” favours, but when staff turnover is high, Sales and Marketing staff may not be able to “repay” favours, as one or more of the partners in that relationship may leave at any time. As noted previously, investigation of *guanxi* has largely been limited to external *guanxi*, and not relations within the company or what has been called ‘internal *guanxi*’ (Perks *et al.* 2009). However this result extends previous research has suggested that the effect of *guanxi* is moderated by firm specific factors (Li & Sheng 2011), and also suggestions that *guanxi* may be less important for multinational corporations factors (Li *et al.* 2000).

5.3. Contributions of the Thesis

The proceeding sections explored the key results from the study. A dominant theme, perhaps unsurprisingly, was a lack of unanimity between participants. For example, some participants

indicated that relationships were good between Sales and Marketing, but others complained about their counterparts in the other function. Participants also differed in their views on the benefits of collaboration and on ways to strengthen collaboration between the two functions. Some Sales staff argued that experience in Sales helps Marketing staff perform at a higher level, but Marketing staff generally argued that experience in Sales would not be beneficial or could even be counter-productive.

Though disagreement between staff from the two functions is not unexpected – and may even be inevitable – as the first research to study SMC in an MNC in China, the thesis makes contributions to business practice in three particular areas. First, it extends other research that has provided divergent results on conflict between Sales and Marketing. Second, the thesis adds to the understanding of how organisational and national cultures interact within an MNC, and the implications for business. Third, it identifies potential pathways for increasing collaboration between Sales and Marketing. These three areas are examined in detail below.

Previous research has variously argued that Marketing and Sales are ‘at war’ with each other (e.g. Kotler *et al.* 2006) or that the relationship between the two is healthy (e.g. Dawes & Massey 2005). While this research studied only one organisation, these results show that categorising the relationship between Marketing and Sales at either extreme may be too simplistic. In the organisation studied, there was no evidence of open conflict, and thus no evidence to suggest that the Sales and Marketing functions are ‘at war’. Some individuals within each function certainly complained about individuals in the other function, but there was no evidence of obvious conflict between the two, using the general meaning of ‘conflict’ as undesirable. In contrast, Western managers repeatedly argued that Chinese staff were unwilling to voice disagreement when appropriate. As discussed in Chapter 4, one Western manager even attempted to increase the level of conflict within the organisation by encouraging his Chinese staff to disagree with another team at a meeting. Consistent with this view, in the eyes of Western managers, there appears to be insufficient *functional* conflict

within the organisation. Only one Chinese manager, a Hong Konger who had been educated and who previously worked in Hong Kong, argued that conflict can be beneficial, suggesting that most Chinese staff saw conflict as dysfunctional.

Given accounts from other managers that Chinese staff were unwilling to disagree when necessary, it seems likely that the presence of Western staff within the organisation may have increased conflict within the organisation – ideally resulting in a higher level of functional conflict, although with the potential for undesirable levels of dysfunctional conflict. The view that Western managers may increase conflict between Sales and Marketing teams within an organisation based in China has not been discussed before in the literature, and is a potential area for future research. For businesses operating in China, increasing *functional* conflict may be an important aim.

The second key contribution of the thesis is to identify the apparent subtle interplay between national and organisational cultures within this MNC. While it is not surprising that the Chinese national culture appears to influence the behaviour of Chinese staff within this MNC, the results provided multiple examples where the organisational and/or business culture appeared to encourage Chinese staff to sometimes behave in a way that is different from the typical depiction of Chinese in the Western literature. For example, the dominant view in the literature is that *guanxi* is indispensable in interactions between Chinese, and repeated studies into *guanxi* suggest, either explicitly or by implication, that *guanxi* is more important for Chinese than good relationships within Western societies and organisations. However, none of the interviewees argued that *guanxi* is more important in China than business relationships in the West. Conversely, several argued that China's dynamic business environment, and the subsequent regular turnover of staff, mean that *guanxi* with other staff within the organisation is *less* important in China. The subtle interplay between national culture and organisational culture in this MNC's operation in China suggest that senior management need to not only understand the differences between Chinese and American cultural attributes, but also to

nurture a workplace with an integrated culture as a key to successful business operations involving both Chinese and Westerners.

The final contribution of the thesis is to highlight that some features of the business environment that have been previously identified as increasing collaboration between Sales and Marketing may in fact increase *or* decrease that collaboration. For example, conflict can obviously be too high within an organisation, but as the previous discussion shows, conflict can also be too low, with staff unwilling to voice conflict when appropriate.

Similarly, information sharing has often been advocated as a mechanism for enhancing SMC, and several interviewees complained that the lack of appropriate information hindered their ability to do their job effectively. However, unless the shared information is relevant and useful, information sharing may distract staff by requiring resources, in particular staff time, to collect, share, and process information, and thus decrease collaboration. Equally, though establishing common goals is frequently said to be important to facilitate SMC, several interviewees argued that the differences between Sales and Marketing mean that goals need to be different across the two functions. Instead, goals need to be aligned, but not so closely aligned that they fail to capture the differences between Sales and Marketing.

The preceding discussion suggests that there may be strongly non-linear responses to increasing levels of factors that have been suggested in the Western literature as increasing SMC. While non-linear effects of conflict, information sharing, and goal alignment have been reported in the literature, optimising each of these factors has not previously been emphasised in the literature on SMC. It is also possible that staff can spend too much time collaborating with the opposite function, to a point where collaboration itself becomes inefficient. The consequence is that the benefits of SMC may themselves be non-linear, with decreasing returns for higher levels of collaboration.

In summary, although previous research on SMC tends to emphasise the benefits of increasing collaboration, this research suggests that businesses may benefit more by identifying and promoting desired behaviours, rather than attempting to increase a construct such as collaboration that means different things to different people and in different cultures. These results suggest that in this organisation, business results would benefit from higher levels of conflict, that is, by increasing functional conflict, and by more substantial and consequential information sharing, rather than by *increased* information sharing. Yet several participants argued that achieving these objectives within this MNC would be challenging, because Chinese staff were generally reluctant to voice criticism in an open setting or to freely share information.

The argument above suggests that there is no one way to improve collaboration between Sales and Marketing, because appropriate actions will depend on the circumstances of each organisation. In addition, rather than focusing on 'collaboration', the preceding discussion suggests that organisations should focus on behaviours that are most likely to efficiently increase desired outcomes, such as business results. Given that caveat, the following section discusses recommendations for practice that can be drawn from the research.

5.4. Recommendations for Practice

The previous discussion shows the relationship between the Sales and Marketing in this MNC was certainly not one of “war”, as described by previous authors, such as Kotler *et al.* (2006). In particular, there was no evidence of open conflict, that is, of staff in one function directly confronting the opposite function. However, staff frequently complained about their opposite function, suggesting that there was less than optimal collaboration between the two functions. Most said their relationship with the opposite function was good, but also complained about the opposite function, and identified areas where collaboration could be improved.

There was, however, little agreement on useful strategies to improve collaboration between Sales and Marketing. Activities such as team building were said to be good in theory, but participants did not identify specific ways in which such activities would increase the likelihood of desirable outcomes for the business. This suggests a conundrum for managers, where staff reported that their relationship with the opposite function was good, but there was also evidence of subtle conflict between the two functions, with staff from both functions frequently complaining about the opposite function. Although staff complained about the opposite function to the interviewer, there was, however, an absence of open conflict between the two functions. When asked to identify avenues for increasing collaboration, there was no agreement on a common path to improve collaboration with the opposite function, with most suggestions for increasing collaboration involving a desire for the other function to behave differently. In the face of previous reports that Sales and Marketing reflect different cultures, characterised by different personalities, experience and goals, it is perhaps inevitable that there would be some conflict between the two functions, even if, as discussed previously, the conflict is not expressed openly to the opposite function. So the first key recommendation for managers is not to over-emphasise the extent of collaboration that it is realistic to achieve; some conflict between the two functions is probably inevitable, and as long as the conflict does not detract from organisational performance, managers might accept some conflict as an inevitable outcome of two functions, staffed by different individuals, working within one organisation, with intermittent, if inevitable, clashes.

But accepting that some conflict is inevitable, as discussed above, does not mean that managers should not attempt to manage the relationships between Sales and Marketing; instead, managers should focus on increasing behaviours that are most likely to efficiently increase desired outcomes. So the second recommendation for practice is that instead of focusing on collaboration, managers should identify the most important behaviours at a particular time for increasing desired organisational outcomes, and develop strategies to

increase the likelihood of those outcomes, with clear roles and responsibilities for Sales and Marketing in achieving those outcomes together. For example, if a key aim of the organisation is increasing product and service quality, then one of the roles of the salesforce might be to obtain information from customers and potential customers, and share that information with Marketing. In turn, Sales want Marketing to provide information that helps them sell more product, and/or keep customers loyal, and/or build customer value. In this type of situation, a focus on building collaboration, while attractive in theory, would not focus attention on the specific desired behaviour, that is, sharing of timely and relevant information between the two functions.

The preceding discussion suggests that some conflict is inevitable between Sales and Marketing, even if staff did not openly voice such conflict in this MNC. If conflict is limited to staff complaining about the other function, this may not hinder organisational effectiveness, and an effective strategy might then be for a manager to ignore such conflict. However, the apparent preference of Chinese staff and managers for avoiding conflict and confrontation of others has the potential to limit functional conflict; in particular, a preference for avoiding conflict and/or confrontation has the risk that a poor idea will go unchallenged. Similarly, staff who prefer to avoid conflict are likely to be unwilling to raise ideas, if they need to defend those ideas against their peers, or worse, against management. Staff who are not prepared to confront their peers or managers will also be unwilling to engage in critical review of the ideas of those peers or management. Without critical review of competing ideas, it is difficult to imagine that there will be effective collaboration between functions, or within functions. So the final recommendation for practice is that organisations, particularly those where staff come from cultures with very different preferences around conflict and confrontation, consider what organisational practices are required to obtain the desired level of healthy confrontation within the organisation.

What is a 'healthy' level of confrontation is likely to vary between organisations, and in some organisations, between staff roles and levels. The organisation investigated in this study states that innovation and open communication are core values, so it might be expected that staff would be prepared to speak out and openly debate ideas. However, the results of this study show clearly that Chinese staff were reluctant to speak out and challenge others. So what might the organisation do when a corporate value of open communication (including a willingness to challenge others) is in such stark contrast with the strong Chinese cultural preference *not* to confront others directly, particularly those of higher rank? The organisation can either attempt to ensure that it hires staff who have the communication skills that the organisation seeks, and/or train existing staff in those communication skills. Moreover, as discussed above, there were differences between Western and Chinese managers in what they think they could do to drive better SMC. To encourage communication between the two teams, and between staff and managers, Western and Chinese managers of Sales and Marketing will first need to agree on what they can do to facilitate better collaboration between Sales and Marketing team, and discuss and align their staff's expectations with theirs.

Many organisations, particularly foreign subsidiaries of MNCs, provide cross-cultural training to prepare staff who are sent to work in a different culture. However, in 25 years of working in MNCs, including approximately 12 years in subsidiaries located in non-English speaking countries, the author has never encountered cross-cultural training for non-Western locals who need to work with Western managers, to help them anticipate, and respond to, the expectations of those Western managers. Even if cross cultural training was extended to local MNC staff, it is unlikely to address the very specific behaviours needed for staff to speak out and/or confront others, especially senior staff. Given the apparent Chinese preference for *not* speaking out, selecting and/or training staff to appropriately confront others, including, where appropriate, senior staff, may not be easy. However, just as airlines train junior pilots to

confront their seniors if a mistake is being made, and hospitals train junior staff to confront senior doctors (BBC 2015), organisations may benefit from training junior staff to speak out in order to ensure that good ideas are raised, bad ideas are challenged, and competing ideas and strategies are vigorously debated. Equally, the organisation needs to ensure that senior managers are prepared to be challenged and that junior staff are not punished for, or discouraged from, raising contrary views. So the organisational culture needs to seek, encourage, and reward different ideas and perspectives.

5.5. Limitations of the Research

Although the study provides the first exploration of SMC in an MNC in China, the research has several major limitations. The first is that only one MNC's operation was studied. As a result, the findings cannot be generalised to other MNCs operating in China. In addition, because only one subsidiary of this MNC was studied, the results may or may not apply to the same MNC operating in different markets around the world. Furthermore, studying one organisation makes it impossible to determine the causes of differences in views between individuals, and whether differences in views arise due to the different nationalities of interviewees.

The second major limitation of the study regards the limitations of an interview method. The relationship of the researcher with people in the MNC may result in a potential lack of frankness of interviewees, due to a concern about the interview not being confidential. However, interviewees appeared to speak openly, confidently, without any indication that they were guarding their responses. In addition, frequent criticism of the other function does not indicate any sign of lack of frankness. The final limitation of the research is each interviewee reported their own observations based on their previous experience working in one or more countries, and, they represent only a sample of Marketing and Sales staff within this MNC's operation in China. Although interviews were continued until saturation was reached, it is

possible that the reported experiences and views of the research participants will not fully reflect those of all Sales and Marketing staff in this MNC's Chinese operations.

Despite this, all research reflects a particular setting at a particular point in time – or for longitudinal research, across a limited period. As the first to study the extent of SMC in an MNC's operation in China, the results of this study extend knowledge in the body of research on SMC, including the drivers of and barriers to SMC in a multicultural workplace. In addition, the diversity of research participants in this study provides multiple in-depth perspectives, which have largely been missing in previous research. The diversity of the research participants thus provides a benefit: participants represented different levels of authority, came from different national cultures, and had varying work experience, for some including experience in their opposite function and in different geographic markets. These backgrounds add value to the study by offering multicultural and multi-functional perspectives that have not have been represented in previous research.

5.6. Implications for Further Research

The study offers a variety of pathways to explore cross-functional relationships. A potential area for research is to investigate the impact of inter-functional collaboration on organisational effectiveness. That type of study would ideally research and collect measures of the collaborative process and results, such as employee engagement and market share, and then examine their relationship with typical measures of employee efficiency and financial effectiveness. The association between collaboration and other measures of organisational effectiveness, such as employee turnover (employee efficiency) and profitability (financial effectiveness) could also be investigated.

Organisations may also benefit from a deeper examination of the process of inter-functional collaboration. Further research could use the critical path method to identify and evaluate the discrete tasks and decision points involved in collaboration to achieve organisational

effectiveness. The critical path method, a project management methodology, involves identifying all activities and the duration required to complete a project, the relationships among the activities, and project milestones (Kelley Jr & Walker 1959). When is it vital for Sales to collaborate with Marketing, for example, in information provision and feedback? For Marketing, what are the critical pathways involving Sales' collaboration to test a value proposition for a product with customers? A process-oriented approach may discover tasks that are better performed in parallel rather than together. That approach would allow a more robust understanding of whether more emphasis should be placed on the collaborative process or on the collaborative result in order to optimise organisational performance.

MNCs provide a rich context to explore the dynamics between national and organisational cultures, in particular when the assumptions, beliefs and values of the national culture where a subsidiary operates are different from those of the organisational culture of the parent company. Although an earlier study researched SMC in Saudi Arabia, a country with collectivist and high power distance, that research focused on mono-cultural workspaces (Malshe *et al.* 2012). Future research could investigate how organisational culture may evolve as a result of the dynamic exchange between the national and organisational cultures of a local subsidiary, and potentially influence national cultures in a multicultural workplace. A complementary question then is whether this new emergent culture would be any more effective in inter-functional collaboration such as Sales and Marketing. In addition, future research could give more attention to the different perspectives of managers and team members in their opinions about the benefits of, barriers to, and drivers of SMC. Lastly, a longitudinal study could also be conducted in one MNC over time to observe both staff and managers in Sales and Marketing in the MNC's subsidiary in China, analysing changes in their behaviours towards SMC over time.

5.7. Conclusion

As discussed in Chapter 1, while previous research has studied the drivers of, and barriers to, effective SMC, there has been no research examining SMC in the Asian subsidiary of a Western-headquartered multinational. As a result, this thesis set out to explore the extent of collaboration between Sales and Marketing in a multicultural MNC's subsidiary in China, the barriers to collaboration, the drivers of collaboration, and the implications for practice.

The study found a variety of views across interviewees on the level of collaboration between Sales and Marketing. Previous studies have variously argued, based on studies in different organisations, that collaboration between the two functions is poor (e.g. Dewsnap & Jobber 2000; Kotler *et al.* 2006) or effective (e.g. Dawes & Massey 2006; Le Meunier-FitzHugh & Piercy 2010). In contrast, this study found there were different views *within* the organisation. To characterise the relationship between Sales and Marketing as either good or poor would be an over simplification of the diverse views expressed by participants. However, unsurprisingly, and consistent with the consensus views in the literature, all interviewees agreed that collaboration would be, in theory, beneficial for organisational performance.

Previous literature has often assumed a strong (and negative) correlation between conflict and SMC (e.g. Dawes & Massey 2005; Lorge 1999), and suggested that decreasing conflict between the two functions will result in increased collaboration (e.g. Dewsnap & Jobber 2000; Kotler *et al.* 2006). This view may be appropriate in Western organisations where overt dysfunctional conflict may decrease collaboration. However, the results from this study are not consistent with a negative correlation between conflict and collaboration; interviewees overwhelmingly agreed that there was less conflict in this Chinese subsidiary than in subsidiaries of the same company located in Western countries, but many believed that there was *less* collaboration. This study found very little evidence of overt conflict; staff did

complain about the other function, but there was no evidence of these complaints being directly expressed to the opposite function.

The dominant Chinese national culture, with its preference for avoiding conflict, may explain the reports of lower conflict within this Chinese subsidiary, but does not explain the beliefs of many interviewees that there was also lower collaboration. This suggests that an absence of conflict does not necessarily lead to a higher level of collaboration, and conversely, that the presence of conflict may not result in a lower level of collaboration. This argument does not suggest that conflict is irrelevant to the level of collaboration; if levels of conflict are high, it would seem unlikely that collaboration between Sales and Marketing would be optimal.

However, these results suggest that increasing functional conflict for SMC may be a more important goal in Asian based MNCs, rather than a goal of decreasing dysfunctional conflict.

One of the most interesting results was the subtle interplay between national and American-HQ cultures in an MNC operating in China. The results were surprising in some areas, arguably because of the influence of American culture into the Chinese workplace. For example, previous research on the importance of *guanxi* in China has studied the close ties among co-workers, and managerial ties with other organisations. While previous research has suggested that *guanxi* between internal functions, or between organisations, has significant effects in creating benefits for organisations (e.g. Chen & Peng 2008; Perks *et al.* 2009), *guanxi* was not perceived by interviewees in this study to be as important as it has been suggested to be in a Chinese cultural context. It is not clear whether the perceptions of most interviewees that *guanxi* was largely unimportant (or even for some interviewees, potentially harmful), is due to decreasing importance of *guanxi* in China, or instead, as some literature has suggested, because the high demand uncertainty and technology turbulence evident in MNC X's industry has changed the effect of managerial ties from beneficial to detrimental (e.g. Li & Sheng 2011).

When Sales and Marketing participants were asked about the benefit of collaboration, different interviewees reported different potential benefits of collaboration, and perhaps more importantly, described different behaviours as contributing to organisational effectiveness. Thus, the final recommendation of the study to organisations would then be that rather than focusing increasing ‘collaboration’, *per se*, organisations should identify and prioritise the behaviours that are likely result in desired business outcomes. Previous literature has emphasised the need for collaboration under the assumption that collaboration between Sales and Marketing is critical for driving improved business results. However, this study's results suggest that a focus on specific behaviours that are considered to be most important for Sales and Marketing may be more likely to lead to desired business outcomes than a focus on the much broader area of SMC. For example, the organisation investigated in this study encourages staff to make constructive criticisms. Although criticism may be seen as offending others in the Chinese culture, staff should still be encouraged to speak out and openly debate ideas. In short, if collaboration is the goal, then a focus on collaboration is justified. However, if, as seems more likely, the aim of the organisation is to maximise long-term profits, then a focus on factors that seem most likely to deliver that goal – including, if appropriate, an increase in short-term conflict – may be more appropriate.

Appendices

Appendix One - Interview Guide

1. How long have you been in Sales/Marketing?
2. How long have you been at MNC X?
3. Have you ever worked in Sales/ Marketing/another job function? For how long?
Where?
4. Have you worked in other countries? Have you lived in other countries? Where and how long?
 - a. If yes, what countries have you worked in Sales or Marketing?
5. Do you think it is important for Sales and Marketing to work well together?
6. Do you think Sales and Marketing people work well together within MNC X? Give me an example how Sales and Marketing works well together. Give me an example how they don't work well together.
7. Do you think working better with your other colleagues in [*opposite function*]²⁰ would help you do your job better?
 - a. If yes, why? Can you give me an example?
 - b. If no, why not?
8. Do you think if Sales and Marketing worked better together it would help the company? Why or why not? How? What kind of business results?
9. Do you believe there is conflict between Sales and Marketing? If yes, what kind of conflict?

²⁰ 'Opposite function' means that Sales participants were asked about the other function (i.e. Marketing), and vice versa.

- a. Can you give me an example?
10. Can you remember any occasion where there was conflict between Sales and Marketing? What happened? Did it affect you?
11. What do you do if there is conflict between yourself and your colleagues in [*opposite function*]? Can you give me an example?
12. What do you think could help ease conflict between Sales and Marketing?
13. Do you think having some conflict between Sales and Marketing can help you do your job better? How? Why?
14. What stops (challenges) Sales and Marketing working better together? Why are the reasons important?
15. How can Sales and Marketing work better together?
16. What could motivate them to work better together?
17. How can these factors be implemented?
18. Do you think Marketing and Sales having common or aligned goals would help them work better together?
- a. Can you give me an example?
19. Is a senior manager important in Sales/Marketing collaboration? What can senior managers do to encourage Sales and Marketing to work better together?
20. Do you think salespeople having experience in Marketing and vice versa would help them work better together?
21. How is your relationship with your [*opposite function*] colleagues? Do you think *guanxi* between Sales and Marketing is important? Do you think having better *guanxi* with your counterpart in [*opposite function*] would help you do your job better? Why?
- a. Can you give me an example?

(Additional questions were asked of interviewees who have work experience outside China)

1. Do you think *guanxi* in China is more important than in the West? Why or why not?
2. When it comes to cross team collaboration, do you find working in the West difference from working in China? If so, how?
3. Do you think that in a market like China, Sales and Marketing working better together would help the company more than in markets like the USA? Why or why not?
4. Do you think the factors driving Sales and Marketing effectiveness will be any different in the West and in China? Why or why not?

Appendix Two – Interviewee Details

Pseudonym	Function	Level	Previous experience opposite function	Previous experience outside China	Nationality	Native language
Jacob	Sales	Manager	Yes	Yes	American	English
Michael	Sales	Manager	Yes	Yes	American	English
Matthew	Sales	Manager	Yes	Yes	German	German
Joshua	Marketing	Manager	Yes	Yes	American	English
Christopher	Marketing	Manager	Yes	Yes	Singaporean	English
Jordan	Sales	Manager	Yes	No	Chinese	Mandarin
Andrew	Sales	Manager	No	No	Chinese	Mandarin
Joseph	Marketing	Manager	Yes	Yes	Hong Kong	Cantonese
Emily	Marketing	Manager	Yes	Yes	Chinese	Mandarin
Tyler	Sales	Staff	Yes	Yes	Chinese	Mandarin
Anthony	Sales	Staff	Yes	Yes	Hong Kong	Cantonese
Hannah	Marketing	Staff	Yes	Yes	Hong Kong	Cantonese
Alexis	Marketing	Staff	Yes	No	Chinese	Mandarin
Sarah	Marketing	Staff	Yes	No	Chinese	Mandarin
Brandon	Sales	Staff	No	Yes	Hong Kong	Cantonese
Mason	Sales	Staff	No	No	Chinese	Mandarin
Austin	Sales	Staff	No	No	Chinese	Mandarin
Gabriel	Marketing	Staff	No	Yes	Chinese	Mandarin

Pseudonym	Function	Level	Previous experience opposite function	Previous experience outside China	Nationality	Native language
Samantha	Marketing	Staff	No	No	Chinese	Mandarin
Jessica	Marketing	Staff	No	No	Chinese	Mandarin

Appendix Three – Information and Consent form

MACQUARIE GRADUATE SCHOOL OF MANAGEMENT

Name of Project: An Examination of Sales and Marketing Collaboration in a Western-Headquartered Chinese Subsidiary

You are invited to participate in a study of research exploring what drives effective Sales and Marketing collaboration in a Western-Headquartered Chinese subsidiary. The purpose of the study is to identify the potential barriers to and drivers of collaboration between the two functions in a multinational corporation in China.

The study is being conducted by Hedy Ho (ph: 852-91872416) to meet the requirements for the degree of Doctoral of Business Administration under the supervision of Associate Professor Suzan Burton (ph: 612-9850 9967, email: suzan.burton@mgsm.edu.au, MGSM).

If you decide to participate, you will be asked to participate in a face-to-face interview or a conference call for approximately 1.5 hours. The interview will be conducted in English and Mandarin and will be audio-recorded for transcription later.

Any information gathered in the interview is confidential. No individual will be identified in any publication of the results, and only the researchers involved will have access to the data. Selected quotations from the interviews may be included in the related publications, but no individual will be identified in any way. It is expected that once the data have been analysed, the research will be published in academic papers, and a summary of the results will be available as an MGSM Working Paper which will be able to be downloaded from the web (<http://www.gsm.mq.edu.au/research>). Should you be interested in the results of this research, you can also request a summary of the results by contacting Hedy Ho at hohedy2003@yahoo.com.

Participation in this study is entirely voluntary: you are not obliged to participate and if you decide to participate, you are free to withdraw at any time without having to give a reason and without consequence.

I, (*participant's name*) have read and understand the information above and any questions I have asked have been answered to my satisfaction. I agree to participate in this research, knowing that I can withdraw from further participation in the research at any time without consequence. I have been given a copy of this form to keep.

Participant's Name:

(block letters)

Participant's Signature:

Date:

Investigator's Name:

(block letters)

Investigator's Signature:

Date:

The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone (02) 9850 7854; email ethics@mq.edu.au). Any

complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

(INVESTIGATOR'S [OR PARTICIPANT'S] COPY)

Appendix Four - Introduction to NVivo

NVivo is a software package for conducting qualitative data analysis, with the full title of NUD.IST Vivo. NVivo has five principal functions, namely (1) managing and organising data, (2) managing ideas, (3) querying data, (4) graphically modelling the ideas and concepts that are being built from the data, and (5) reporting from the data (Bergin 2011). For example, the data management function of NVivo allows researchers to import qualitative data in the form of documents from popular word processing software packages, and code these documents easily on screen (Welsh 2002). NVivo 8 also allows qualitative researchers to input non-text data, such as video and audio files in different formats (Wiltshier 2011). The researcher can associate codes with chunks of text, sounds, pictures or video (Lewis 2004). The coding of the qualitative data such as interview scripts can be made visible in the margins of the documents, so that the researcher can easily recognise the codes and the locations of the text where the codes have been used (Welsh 2002). Qualitative researchers can search these codes for patterns, and construct classification of codes (Lewis 2004). NVivo also allows researchers to write memos about particular aspects of the documents and link these to related section in different documents (Welsh 2002).

One reason for using NVivo is that it is often easier and quicker to code text on screen than coding text manually by means of cutting and pasting different pieces of text relevant to a single code onto pieces of paper (Welsh 2002). Another reason for using NVivo is that it provides a single location for storing the data which facilitates subsequent access to materials, and ensures consistency in coding schemes (Bergin 2011).

Moreover, NVivo allows researchers to search for words and phrases efficiently, some of which are anticipated, while others emerge during data analysis (Wiltshier 2011). Researchers can search for text strings and conduct word frequency counts (Schönfelder 2011). This search facility helps researchers increase their accuracy by ruling out researcher errors due to

memory errors, because through the use of the search facility, the researcher can check whether their impression of the data corresponds to the reality presented in the data (Welsh 2002). Once coding is complete, NVivo allows the researcher to compare data across different “variables” anticipated by the research questions, or across others which emerge during data analysis (Wiltshier 2011). Furthermore, the visualisation tools of NVivo, such as models and charts, facilitate the discovery of themes that might be difficult to uncover manually (Schönfelder 2011; Welsh 2002).

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