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Strategic antecedents and organisational consequences of IMC in different economy types

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ABSTRACT

Successful companies develop competitive advantages over their rivals. Drawing on the dynamic capabilities theory, Integrated Marketing Communications (IMC) can be considered as a source of competitive advantage. Enhanced by the effects of the appropriate strategic orientation, IMC may positively influence customer, market and financial performance. However, these proposals need further empirical analysis. Based on data from surveyed businesses in both developed and emerging economies (Spain and Belarus, respectively), the study uses structural equation modelling (SEM) to analyse the relationships in the theoretical model. The results suggest that while market orientation has a direct relationship with IMC in both countries, the relationship between technology orientation and IMC can only be found in a developed economy. In addition, the potential of IMC for business advantage sustainability is verified; in a developed economy, however, the verification was for customer and market performance, but not for financial performance. Conversely, in an emerging economy only customer performance could be verified, despite IMC having an indirect relationship with financial performance in both types of economies. Thus, the economy type moderation effect analysis clearly supports the differences caused by the implementation of IMC in developed and emerging economies.

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IMC; strategic orientation; organisational performance; inter-country analysis

Introduction

In recent decades, the topic of integrated marketing communications (IMC) has been considered as a research priority (Kumar, Keller, and Lemon 2016; Tafesse and Kitchen 2017). Originally and under a 'narrow' approach, IMC was interpreted as a simple integration of marketing communication elements, making them speak as one, with the aim to affect consumer behaviour (Nowak and Phelps 1994). The 'broad' definition of IMC, used nowadays, evolved from various studies that conceptualised the IMC framework from different perspectives (integrative, strategic, communication, performance-oriented) (Tafesse and Kitchen 2017). Under the 'broad' approach, IMC is defined as

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a business process of cross-functional integration of marketing communications within the scope of a company's activities, up to the corporate level, with the aim of bringing a competitive advantage (Kerr and Patti 2013; Kliatchko and Schultz 2014). Following this, some authors consider IMC as a company's capability with a positive influence on organisational performance (Li and Liu 2014; Luxton et al. 2017).

However, the complexity of the IMC integration framework slows down the development of empirical studies in the area, which are still scarce (Tafesse and Kitchen 2017). To solve the gap and to speed up the theory development, Tafesse and Kitchen (2017) suggested performing empirical studies focusing on the specific logical elements of the IMC integrative framework. Thus, following this recommendation and to address the research gap, this study is based on the strategic and performance-oriented perspectives of the IMC 'broad' definition reasoning from the dynamic capabilities theory context. The use of the dynamic capabilities theory can be justified because of the specific characteristic of the modern environment, which is uncertain, due to the fast-paced market and technological advances (Teece 2007).

An uncertain environment challenges the sustainability of the company's competitive advantage provided by IMC implementation (Mikalef and Pateli 2017). The dynamic capabilities theory represents an attempt to solve this issue (Teece 2007). It suggests that in an uncertain environment, companies should develop capabilities, including sensing for information about market and technology changes, seizing internal capabilities by using this information, and continuous transformation in line with the strategy to address environmental changes and make it difficult for imitators (Teece 2007). This, in turn, helps to keep the positive impact of IMC on performance. Applying the dynamic capabilities theory in this research, market orientation (MO) and technology orientation (TO) were chosen for analysis as antecedents of IMC, following the IMC 'broad' definition. More specifically, MO represents the company's ability to sense market information (about customers, competitors, and environmental trends) and integrate it in seizing internal capabilities, with the aim to increase their effectiveness and gain a competitive advantage (Šeric, Gil-Saura, and Ozretić-Došen 2015; Teece 2007). Considering the speed of technology changes, additionally to MO, TO provides companies with extra information about environmental trends and brings the possibility of interactive dialog with the customers. TO also facilitates the dissemination of information within the organisation and speeds up the decision-making process (Luxton et al. 2017; Reid 2005; Xu et al. 2018). Thus, applying MO and TO together enhances the IMC implementation effectiveness towards gaining a competitive advantage.

However, the study of the MO influence on IMC is limited by a few studies focusing on brand orientation and brand performance (Luxton et al. 2017; Reid 2005). In addition, the influence of TO on IMC as a 'broad' concept has not been previously studied. Thus, considering the impact that MO and TO may have on the IMC, this study analyses the influence of these two critical strategic antecedents on IMC implementation effectiveness.

Additionally, previous studies have highlighted the gap in building a consistent performance-results framework of IMC implementation (Reid 2005; Tafesse and Kitchen 2017). Some studies have found a distinct positive influence of IMC on customer performance (CUP) (Šeric, Gil-Saura, and Ozretić-Došen 2015) or on market performance (MP) (Reid 2005). Other research provides evidence for a positive link between either marketing capabilities and financial performance (FP) (Vorhies and Morgan 2005) or

integrated corporate management and performance (Einwiller and Boenigk 2012); however, the direct relationship between IMC as a 'broad' concept and FP (business profitability) has not been empirically studied. Even though Luxton et al. (2017) considered the direct relationship between IMC and FP, FP was regarded as part of a bigger scale called 'overall brand performance'. Also, some authors suggest that it is useful to think of the IMC outcomes as interrelated (Luxton, Reid, and Mavondo 2015; Porcu, Del Barrio-Garcia, and Kitchen 2017; Reid 2005). But previous studies have not analysed the relationship between the IMC and its different outcomes or their mediating effect on IMC implementation as a source of competitive advantage (Tafesse and Kitchen 2017). Thus, following the dynamic capabilities theory and based on the 'broad' definition of IMC, this research focuses on the analysis of three IMC outcomes (CUP, MP, and FP), the interrelationships between them, and the impact of individual IMC outcomes on the overall IMC implementation effectiveness.

Moreover, previous research on IMC, on both its antecedents and consequences, has been carried out in Western developed economies, and little is known about the IMC implementation in emerging economies (e.g. Luxton et al. 2017; Reid 2005; Šeric, Gil-Saura, and Ozretić-Došen 2015). Taking into consideration the postulate of institutional theory, companies' behaviour may vary in different environments and economy types (Scott 2008; Shinkle, Kriauciunas, and Hundley 2013). Since there are many differences between developed markets and emerging ones, this narrow focus limits theoretical completeness and is a significant gap in the literature (Li and Liu 2014; Zhou and Li 2010). Thus, to make a first attempt to close the gap in generalising the research results, this study is conducted in two different economic settings – Spain representing a developed economy, and Belarus representing an emerging economy – as a testing ground for the inter-country empirical analysis of the IMC theoretical model (Cadogan 2010). Two countries, selected for the comparative analysis, distinctive in MO and technological innovation levels (Heritage Organization 2017; Marketing.by 2017; Shinkle, Kriauciunas, and Hundley 2013; Statista 2017) but still not so distant geographically, both have high level of the society informatization and demonstrate recent positive economic growth (Dutta et al. 2018; ITU 2017; The Worlds Bank Publications 2018). Even considering only two data points used in the research, it is still a good starting point for further generalisation of the research results (Cadogan 2010).

In summary, to address the mentioned research gaps, the article follows four key objectives: from the dynamic capabilities theory perspective and based on the 'broad' approach for the IMC definition, (1) to empirically analyse the effects of two critical strategic orientations (MO and TO) on IMC from the firm-wide perspective; (2) to study the consequences of IMC for three organisational performance criteria (customer, market, and financial); (3) to analyse the interrelationships between IMC outcomes and their mediation effect on IMC implementation effectiveness; and, based on the institutional theory, (4) to analyse the moderating effect of the economy type (developed or emerging) in the aforementioned relationships. Empirical data were obtained from a survey of 180 firms in a developed economy (Spain) and 242 firms in a transition economy (Belarus).

Drawing from the dynamic capabilities theory, this research aims to provide empirical results on the relationship between firms' strategic orientation (MO and TO) and IMC as a 'broad' firm-wide approach. Additionally, the research aims to determine the effect of IMC implementation on organisational performance. It further seeks to measure the

interrelationships between outcomes and their mediation effect on IMC implementation effectiveness. Moreover, the inter-country context aims to provide a first attempt towards generalising the results.

From a practical point of view, this research addresses the issue of understanding the importance of gathering information about both market and technology changes and using this information to improve companies' communication – in other words, to enhance the IMC implementation. It further explores the potential of IMC to provide a competitive advantage to the firm and positively affect CUP, MP, and FP. It also seeks to understand whether the individual IMC outcomes (e.g. CUP and MP) may mediate the IMC effectiveness towards financial outcomes. Moreover, the inter-country applicable results should be particularly valuable for better decision making in the international companies that are present in both developed and emerging economies.

Based on the research objectives, the article starts with a literature review. Then, it describes the methodology, the results of the data collection, the model measurement, and the multi-group analysis. The paper concludes with a discussion of the theoretical and practical implications of the paper and future research topics.

Research framework

The IMC concept has been widely discussed in the literature in recent years, and it still creates confusion and misunderstanding (Kumar, Keller, and Lemon 2016; Tafesse and Kitchen 2017). IMC concept development passed several stages, and several approaches can be applied to its definition. The 'narrow' approach represents IMC as integration of the elements of marketing communication to make them speak in 'one voice' (Nowak and Phelps 1994). The 'firm-wide' approach suggests that IMC is a 'business process' of marketing communications integration with all the levels of a company's activities (Duncan and Moriarty 1998; Schultz and Schultz 1998). Considering the lack of the strong theoretical conceptualisation of IMC, Kliatchko (2008) combined the 'narrow' and 'firm-wide' approaches and made a first attempt to provide a 'broader' definition of IMC. He classified four main components of IMC, and, based on integration levels provided by Schultz and Schultz (1998), he also specified the different levels of integration for each IMC component. He suggested to define IMC as a stakeholder-centric concept of the cross-functional process of integration of the following components: content ('one voice' message), channels (all the possible media touchpoints), stakeholders (customer data), and measurable results (the control of strategic fit).

In parallel, Balmer (2001), in his studies on corporate marketing, claimed the need to apply the 'broader' approach of integration of communications up to the corporate level. He suggested the need for three integration types: management integration (cross-department communication), organisational integration (authority in IMC planning and decision making), and marketing communications integration at the corporate level. Balmer (2001) claimed the need to change from the traditional marketing view of IMC focused on product-level to corporate-level concerns. This point of view is also supported by the scope of more recent studies, both theoretically (Kerr and Patti 2013; Porcu, Del Barrio-Garcia, and Kitchen 2017) and practically oriented (Kliatchko and Schultz 2014), which follow a 'broad' approach in IMC definition and underline the need of its connection with the company's strategy. Einwiller and Boenigk (2012) even

rejected the acronym IMC and changed it to IC (integrated communications) to underline the importance of communications management up to the corporate level. A recent study by Tafesse and Kitchen (2017) reviewed all previous perspectives from a 'broad' IMC definition (integrative, strategic, communication, performance-oriented) and combines them into the 'IMC integrative framework' underlying the complexity of the latter. Thereby, our study follows the 'broad' approach to IMC concept definition, keeping the acronym IMC to avoid future confusion.

The strategic perspective of the 'broad' IMC concept definition implies the need to collect up-to-date customer information to further improve the communication message with the aim to transform the company's efforts into a competitive advantage (Šeric, Gil-Saura, and Ozretić-Došen 2015). This is supported by the dynamic capabilities theory, which says that under the conditions of an uncertain environment, complicated by the growth of competition and high speed of innovations, the organisation needs to sense market and technology changes. This information is critical to further seize firm capabilities, and continuous transformation towards environmental changes in line with a firm's strategy can bring a sustainable competitive advantage (Teece 2007). The fact of being strategic-orientated facilitates the collection of information and its dissemination within the organisation. Furthermore, it enhances the transformation of IMC for sustaining the advantage under conditions of uncertainty (Li and Liu 2014).

Moreover, communication integration with management activities at the corporate level justifies the role of the decision-making process in IMC implementation effectiveness (Balmer 2001; Duncan and Moriarty 1998; Kerr and Patti 2013). The institutional theory states that companies' behaviour varies depending on their external environmental conditions (Scott 2008); this means that firms' reactions to changes and managerial decisions vary depending on their environment.

Firms' strategic orientation as an antecedent of IMC

The choice of MO and TO as a key strategic orientation is defined by the choice of dynamic capabilities theory as the theoretical framework in building this research.

From a strategic point of view, MO is a business orientation that consists of the generation of market intelligence (about customers, competitors, and environmental trends), its dissemination within the organisation, and the firm's responsiveness to changes in accordance with this market intelligence (Matsuno, Mentzer, and Rentz 2000). However, nowadays market-oriented companies cannot ignore the exogenous market pressure of technological advancement and the rapidity of innovation (Mikalef and Pateli 2017; Xu et al. 2018). As a strategic orientation, TO represents companies' commitment to R&D and innovation and consists of the acquisition and application of the latest technology in both new product development and marketing practices (Gatignon and Xuereb 1997). Complementary to MO, TO brings the company more specific data about the environmental trends. Additionally, through applying innovations within the organisation, being technology-oriented may facilitate the dissemination of information within the organisation and, as a result, speed up the decision-making process (Trainor et al. 2011; Xu et al. 2018). Considering the pressure from the speed of the environmental changes, companies that can collect more information more quickly will be more successful in seizing their internal capabilities. Consequently, TO,

applied additionally to MO, can activate the **synergy effect** and strengthen the IMC implementation effectiveness.

Hence, drawing on the strategic perspective of a 'broad' IMC definition, both MO and TO, as key firm strategic orientations, encourage the seizing of environmental changes. TO, being applied together with MO, can help the company to collect even more up-to-date market information and transform it faster into decisions, in order to be ahead of competitors in reacting to market changes (Luxton et al. 2017; Reid 2005; Trainor et al. 2011). Drawing on these points, the present study proposes that applying an MO or a TO can significantly enhance the potential of IMC as a dynamic capability. Thus:

H1: MO has a positive effect on IMC.

H2: TO has a positive effect on IMC.

IMC and performance

IMC uses information obtained from the sensing of market and technology changes to seize marketing communications and send up-to-date personalised messages through the channels preferred by customers (Finne et al. 2017). As a result, a more favourable customer perception of company communications should have a positive effect on customer satisfaction and loyalty, and, in turn, on CUP (Mulhern 2009).

H3: IMC has a positive effect on a firm's CUP.

Moreover, the process of cross-functional integration enables the transformation of data obtained from customer communications into further improvements. It facilitates the continuous renewal and updating of communicational messages (Mulhern 2009). A more effective customer communication should also have a further positive effect on market share and growth, and thus on MP.

H4: IMC has a positive effect on the firm's MP.

Previous research suggests that marketing capabilities positively affect FP (Vorhies and Morgan 2005). The cross-functional integration as a part of IMC calls for the measurement and evaluation of a company's communications results to control their congruence with the corporate strategy and to advance further improvements and transformations (Einwiller and Boenigk 2012). From a strategic perspective, it should give the company the additional competitive advantage needed by the market and thereby a superior FP (Finne et al. 2017). Luxton et al. (2017) identified a direct relationship between IMC and FP; however, FP was regarded as part of a larger scale called 'overall brand performance'. Thus, we propose:

H5: IMC has a positive effect on the firm's FP.

Following the IMC integrative framework, IMC outcomes can be grouped based on the implementation levels: tactical outcomes, at the marketing communication level; functional outcomes, at the marketing function level; and strategic outcomes, cross-functionally throughout the organisation (Einwiller and Boenigk 2012; Kerr and Patti 2013; Tafesse and Kitchen 2017). Some authors suggest that three outcome levels are interrelated, which means that the performance-results framework of IMC implementation is more complex (Porcu, Del Barrio-Garcia, and Kitchen 2017; Reid 2005; Tafesse and Kitchen 2017). For instance, a one-time consumer response (tactical outcome) can be stored and analysed to generate customer knowledge (intermediate outcome). In turn, this knowledge can be leveraged to drive firm profitability by better serving customers on an ongoing basis (strategic outcome). This suggestion was used in the recent study of Luxton, Reid, and Mavondo (2015), in which the authors demonstrated a hierarchical effect of IMC outcome. The research supports that campaign effectiveness (tactical) contributed to brand MP (functional), and both of these outcomes, in turn, contributed to brand FP (strategic). Consequently, we propose that:

H6: CUP has a positive effect on MP.

H7: CUP has a positive effect on FP.

H8: MP has a positive effect on FP.

Thus, the existence of the aforementioned relationships between the IMC outcomes may have a further indirect effect on the implementation of IMC as a source of competitive advantage (Reid 2005). Tafesse and Kitchen (2017) suggest that the integration scope supposes to have a further effect on the IMC outcomes: tactical, such as customer response to the communication; functional, such as customer satisfaction and retention; and strategic, such as market growth or improved business performance (Einwiller and Boenigk 2012; Tafesse and Kitchen 2017). Based on this, we propose the following hypotheses:

H9: CUP mediates the relationship between IMC and MP.

H10: CUP mediates the relationship between IMC and FP.

H11: MP mediates the relationship between IMC and FP.

The moderating effect of the economy type

The institutional theory states that companies' behaviour may vary depending on the economic environment in which they operate (Scott 2008). As in most emerging economies, the levels of competitive intensity, market dynamism, and technological turbulence are lower in an emerging economy than in a developed economy (Shinkle, Kriauciunas, and Hundley 2013). Some authors have related these factors with the levels of economic freedom, suggesting that countries with a lower level of economic freedom have lower levels of MO and lower investments in innovation activities (Shinkle,

Kriauciunas, and Hundley 2013; Su and Si 2015). More specifically, the level of economic freedom may affect the processes inside the organisations. Su and Si (2015) have pointed out that organisational objectives, processes, and performance vary according to the level of economic freedom in a country (from free markets to centrally planned ones).

Previous research has managed to demonstrate the moderating effect of environmental dynamism and competitive intensity on the strength of the relationship between strategic orientation and dynamic capabilities (Zhou and Li 2010). Pressed by the growth of competition and fast market and technology changes, in developed economies companies are more motivated to implement best practices inside the organisation in order to stand out from their competitors (Li and Liu 2014). Contrariwise, emerging economies with lower levels of economic freedom have lower levels of market rivalry, marketing activity, and innovations, and they are exposed to relatively minor environmental changes (Estrin 2002; Su and Si 2015).

Additionally, using new technologies and channels in market communication helps companies to build interactive dialog with customers, which brings extra knowledge (Mulhern 2009). The low level of environmental dynamism and technological innovation, together with the low level of marketing communication due to a low level of market activity, causes a smaller amount of upcoming market information, which slows down both organisational learning and the acquisition of experience (Shinkle, Kriauciunas, and Hundley 2013; Zhou and Li 2010). Up-to-date market information is critical for the implementation of dynamic capabilities (Teece 2007). Thus, in an emerging economy, the effects of a firm's strategic orientation on IMC, as a dynamic capability, may be weaker than in a developed economy (Trainor et al. 2011; Shinkle, Kriauciunas, and Hundley 2013; Zhou and Li 2010). Following this, we suggest that:

Hypothesis 1a: The effect of MO on IMC is stronger in a developed than in an emerging economy.

Hypothesis 2a: The effect of TO on IMC is stronger in a developed than in an emerging economy.

Furthermore, empirical studies demonstrate the moderating effect of market dynamism on the relationship between dynamic capabilities and organisational performance, showing that, in a more stable environment, this effect is weaker (Li and Liu 2014; Xu et al. 2018). In a more dynamic environment with opportunities that pass quickly, and a high number of competitive threats, which we usually find in developed economies, the environmental turbulence reduces the competitive position and potential value of current ordinary capabilities. It forces companies to apply frequent and complex changes, reinforcing the importance of dynamic capabilities such as IMC (Li and Liu 2014). In such conditions, companies are particularly sensitive to implementing IMC as a dynamic capability that can sustain a competitive advantage (Teece 2007; Trainor et al. 2011). When the environment is less dynamic, with no significant technological progress or few changes in the market, as it generally is in emerging economies, transforming ordinary capabilities into dynamic capabilities is probably too expensive or may come at a cost that exceeds the benefit (Schreyögg and Kliesch-Eberl 2007). Thus, in an emerging

economy, the relationship between IMC and performance may become weaker or even negative compared to a more developed one (Li and Liu 2014). Drawing on the discussion above, the following hypotheses are proposed:

Hypothesis 3a: The effect of IMC on CUP is stronger in a developed than in an emerging economy.

Hypothesis 4a: The effect of IMC on MP is stronger in a developed than in an emerging economy.

Hypothesis 5a: The effect of IMC on FP is stronger in a developed than in an emerging economy.

Methodology

Context: spain vs. belarus

Considering the focus of the current research, we had to collect data from two different economy types, a developed economy and an emerging economy. Spain was selected as representative of a developed economy and Belarus as an emerging economy, as a testing ground for the inter-country empirical analysis of the IMC theoretical model (Cadogan 2010). However, while being different, the countries selected are geographically close to each other, and both have showed significant economic growth in recent years (LaCaixa Research 2018; The Worlds Bank Publications 2018). Spain represents a developed European economy, and Belarus is an emerging post-Soviet economy still in transition from a central-planning system (Estrin 2002; Marples 2013). As in most emerging economies, the levels of competitive intensity, market dynamism, and technological turbulence are lower in the emerging economy of Belarus than in a developed economy such as Spain (Shinkle, Kriauciunas, and Hundley 2013).

More specifically, Belarus has much lower levels of investment and financial freedom than Spain (30 and 10 for Belarus and 85 and 70 for Spain, respectively), and it is a less open market (Heritage Organization 2017). An additional difference between the two is the percentage of marketing spending over the GDP; this is much higher in Spain (0.54%) than in Belarus (0.17%) (Marketing.by 2017; Statista 2017). Based on the Global Innovation Index Report, Belarus has a distinctively lower level of innovations than Spain (88 and 28 places in the rank, respectively) (Dutta et al. 2018).

However, these two countries also have similarities, which additionally support the choice for further comparison. Based on the GDP analysis, the Belarusian economy is much smaller (\$0.054 trillion) than the Spanish economy (\$1.311 trillion), but both economies have shown significant economic growth in recent years (The Worlds Bank Publications 2018). Additionally, based on the ICT Development Index (IDI), both countries have a high rating of ICT (information-communication technologies) development (27 for Spain and 32 for Belarus), which characterise the high-information society level (ITU 2017).

Data collection and analysis

To test the hypotheses, the primary data were obtained from an email survey of marketing managers in two data points (Belarus and Spain). The questionnaire was originally created in English and then translated into the other languages (Spanish for Spain and Russian for Belarus); it was then back translated, with no wording issues identified. Before sending out the questionnaire, it was pre-tested in Belarus and Spain among both marketing managers and academic researchers.

Fixing several parameters for both the company profile (industry, type, size, and IMC management structure) and the senior manager profile (age, gender, and education) allowed us to create a representative sample (Table 1). To prepare sample database, we used the Sabi digital database in Spain (Informa Spain) and the BusinessBelarus digital database in Belarus (Yellow Pages).

Two thousand questionnaires were sent out by email to firms in both countries. After the analysis of the responses obtained and the elimination of partly completed, invalid, and outlier replies, the final sample consisted of 242 and 180 responses (in Belarus and in Spain, respectively). Considering the large number of questions in the survey and that it is usually difficult to collect responses from top managers, since they are normally quite busy (Lee and Park 2007), the final response rate is fairly good. In fact, the response rate obtained is similar to those attained in previous research comparable to ours.

Each of the relevant constructs in the model was assessed based on well-accepted five-point Likert measurement scales (content validity). The full list of items used is provided in the Appendix (Table A1).

Table 1. A dataset of companies.

	Number of respondents			Number of respondents	
	Belarus	Spain		Belarus	Spain
Company's profile					
<i>Industry</i>					
Agriculture	24	5	<i>Business size (number of employees)</i>		
Construction	21	25	Micro (<10)	28	22
Production	98	48	Small (<50)	40	35
Retail	51	22	Medium (<250)	60	43
Service	48	80	Large (≤1000)	32	38
Total	242	180	Extra-large (>1000)	82	42
<i>Business type</i>					
B2B	152	95	Total	242	180
B2C	90	85	<i>Marketing organisation</i>		
Total	242	180	Marketing specialist	94	58
Manager's profile					
<i>Gender</i>					
Male	111	72	Marketing department	148	122
Female	131	108	Total	242	180
Total	242	180	<i>Marketing education</i>		
<i>Age</i>					
≤25	34	28	Yes	189	162
25–34	169	140	No	53	18
> 46	39	42	Total	242	180
Total	242	180	<i>Education</i>		
<i>Education</i>					
≤25	34	28	No high education	8	12
25–34	169	140	Graduate degree	189	120
> 46	39	42	Master's degree or higher	45	48
Total	242	180	Total	242	180

For the analysis, we chose variance-based structural equation modelling (SEM) using partial least squares (PLS). SEM-PLS is accepted as a key multivariate statistical technique to estimate cause-effect relationships between constructs in international marketing research and across groups of respondents from different countries (Henseler, Ringle, and Sarstedt 2016). Additionally, the PLS algorithm is better suited to our research, as it imposed fewer restrictions on the sample size and data normality, specifically for the estimation of complex models (Hair et al. 2012). SmartPLS 3.0 software was used to analyse the data.

The two-step PLS model analysis was applied (Anderson and Gerbing 1988) for (1) the assessment of the reliability and validity of the measurement model and (2) the assessment of the structural model.

The measurement model assessment was performed for the criteria of internal reliability, and convergent and discriminant validity analysis (Appendix). All the items in the measurement model fulfilled the critical criteria, and the adequacy of the instrument was supported (Fornell and Larcker 1981).

To assess the predictive ability of the structural model, the authors calculated the R2 value for the dependent constructs, the predictive relevance (Q2) based on the Stone-Geisser test (Chin 1998), and the goodness of fit of the model (GoF), as suggested by Tenenhaus et al. (2005). The results met the critical criteria and supported the predictive ability of the structural model (Table 2).

Additionally, the three-step analysis of the measurement invariance of composite models (MICOM) by Henseler, Ringle, and Sarstedt (2016) was run as an important procedure before the multi-group analysis (MGA) of the economy type moderating effect. The results illustrate that the significant differences in the group-specific PLS-SEM results do not stem from differences in the constructs across groups but instead from the existence of partial invariance, allowing the use of the MGA. For the analysis of the economy type moderating effect, the MGA method, based on the parametric test implemented in the SmartPLS3 software, was used (Hair et al. 2018).

Table 2. Results of hypotheses testing: direct and moderating effects.

H	Path	Belarus		Spain		MGA (economy type moderating effect)					
		β	t-value	β	t-value	t[mgp]	p				
Direct effects											
H1	MO →IMC	0.552	13.280***	S	0.657	14.616***	S	H1a	1.780	0.039*	S
H2	TO →IMC	0.079	1.380 ^{ns}	R	0.230	4.477***	S	H2a	2.118	0.035**	S
H3	IMC →CP	0.437	9.855***	S	0.753	29.117***	S	H3a	5.876	0.000***	S
H4	IMC →MP	-0.043	1.246 ^{ns}	R	0.200	3.481***	S	H4a	3.651	0.000***	S
H5	IMC →FP	-0.029	0.689 ^{ns}	R	-0.013	0.295 ^{ns}	R	H5a	0.253	0.800ns	R
H6	CP →MP	0.744	20.500***	S	0.677	13.020***	S	H7a	1.066	0.287ns	R
H7	CP →FP	0.557	11.567***	S	0.647	12.384***	S	H6a	1.303	0.193ns	R
H8	MP →FP	0.257	5.068***	S	0.294	5.291***	S	H8a	0.507	0.612ns	R

MO = Market Orientation, TO = Technology Orientation, IMC = Integrated Marketing Communications, CP = Customer Performance, MP = Market Performance, FP = Financial Performance. β= Standardized Path Coefficients; t[mgp] - t-value MGA, ***p<0.01,**p<0.05,*p<0.1; ns = not significant. S-hypothesis supported, R-hypothesis rejected.
R²>0.1; Q²>0; GoF:Belarus=0.387 and GoF:Spain=0.375.

The analysis of the total *indirect effect*, the specific indirect effects, and the total effect was based on the PLS-SEM algorithm integrated in the SmartPLS3 software, as suggested by Hair et al. (2017), and was used to test the mediation effect.

Results

The results of the structural model analysis (Table 2, Figure 1) demonstrate that the strategic orientation contributes differently to IMC and that these relationships vary across economy types. Hypotheses H1, H3, H6, H7, and H8 are supported; H5 is rejected in both economies; and H2 and H4 are supported in Spain but rejected in Belarus. The results of the MGA (Table 3) suggest that the economy type moderates some relationships in the theoretical model, supporting hypotheses H1a–H4a and rejecting H5a–H8a.

The results of the indirect effect analysis (Table 3) support H9, H10, and H11, suggesting the existence of the mediating effects of CUP and MP in both countries.

Discussion and conclusions

This research *contributes to the literature* in several ways. First, it presents an empirical analysis of two critical IMC strategic antecedents (MO and TO) from the firm-wide perspective. Our results confirm the existence of the direct influence of MO on IMC. This means that the generation of market intelligence, its dissemination within the firm, and the coordinated response in accordance with the information gathered positively influence the implementation of IMC practices, such as in the form of controlling the consistence of content and its integration of channel choices with stakeholder needs. Furthermore, companies’ future responses to market changes facilitate the integration of communication results with firm strategies. In addition, our results also suggest the direct effect of TO on IMC in developed economies alone. In more competitive economies, proactive R&D attitudes and the use of new technologies quicken market changes, facilitating dialogue with customers and advancing the collection of relevant

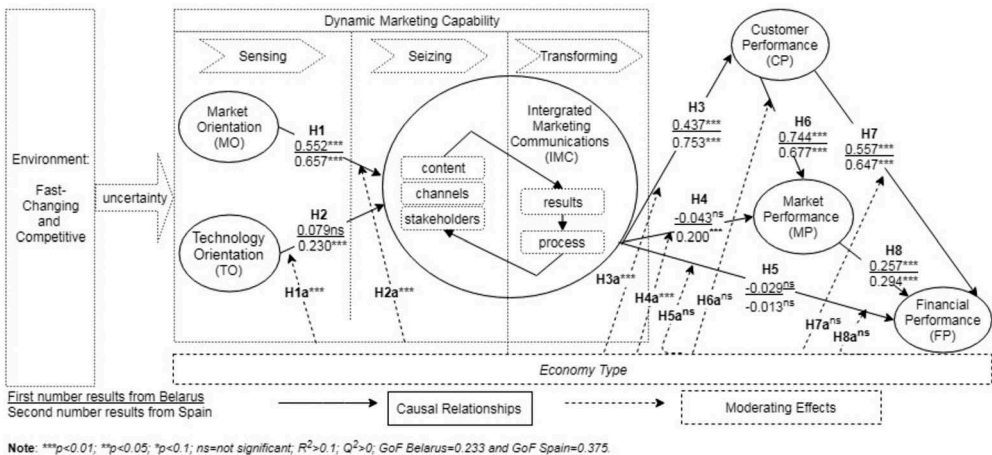


Figure 1. Results of structural model analysis, with significant moderating effects.

Table 3. Results of hypotheses testing: indirect and total effects.

Path	Direct effect		Indirect effect		Total indirect effect		Total effect		Mediation
	β	t-value	β	t-value	β	t-value	β	t-value	
Belarus									
H9	IMC→MP	-0.043	1.246 ^{ns} through CP (H3*H7)	0.326	0.326	9.176 ^{***}	0.28	6.387 ^{***}	full
H10	IMC→FP	-0.029	0.689 ^{ns}	0.244	8.032 ^{***}	9.130 ^{***}	0.289	5.601 ^{***}	full
H11	through CP (H3*H6) through MP(H4*H8) H3*H7*H8		-0.012 0.084	1.320 ^{ns} 4.400 ^{***}					
Spain									
H9	IMC→MP	0.200	3.481 ^{***}	0.326	9.176 ^{***}	0.51	0.710	20.366 ^{***}	partial
H10	through CP (H3*H7)		0.295 ^{ns}	0.487	11.489 ^{***}	0.695	0.684	18.945 ^{***}	full
H11	IMC→FP	-0.013	0.059	0.15	2.849 ^{***}				
	through CP (H3*H6) through MP(H4*H8) H3*H7*H8		0.15	8.885 ^{***}					

Notes: IMC = Integrated Marketing Communications, CP = Customer Performance, MP = Market Performance, FP = Financial Performance. β = Standardized Path Coefficients; S-hypothesis supported, R-hypothesis rejected. ***p < 0.01; **p < 0.05; *p < 0.1; ns = not significant.

information, thus making it possible to rapidly update communication strategies. Emerging markets, in turn, are exposed to save on R&D and are slower in adapting to technology; this results in fewer market activities and changes. The consequence is that a smaller amount of upcoming information slows the seizing and transformation process of IMC (Shinkle, Kriauciunas, and Hundley 2013; Trainor et al. 2011). This result also represents a clear contribution to the literature because, to the best of our knowledge, the relationship between TO and IMC has not previously been empirically studied in either developed or emerging economies.

Second, for the first time, this research attempts to understand the consequences of IMC on CUP, MP, and FP, and to understand the interrelationships between IMC outcomes and the mediation effects on IMC implementation that they may cause. The results support the strong positive influence of IMC on CUP in both developed and emerging economies, as Šeric, Gil-Saura, and Ozretić-Došen (2015) previously identified. Thus, it confirms that having a consistent message, the use of market intelligence towards improving the management of communication channels, and the integration of the company's overall strategy positively influence customer satisfaction, value delivery, and customer retention, and thus CUP. However, the direct effect of IMC on MP is supported only in developed economies. Although Reid (2005) obtained similar results for a developed economy, this was the only study to be conducted in an emerging economy. Moreover, the direct relationship between IMC and FP was not confirmed in either of the two economies. Thus, although some research provides support for the positive link between marketing capabilities and FP (Vorhies and Morgan 2005), no direct link has been found between IMC and FP. To understand these results, a further analysis of indirect and total effects was applied. It suggests that CUP fully mediates the relationship between IMC and MP in an emerging economy, and partly in a developed one. These differences can be explained by the fact that the total effect of IMC on MP is significant in both economies, but is stronger in a developed one. Moreover, CUP and MP wholly eliminate the positive effect of IMC on FP in both economies. This better explains that the effectiveness of IMC implementation on organisational performance strongly depends on customer satisfaction, the firm's ability to transfer value to stakeholders from marketing communication activities, and the capacity for acquiring new customers and increasing sales.

Third, the research makes a first attempt to close the gap in the lack of IMC research in an inter-country context, specifically to understand the differences between IMC implementation in developed and emerging economies. The explanatory approach adopted adds a new and relevant dimension towards the generalisability of the results of IMC integrative framework analysis. It confirms, for the first time, the differential effects of the type of economy on the relationship between the strategic orientation of the firm (MO and TO) and IMC, as well as between IMC and performance. Thus, it means that, in emerging economies, the lower level of companies' activity in the market regarding customers and competitors together with the lower level of innovation development compared to developed economies negatively affects the integration of marketing communications. Underestimating the role of interactive dialog with customers and overall a smaller amount of market communications due to a low level of market activeness result in a lack of available customer information. This may happen, for example, because the company gets less feedback from customers. Less

communication activates results in a lower effectiveness of marketing communications (Einwiller and Boenigk 2012; Trainor et al. 2011). More specifically, with little information available, less up-to-date information about customer needs appears in the market. It slows down both organisational learning and gaining experience (Shinkle, Kriauciunas, and Hundley 2013; Zhou and Li 2010). Thus, it starts to be more difficult to seize communications and further complicates the IMC transformation. It reduces the company's capacity for effective IMC implementation, which decreases IMC's positive effect on organisational performance and creates an obstacle impeding the company's competitive position in the market.

From a *managerial perspective*, this research confirms the importance of collecting market information and sharing this information within the organisation to integrate the communication channels according to customer needs, and to control the consistency of its messages with the overall strategy. Furthermore, companies that are able to transform themselves based on their market knowledge and properly respond to market changes can see IMC results, analyse them, and better align with the firm's overall strategy. The availability of new technologies in the market, investment in R&D, and the application of technology in marketing activities also have a positive effect on communication integration. However, with the availability of other opportunities to improve, senior managers in emerging economies often avoid investing much in R&D (Shinkle, Kriauciunas, and Hundley 2013). Thus, to achieve effective IMC, firms from emerging economies should adopt practices from more developed ones.

Regarding IMC effectiveness, this research suggests that integration, cross-functional coordination, and continuous transformation of marketing communications have a positive effect on CUP. Thus, consistent messages and media choices, coherent communications, analysis of communication results, and a uniform company image positively affect customer satisfaction and customer retention. Furthermore, although the direct effect of IMC on MP was supported only in Spain and was not supported in either type of economy for FP, the results suggest that IMC has a positive indirect effect on both MP and FP in both countries. Thus, they confirm that IMC is a valuable capability. However, considering the existence of CUP's strong mediation effect, it initially follows a customer-centric approach. Thus, it subsequently achieves market growth and reaches its financial goals as a result of IMC implementation, which itself requires the company to prioritise customer satisfaction and control the transfer of customer value.

Additionally, the inter-country analysis suggests differences in IMC implementation within economy types. In a more dynamic environment with a higher level of economic freedom, such as developed economies, with opportunities that pass quickly and a high number of competitive threats, applying frequent and complex changes within companies successfully reinforces IMC capabilities. However, transforming ordinary capabilities into dynamic capabilities is likely too expensive or may even come at a cost that exceeds its benefits for firms in emerging economies (Schreyögg and Kliesch-Eberl 2007). Another explanation of the different intensities of the outcomes of IMC in emerging markets may come from the tendency of companies in such types of economies to avoid risks, especially investment-related risks (Shinkle, Kriauciunas, and Hundley 2013; Su and Si 2015). Thus, the relationship between IMC and organisational performance may become weaker or even negative in those types of economies compared to developed economies.

Finally, the recent reports of the International Monetary Fund support the similarities in the emerging economy of Belarus and other post-Soviet members of the Commonwealth of Independent States (CIS), such as Armenia, Azerbaijan, Georgia, Moldova, the Russian Federation, and Ukraine, among others. This is due to similarities in their geographies and economic structures (International Monetary Fund 2017; Roaf et al. 2014). Thus, the current results could be applied to the aforementioned economies, as well as to other emerging economies.

Limitations and future research

This article has several limitations, which create possibilities for future research. First, the analysis of the moderating effects is based on data from only two countries. Future research could analyse the same model with data from additional countries to ensure the richness of the results. Second, this research analyses only the moderating effect of the economy type; however, future research could consider additional endogenous moderators (i.e. Einwiller and Boenigk 2012), such as the effect of ownership structure. Regarding the ownership structure, considering that the privatisation process has not been finished in Belarus (Marples 2013; Svejnar 2002), the Belarusian sample included some partially or fully government-owned organisations, whereas the Spanish sample consisted mainly of companies with 100% private ownership.

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No potential conflict of interest was reported by the authors.

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Appendix

Table A1. The assessment of the reliability and validity of the measurement model.

Items	Variables	Belarus		Spain	
		Factor loading*	t-value	Factor loading*	t-value
<i>(In) our company ...</i>					
MO = Market orientation (Matsuno, Mentzer, and Rentz 2000)					
<i>α</i> : CR; AVE					
Market Intelligence Generation					
MO1. ... meets with customers at least once a year to find out what products/services they will need in the future.				0.918	95.595
MO2. ... does a lot of in-house market research.		0.823	38.034		
MO3. ... is slow to detect changes in our customers' preferences.*		0.805; 0.882; 0.714		0.901; 0.938; 0.835	
MO4. ... polls end-users at least once a year to assess the quality of our products/services.					
MO5. ... is slow to detect fundamental shifts on competition, technology or regulations.*					
MO6. ... periodically reviews the likely effect of changes in our business environment on customers.		0.835	48.104	0.884	56.398
Market Intelligence Dissemination					
MO7. We have interdepartmental meetings at least once a quarter to discuss market trends.					
MO8. ... marketing personnel spend time discussing customers' future needs with other functional departments.					
MO9. When something important happens to a major customer or market, the whole company knows about it in a short time.					
MO10. ... data on customer satisfaction are disseminated at all levels regularly.					
MO11. When one department finds out something important about competitors, it is slow to alert other departments.*		0.876	81.040	0.938	136.555
Market Intelligence Response					
MO12. It takes us forever to decide how to respond to competitor price changes.*					
MO13. For one reason or another we tend to ignore changes in our customers' product/service needs.*					
MO14. We periodically review our product/service development efforts to ensure that they are in line with what customers want.					
MO15. Several departments get together periodically to plan a response to changes taking place in our business environment.					
MO16. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement an immediate response.					
MO17. ... the activities of the different departments are well coordinated.					
MO18. ... customer complaints fall on deaf ears.*					
MO19. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.*					
MO20. ... when we find that customers would like us to modify a product/service, we make concerted efforts to do so.					
<i>*Reverse items.</i>					
TO = Technology orientation (Gatignon and Xuereb 1997)					
<i>α</i> : CR; AVE					
Technologies in New Products Development					
		0.788	24.546	0.822	41.593
(Continued)					

Table A1. (Continued).

Items	Belarus		Spain	
	Variables	Factor loading*	t-value	Factor loading*
TO1. ... uses sophisticated technologies in its new product/service development.				
TO2. ... new products/services are always up-to-date to the technology.				
TO5. ... has built a large and strong network of relationships with suppliers of technology equipment.		0.865	32.286	0.907
<i>The Rapidity of Technologies Integration</i>				
TO7. ... is very proactive in the new technologies development.				
TO8. ... has an aggressive technology patent strategy.				
TO12. ... is very pro-active in the construction of new technical solutions to answer users' needs.		0.819	15.987	0.905
<i>Developing New Technologies</i>				
TO3. ... has better industrial methods than our competition.				
TO6. ... has a better competitive knowledge than our competitors.				
TO11. ... is always the first one to use a new technology for its new product development.		0.828	18.865	0.925
<i>Generating New Product Ideas</i>				
TO4. ... has the wit and the capacity to build and to market a technology breakthrough.				
TO9. Relative to our competitors, our new products are more ambitious.				
TO10. Relative to our competitors, our research and development programmes are more ambitious.				
IMC = Integrated marketing communications (Lee and Park 2007; Balmer 2001)				
<i>or: CR; AVE</i>		0.883; 0.895; 0.681		0.912; 0.921; 0.741
<i>Content</i>		0.798	31.062	0.800
MC1. ... carefully examines whether our intended message is consistently delivered through all communications tools and channels (e.g. advertising, packaging, and website).				
MC2. ... maintains consistency in all visual components of communication (e.g. trademarks, logos, and colour).				
MC3. ... maintains consistency in all linguistic components of communication (e.g. slogans and mottos).				
MC4. Ensuring a consistent brand image is one of the most important goals of our marketing communications programme.				
MC5. ... does not alter the brand image, even as its context changes, but maintains its consistency from the long-term.		0.873	60.362	0.902
<i>Channels</i>				
MC6. Our marketing communications strategy differentiates the buyer and the user if the two are not the same.				
MC7. ... carefully deliberates whether a creating more than two target customer group is desirable.				
MC8. ... the issue of whether to maintain a single brand image or to create multiple brand images of the product is thoroughly discussed.				
MC9. Our marketing communications strategy is based on a close scrutiny of the stages of the customers' buying process such as brand awareness, information search, showroom/website visit, and purchase.				
MC10. ... employs the marketing communications tools that are most appropriate for each stage of the consumers' buying process.				
<i>Stakeholders</i>		0.833	50.946	0.876
MC11. Our marketing communications activities are designed to induce customers' actions (e.g. telephone order, showroom/website visit, etc.).				
MC12. ... follows up on consumer responses to our marketing communications activities (e.g. mailing promos to those who participated before in the company-sponsored events).				
MC13. ... sees to it that the consumer information that is generated in the course of marketing communications activities is compiled.				
MC14. ... integrates customer information collected or generated from different divisions into a unified database.				
<i>Results</i>		0.732	20.767	0.891
				62.236

(Continued)

