

Upstream Supplier, Buyer's Outside Marketing Competencies And Performance: An Outside-In Perspective

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ABSTRACT

Employing an outside-in approach, we address an under-researched question in the extant outside-in marketing literature: How and when do manufacturing firms, by virtue of their supplier, manage to achieve superior performance? We find that supplier assist their buyer in enhancing performance via their impact on the outside-in marketing competency of the buyer. Supplier sharing information and being flexible provides a basis for the buyer to update its outside in marketing competency leading to performance advantage. Using survey data from 31 manufacturing firms in Pakistan our results suggest that modeling supplier information sharing and flexibility along with outside-in marketing competency of buyer provides a more accurate picture of buyer performance outcomes and enhances the efficacy of outside-in marketing competency logic with respect to buyer performance. We also show that the outside-in marketing competency of buyer positively affects buyer performance when transformational leadership is relatively high. The results suggest that buyers stand to gain more from their outside-in marketing competency by devoting resources for developing leadership skills. We conclude this study by discussing the implication of this research for theory and practice, highlighting the limitations and offering future research directions.

Keywords: Outside in perspective/approach Supplier information sharing Supplier flexibility Outside in marketing competency/competencies Transformational leadership Employee proactivity Buyer performance

1. Introduction

Marketing competencies for a long time has been recognized as an essential element for performance superiority of firms (Day, 2011; Morgan, Vorhies, & Mason, 2009; Nath, Nachiappan, & Ramanathan, 2010; Dutta, Narasimhan, & Rajiv, 1999). Marketing competencies gives firm the ability to reply to the demands of customer and in a complex market in an effective manner (Day, 2011; Mu, 2015; Dutta et al., 1999). In light of dynamic capability theory or resource-based view, existing literature stresses that firms need to build

idiosyncratic marketing competencies to gain competitive advantage through understanding customers and also serving them effectively (Salunke, Weerawardena, & Mccoll-Kennedy, 2011; Krasnikov & Jayachandran, 2008; Greenley, Hooley, & Rudd, 2005). These investigations emphasize comprehensively on addressing inner resources of the firm and competency packages that add towards powerful marketing competency (Dutta et al., 1999; Akdeniz, Gonzalez-Padron, & Calantone, 2010). The investigations take the inside-out approach, which

starts from seeing inside the firm and after that moving towards outside from the vantage position of building marketing plans (Day, 2011; Castro, 2015).

Nonetheless, the latest researches recommend that this kind of the inside out approach can result into myopia that concentrates very much on inner resources and competencies in the firm and limit firm in their adaptive learning and exploration for initiatives (Day, 2011; Mu, 2015; Mu, Bao, Sekhon, Qi, & Love, 2018). On the other hand, outside in perspective, which starts with outer environment (Saeed, Yousafzai, Paladino, & Luca, 2015; Jaakkola, Möller, Parvinen, Evanschitzky, & Mühlbacher, 2010), allows management to develop an understanding of changes at the outside and leverage resources that are present outside of the firm so the firm is adequately equipped to adapt changes at the outside of the firm and fill gaps among marketing competencies and the complexities of the market (Mu, 2015; Day & Moorman, 2010; Day, 2011), which will assist in enhancing firm's performance eventually. Nevertheless, we still don't understand how outside-in approach works to convert outer elements into inner marketing competencies.

Upstream suppliers belong to the important stakeholders at the exterior that form a perception of buying firm about the outer environment. The marketing competency that adaptively transforms resources into the functional outcomes in reply to the changes of market hinges not just on understanding the needs of the downstream customers but on upstream suppliers as well, that arrange the way firm use its resources to meet needs of the market (Nath et al., 2010; Greenley et al., 2005). Whereas several studies concentrate on customers side antecedents of forming the marketing competencies (Duncan & Moriarty, 1998; Webster Jr., 1992 Greenley et al., 2005), what the firm grasps from upstream suppliers and how to make them deliver flexible products and services are ignored in a big way but can significantly affect

whether the firm can understand and reply to the changes of the market.

To strengthen the administrative relevance of business scholarship, there is a need to research the relative interactivities and effects of dissimilar marketing organization components on buyer performance (Moorman & Day, 2016). Suppose a firm that is struggling, is examining whether they should invest additional resources into the marketing competencies or the human capital. Inside marketing competencies, outside-in competencies could be prioritized or inside-out competencies or flexible allotment of resources in service to catch advantage of the developing opportunity. Although any this sort of investment possibly reasonable, unexpectedly limited research is there, concerning which allotment is expected to be more beneficial. Managers need to be familiar with the effectiveness of such distinct "routes to impact" (Jaworski, 2011) also their interactivities, that is the main concern of this study.

A huge body of research has constantly revealed that collection of marketing mix developed on the inside out marketing competencies (for instance marketing communication, pricing, and product development) form necessary foundations to achieve competitive advantage (e.g., Vorhies, Orr, & Bush, 2011; Angulo-Ruiz, Donthu, Prior, & Rialp, 2014; Vorhies & Morgan, 2005; Morgan, Vorhies, & Mason, 2009). Nonetheless, an evolving body of research challenges such inside out marketing competencies' effectiveness, claiming that these firm competencies are static and insufficient to alter according to rapidly changing and increasingly complicated environments of the market (Mu, 2015; Day, 2011, 2014). This research's scholars camp contend that instead of inside out marketing competency it is outside in marketing competency that makes sure competitiveness and long term profit by assisting the firms to adjust to unstable markets (e.g., Mu, 2015; Saeed, Yousafzai, Paladino, & Luca, 2015 Day & Moorman, 2010).

Furthermore, the literature of marketing generally overlooks potential synergies formed among marketing competencies and the human capital on the performance of the firm despite consistent support for interdepartmental collaboration (e.g., Narver & Slater, 1990). The outside-in approach recommends that even so the outside-in marketing competency is essential for the performance of the firm, its effect on performance must depend on the way it's deployed and managed (Day, 2011; Moorman & Day, 2016; Mu, 2015). As per Moorman and Day (2016), there is a need to research to know the way arrangement between the human capital that resides in personnel and higher order constructs such as the marketing competencies affects the performance of the firm. They further suggest practicing a top-down (beginning from leaders) or a bottom-up (beginning from employees) approach to know the way human capital arranges with other marketing organization components like competencies. Previous research recommends that transformational leadership is needed to better arrange the efforts of the firm with developing opportunities identified by the outside-in marketing competencies (Teece, 2007; Adner & Helfat, 2003). Furthermore, if quick replies are required to deal with unsettled business competition and the pace of the market, employees are needed to be extra proactive in predicting and taking action on the changes in the market (Day, 2011; Teece, 2007; Mu, 2015). This research also explores the interactivities of both transformational leadership (top-down) and employee proactivity (bottom-up) components of the human capital with the outside-in marketing competencies in affecting the performance of the firm.

On the basis of the outside-in approach and relational theory on the subject of how the buyer-supplier relationship impact the buyer's outside-in marketing competency and buyer's performance the core idea of this study is to investigate that; supplier information sharing and flexibility are related to buyer's outside-in marketing competency, and the two human capital elements transformational

leadership and employee proactivity enhance their impact on buyer's performance. Through replying to the questions of this thesis, it progresses a more nuanced look at the performance of a firm by studying the relations among variables of three kinds. (supplier information sharing, supplier flexibility and buyer's outside-in marketing competency), and their influence on buyer's performance also through examining how the human capital components moderate the relation among the buyer's outside-in marketing competency and performance. Consequently, this study makes several key contributions.

At first, this study is going to contribute to the outside-in marketing competency literature through increasing the concentration of research from the inside-out approach to the outside-in approach. While studies in the past predominantly concentrated on internal antecedents of the marketing competency. (Trainor, Rapp, Beitelspacher, & Schillewaert, 2011; O'Cass & Ngo, 2011; Akdeniz et al., 2010). Secondly, our study intends to reveal a mediating channel, Buyer's outside-in marketing competencies, which would describe how the outside-in technique works in converting outside relations into enhanced buyer's performance. Third, this study also intends to indicate that supplier information and flexibility is a must for developing downstream buyers' outside-in marketing competencies. Research in the past concentrated greatly on customer factors in forming the marketing competency. (Wathne, Biong, & Heide, 2001; Mithas, Krishnan, & Fornell, 2005; Cannon & Homburg, 2001). Fourth, buying firms' management would be informed that the outside-in approach can be another way to improve their firm's performance. Fifth, buying firms would be informed about the potential importance of managing favorable and strong relationships with upstream suppliers in shaping their outside-in marketing competencies. Sixth, this study would propose awareness on human capital related boundary conditions of influence of the outside-in marketing competency on the performance of the

firm. I would explain that the outside-in marketing competency improves the buyer's performance when TL and EP are relatively high.

2. Theory and hypotheses

Building on an outside-in tactical view, Mu (2015) conceptualizes and establishes marketing competencies from an outside-in approach. The outside-in marketing competency reflects a firm's basic value making competencies in the progressively open environment of the market. Engaging with the customers, sensing the market and linking with partners are its three dimensions (Mu, 2015). Engaging with the customers refers to a firm's ability to create long-lasting intimate relations with the customers (e.g., Yim, Tse, & Chan, 2008; Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010). Sensing the market points to a firm's ability to sense developing opportunities on the basis of information accumulated from its business environment and anticipating upcoming markets' evolution (Teece, 2007; Day, 2011). Linking with partners points to a firm's ability to interact with the partners and orchestrating partners' resources and competencies in value creation.

The most noticeable theories that explain what and how the market competencies must be established and perform a role in attaining superior performance in the market are dynamic capabilities theory and resource based view (Akdeniz et al., 2010; Morgan et al., 2009; Angulo-Ruiz, Donthu, Prior, & Rialp, 2014). For instance, under the light of resource based view valuable, scarce and inimitable resources act as groundwork to cultivate robust marketing competencies, ultimately producing competitive advantage (Day, 2011; Nath et al., 2010; Narasimhan, Rajiv, & Dutta, 2006). Distinctive resource base must be exploited to establish robust marketing competencies such as research and development and brand and established inimitable competencies of comprehending market revolution and providing effective solutions. Furthermore how the marketing competencies are established or how they adjust to

market changes is revealed by dynamic capabilities theory (Morgan et al., 2009; Zollo & Winter, 2002; Teece, Pisano, & Shuen, 1997). Dynamic capabilities theory maintains that competencies and resources must be dynamically established and formed as per changes in the market through detecting changes in the environment and replying to those changes by merging and converting in new ways (Helfat et al., 2009; Teece et al., 1997; Teece, 2009). These types of competencies refer to the group of distinctive skills and knowledge rooted in the firm's ordinary practice and routine that could be difficult to replicate for the competitors and therefore producing maintainable competencies advantage (Eisenhardt & Martin, 2000; Zahra, Sapienza, & Davidsson, 2006; Teece et al., 1997).

To analyze firm performance scholars have usually taken inside out approach, mainly through a firm's resource-based view (e.g., Barney, 2001). This emphasizes the role of a firm's resources as fundamentals to achieve competitive advantage and superior performance. Though, having resources doesn't mean it will result in a sustainable competitive advantage (Priem & Butler, 2001). Whereas resource-based view's limitations are overcome by dynamic capability view which emphasizes the competencies to acquire and deploy resources (Eisenhardt & Martin, 2000), this experiences from implied myopia that says: these competencies are routines of an organization (Day, 2011).

Mu (2015) forms a broad research framework and creates relevance of the outside-in marketing competencies to the performance of a firm, but doesn't address essential research question highlighted by Moorman and Day (2016) and Day (2011): How and when does the outside-in marketing competency influence firm performance? Day and the other scholars recommend that the outside-in approach can assist as a building block for recognizing and studying firm-specific factor that explains the difference of performance in the firm (Day, 1994, 2011, 2014; Saeed et al., 2015; Mu, 2015).

In the case to overcome the predominant theories' limitations, Day (2011, 1994) recommends that outside-in approach should be developed by scholars of marketing for analyzing competency of the firm, deployment of resources and the performance advantage in a progressively open and complex environment of the market. An outside-in approach supposes that the performance superiority might be present beyond the boundaries of the firm (Day, 2011) and unlocks passages to understand how various internal and external participants of a firm interact and generate worth (Mu, 2015). Furthermore, this approach advises guidelines, under the light of these guidelines firms should be competing by gaining the advantage of the insights produced from sensing the dynamics of the market, engaging with the customers and linking with the partners (Mu, 2015). Such an outside-in perspective stands sharply in contrast with the inside-out perspective, which emphasizes the usage of current resources and competencies of the firm to gain competitive advantages.

2.1. Supplier information sharing and buyer's outside in marketing competency

Information sharing will assist buying firms in building strong outside-in marketing competency. At first, SIS helps open marketing competency of the buyer. Open marketing is to deploy supply chain partner's resources by coordinating and knowledge sharing outside limits of the firm (La Rocca et al., 2013; Day, 2011). This increases the ability of the firm to reach the resources of supply chain partners (Mu, 2015). Supplier sharing exclusive and tacit knowledge with a buying firm enables the buyer to reach and deploy resources rooted inside the supplier network. The buyer is more probably to discover new and original ideas with the knowledge given by the supplier and can leverage resources with cooperation from the supplier network.

Secondly, SIS also helps the buying firm's adaptive experimentation. Adaptive experimentation searches for opportunities beyond a firm's well-known domain and experiments on

what will be successful in a market (Kelley, 2001; Day, 2011, 2014). SIS supports the buying firm in solving problems and enhancing solutions more creatively and effectively (Hauser, Urban, Liberali, & Braun, 2009; Davenport, 2009). SIS gives the buying firm very different ideas and information that is quite beyond the firm's original potential and gives buyer extra valuable alternatives in solving the problem (Subramaniam & Youndt, 2005; Rosenkopf & Nerkar, 2001). Through distinct and timely sharing of information from an upstream side of the supply chain, the buying firm is bound to experiment with various solutions to respond to various customer demands (Mu et al., 2018).

Thirdly, SIS helps the buying firm's vigilant market learning. Given the uncertain and volatile nature of the market, the buyer needs to establish a deep understanding of the market with an early alert system (Dickson, 1992; Srivastava, Fahey, & Christensen, 2001; McEvily & Marcus, 2005), and move from reactive strategy to proactive one that emphasizes on rapid sense and response feedback (Sarkar, Echambadi, & Harrison, 2001; Aragón-Correa & Sharma, 2003). In numerous situations, the buying firm may be unable to capture the chances to recognize or gather knowledge about the threats or opportunities in the market. On the other hand, suppliers have more chances of doing so. The buying firm's lack of knowledge can increase the gap between the market and the firm. When suppliers adequately share and sufficiently communicate exclusive information with a buyer and buyer interpret that information accurately, peripheral signs raise the awareness of buying firm and assist in anticipating changes in the market. Hence, it helps vigilant marketing learning and improves manufacturing to match dynamic market requests in advance (Mooi & Frambach, 2012; Hurley & Hult, 1998). Based on the argument presented above, I suggest that supplier information sharing (SIS) enhances buyer's outside-in marketing competency.

H1. Supplier information sharing (SIS) has a positive influence on buyer's outside-in marketing competency (BOMC).

2.2. Supplier flexibility and buyer's outside in marketing competency

Supplier flexibility (SF) is a precondition for a buyer's outside in marketing competency. At first, SF enhances the buying firm's open marketing competency. Open marketing emphasizes deployment of resources of supply chain partners (Day, 2011; La Rocca et al., 2013; Dyer & Singh, 1998). The supplier that supplies flexible goods and services to their buying firm is the connection between supplier network and buying firm. Greater SF improves intense collaborations among the supplier partner and the supplier (Lusch & Brown, 1996). Through high levels of flexibility from the supplier, the buying firm is bound to leverage resources outside the firm and access social capital rooted in supplier network.

Secondly, SF improves the buying firm's adaptive experimentation. Adaptive experimentation shapes the possibility for the buying firm to examine various market suppositions and propose new and original solutions to respond to the changes in market. Nevertheless, experimentation is set upon the trial and error method to examine and approve design and the solution. Learning from trial and error method can be so difficult to execute and can be restricted between the confined scope of the search and the solution (Noordewier et al., 1990). SF extends the horizon of search and provides more possible solutions to the buying firm. As a result, improves the ability of the buying firm to experiment even more broadly. Hence, SF helps adaptive experimentation of the buying firm and leads towards the stronger outside in marketing competencies to serve the market effectively (Zhang, Vonderembse, & Lim, 2002; Swafford, Ghosh, & Murthy, 2006).

Thirdly, SF helps vigilant marketing learning of the buying firm. Marketing learning has

an important role in outside-in marketing competency regarding making sense of the changes in the market. But the process of learning can't be realized by price or quantity alterations to respond to the changes in the market. Price and quantity alterations are single loop leaning and don't change basic suppositions regarding present market conditions. Hence, it narrows the vision and anticipation of the buying firm regarding opportunities of the market (Slater & Narver, 1995; Argyris, 2003). On the contrary, vigilant learning includes an overhaul of prior oppositions regarding the market and proposes a new set up or logic as recommended by double-loop learning. The high level of flexibility from the supplier can also lead to learning, which will allow the buying firm to adjust the complete method from the start. Under the light of the argument presented above, I suggest that supplier flexibility (SF) enhances buyer's outside in marketing competency.

H2. Supplier flexibility (SF) has a positive influence on buyer's outside-in marketing competency (BOMC).

2.3. Mediating role of buyer's outside in marketing competencies

In the approach, firms use outside in procedure to integrate knowledge and competencies from the sources outside the firm to develop innovations successfully (e.g., Kohli & Jaworski, 1990; Kahn, 2001). Significance of external environment and market focus has been considered for quite a while by marketing literature to improve the overall performance of the firm (e.g., Ellis, 2006; Calantone et al., 2010; Kirca, Jayachandran, & Bearden, 2005; Cano, Carrillat, & Jaramillo, 2004; Grinstein, 2008).

The firm with the outside-in approach is adaptable and flexible as it maintains primary concentration on the outer environment (Day, 1994). The outside-in approach gives businesses the ability to gain competitive advantage by anticipation of the market requirements before their rivals, hence building lifelong relations with

stakeholders especially with the customers (Day, 1994). The outside-in approach produces knowledge regarding products, competencies and strategies of rivals and about customers' communicated and latent needs. Outside in approach also stresses giving superior value to the customers, the importance of the end product's position in the market and direct relation of that position with the future proceeds (Tallman, 1991; Narver & Slater, 1990). Outside in approach proposes that assets can be raised by interacting with the organizations present in its outer surroundings (Hult & Ketchen, 2001).

The resource-based view stresses that competencies are central to understanding the performance of a firm (Morgan et al., 2006). Also, the resource-based view is based on the supposition of heterogeneity between firms. As firms competing in market become more heterogeneous the more important competencies become to deliver superior performance (Teece et al., 1997; Makadok 2001; Barney 1991). Marketing competencies are procedures that assist firms in selecting the desired value proposition for the target audience and in mobilizing the resources to deliver such values in the pursuit of intended goals (Vorhies and Morgan 2005; Day, 2011). It is proposed by the literature that marketing competencies may be immobile (Capron and Hulland 1999), inimitable, and mainly not substitutable mechanisms for the value creation (Morgan et al., 2009b). A firm can utilize marketing competencies to position it better for launching and delivering new goods quickly and successfully, to utilize skills of pricing to deal with customer changes quickly, to work with the distributors and retailers closely and for delivering after-sales services of great quality in market (Day, 2011).

Important resources are spent to build, maintain and leverage marketing competencies by the firms. Recent research has proposed a connection between marketing competencies and the performance of the firm (Vorhies and Morgan 2005; Krasnikov and Jayachandran 2008). In theory, this kind of dependence on each other may

cause marketing competencies to be even more inimitable resources and hence possibly a greater source to gain competitive advantage (Barney 1991). The theory supposes: if managers believe different marketing competencies are valuable they can isolate them but also can associate such competencies with the superior performance empirically (Morgan et al., 2009a). Research in the past has proposed that distinct marketing competencies may be the most important to the firm in combination as they can interact in such a way that assists firms in achieving superior performance (Ramaswami et al., 2009). Hence by concentrating on such marketing competencies firms can enhance their performance (Weerawardena et al., 2007).

Firms in an emerging economy internationally and locally utilize market development as a springboard to gain assets required to compete more effectively (Bianchi, 2011). It has been classified that marketing competencies are one of the dimensions of a firm's strategic competencies (Desarbo, Di Benedetto, Song, & Sinha, 2005). They consist of abilities like an advertisement, targeting and segmentation of markets, pricing and integration of marketing practices (Song, Nason, & Di Benedetto, 2008). Marketing competencies produce market sensing, customer linking and Channel bonding competencies of superior quality. Hence, are important to be successful in the international market (Zhang, Tansuhaj, & McCullough, 2009). Marketing competencies impact the performance of firms positively and significantly (Kimosop et al., 2016).

Outside in marketing competencies has a stronger impact on the performance of firm (Saeed, S., et al., 2015). The finding is in agreement with Paladino (2009), interprets into demand for organizational investment in development of the resources that will allow the firm to maximize its capacity to build inimitable market offerings. This kind of investment may come at the cost of hearing customer, as numerous leading innovations of the world such as Walkman, videotape and computer

with their lead the customer approaches have identified a gap in market and utilized their distinctive inner resources and competencies to produce a distinctive commodity that consumer value.

Under the light of the argument presented above, I propose that buyer's outside in marketing competencies enhances the buyer's performance. So, at this point we have established that supplier information sharing (SIS) and supplier flexibility (SF) impact buyer's outside in marketing competencies and buyer's outside in marketing competencies impact buyer's performance. Therefore buyer's outside in marketing competencies acts as mediator between supplier information sharing (SIS) supplier flexibility (SF) and buyer's performance.

H3. Buyer's outside-in marketing competency (BOMC) mediates the positive influence of supplier information sharing (SIS) and supplier flexibility (SF) on buyer's performance (BP).

2.4. Buyer's outside in marketing competencies and transformative leadership

Without the consideration of the human capital's role in the relationship among outside-in marketing competencies and the firm's performance, our knowledge about the outside-in marketing competencies and the firm's performance would be incomplete (Moorman & Day, 2016; Day, 2011). We complete such a gap by reviewing interactions of the human capital with the outside-in marketing competencies from both bottom-up and top-down (employee proactivity and transformational leadership) perspectives. Previous H.R. research has presented that active employees and transformational leaders participating in solving the problem are two essential factors in achieving performance superiority (Detert & Burris, 2007; Judge & Piccolo, 2004; Foss & Lindenberg, 2013). Therefore, we hypothesize that the firms enjoy a high level of performance by the virtue of their outside-in marketing competencies given that

employee proactivity is sufficiently encouraged and transformational leadership is on spot.

Transformational leadership is defined as the most effective style of leadership that influence performance of the firm (e.g., Foss & Lindenberg, 2013; Rubin, Munz, & Boomer, 2005; Judge & Piccolo, 2004). Idealized influence, individualized consideration, inspirational motivation and intellectual stimulation are leadership behavior's four dimensions in which transformational leadership is conceptualized (Bass & Avolio, 1995; Judge & Piccolo, 2004).

Firstly, transformational leaders proactively absorb, generate and exploit new ideas (Judge & Piccolo, 2004; Foss & Lindenberg, 2013). Consequently, they can sense evolving changes in customer demand and technology and can reply to the changes in market by mobilizing insights based resources from sensing the market, engaging with customer and linking with partner (Teece, 2007; Day, 2011). The significance of the outside-in marketing competencies is expected to be wasted without the action of leaders who empower essential reforms for identification and formulation of the value for customer (Day, 2011).

Second, to contexts in their everyday activities and to be consistent with the goals of organization transformational leaders alter their behaviors (Judge & Piccolo, 2004; Grant, Gino, & Hofmann, 2011). It nourishes an open, creative, experimental and supportive environment to generate, share and act on insights produced via sensing the market, engaging with customer and linking with partner (Teece, 2007; Judge & Piccolo, 2004). This kind of organizational environment can improve firm's ability to challenge outdated working practices and establish novel adaptive ones (Bass & Avolio, 1995), this aid firm to adjust according to the changing situations of market (Teece, 2007). Therefore, transformational leadership raises the chances of the firm to gain benefit of the insights from sensing the market, engaging with customer and linking with partner to

combine resources and to implement needed adjustments to generate performance advantage.

Third, transformational leaders by the means of individualized consideration and idealized influence can guarantee that their workforce understand the firm's strategic goals and can join their efforts to the goals (e.g., Rubin et al., 2005). Workforce with the backing of TL can reply to the upward influence by mobilizing concentration and energy towards solving the issues. It motivates workforce across the firm to explore evolving issues and opportunities and bring them under the consideration of the leaders of firm (Judge & Piccolo, 2004; Grant et al., 2011). The motive is that a motivated workforce is expected to involve in joint productive activities in which they can pick their activities concerning goals and employ their intelligent effort to achieve such goals (Foss & Lindenberg, 2013). So, in the presence of transformational leadership firm is expected to reply to the changes in market and exploit on the opportunities in market built on insights from sensing the market, engaging with customer and linking with partner.

H4. The higher the level of transformational leadership (TL), the greater the influence of buyer's outside-in marketing competency (BOMC) on buyer's performance (BP).

2.5. Buyer's outside-in marketing competencies and employee proactivity

Employee proactivity refers to dispositional workforce behaviors that enhance existing situations by the means of detecting opportunities, showcasing initiatives, taking actions and preserving until significant change happen (Detert & Burris, 2007). As competition becomes uncertain, firms rely on their workforce to proactively precede bottom-up change by talking productive thoughts (e.g., Van Dyne & LePine, 1998), assume charge to enhance procedures of work (e.g., Aragon-Correa, 1998), and engage in upward influence (e.g., Detert & Burris, 2007). Employ proactivity can assist firms to predict and take action on threats and

opportunities recognized by means of outside in marketing competencies. We advise that employee proactivity should moderate the relation among the outside-in marketing competencies and the firm's performance in a positive manner for the following reasons.

First, outside in marketing competencies allows successfully adapting the changes which depends upon the active involvement of the employees (Day, 2011). The outside-in marketing competencies can be productive if requirements of the reforms are undertaken by the proactive employees with mental and creative ability to predict, visualize and understand inner and outer events required to produce changes (e.g., Foss & Lindenberg, 2013). Previous investigation has revealed that the proactive employee can present new and different viewpoints, and implement new procedures for exploring a problem (Kirkman & Rosen, 1999). It recommends that when proactive employees participate in activities associated with the job, they are more prepared to utilize smart effort to stimulate changes. So, high levels of employee proactivity are needed to accept creative marketing plans to respond to the changes in the market built on awareness from sensing the market, engaging with customer and linking with partner. Thus, to the extent that changes in a firm require an employee actively participating, bottom-up changes are required from the proactive employees to gain advantage completely from outside in marketing competencies.

Furthermore, new and creative efforts from proactive employees can aid firm in understanding the insights from sensing the market, engaging with customer and linking with partner. Proactive employees as agents for enhancing current procedures and enacting changes positively in workstations, they make innovative recommendations to change standard processes even in the presence of others disagreement (e.g., Parker, Bindl, & Strauss, 2010; Grant et al., 2011). For instance, whenever the proactive employees are given a task to identify opportunities in market, they

are able to generate adaptive solutions that depend on knowledge generated instantly, correction of the mistakes in faulty processes and identification of new practices to prevent mistakes in upcoming future (Parker et al., 2010). So, proactive employees create new insights that empower firms to join their competencies development with the demand of market in a better way than their competitors and make sure that the firm entirely innovates and develops whenever changes are required. So, firm is expected to take action on the market insights formed from sensing the market, engaging with customer and linking with partner. Consequently, firms would be able to take the types of informed decisions required by the outside-in marketing competencies and keep harmony with changes in market and stay ahead of the rivals

H5. The higher the level of employee proactivity (EP), the greater the influence of buyer's outside-in marketing competency (BOMC) on buyer's performance (BP).

Fig. 1 illustrates the conceptual framework.



Fig. 1. Conceptual framework

3. Method

Manufacturing firms of Pakistan have been chosen as the research context of this study. Survey instruments were adopted for data collection. Since there was no effective sampling frame accessible across the country. I accessed a list of companies in Pakistan compiled by Section D Mechanical, University of Engineering and Technology Lahore as Kriauciunas, Parmigiani, and Rivera-Santos (2011) propose that universities can be another way to generate effective sampling frame in transitional

economies. This list provided us with contact information about firms in Pakistan. This list had a wide coverage across industries such as refineries, oil and gas, fertilizer, cement, paper, steel, cigarette, multi-national firms, automobile, food and power sector. I also accessed SBP's List of Companies (Annual Report). I compiled both lists and formed an 826 manufacturing firm's sampling frame for this thesis.

As per the sampling frame, I selected respondent firms based on two criteria. First firms must be a manufacturing company and second, must be operating over two years in the market to ensure that firm has stable relations with their suppliers. By doing that I was able to generate 198 firms from this selection and some 112 has working email addresses. 112 questionnaires were distributed to the manufacturing firms of Pakistan online. The motivation behind doing this is that it is unrealistic to survey the whole population.

Senior managers and other senior executives such as CEO, vice president, senior marketing/finance/H.R/purchasing managers responded to the survey and gave information on the variables of this study. Information about the age of the firm was obtained from the company's website. I also promised respondents firms that their responses will not be disclosed to any third party and to improve the rate of response, respondents are assured that they will receive a customized copy of the results when the study is finished. We sent -- reminders (one week apart). We received 40 completed questionnaires out of which 31 were appropriate. The effective response rate was 35.71% (n=40), which was comparable to the response rate of studies directed at top managers in US. Table 1 shows the descriptive summary statistics of the sample.

3.1. Measures

Respondents gave their responses on seven points scale. Table 2 reports the measurement items and reliability assessment.

3.1.1. Control Variables

We controlled two factors that can influence Buyer's marketing competencies. At first, we controlled the buyer's age. The buyer's age was calculated by subtracting the year firm was established from the year of the survey and the answer must be two or greater because the long-established firms tend to have more resources and awareness and hence have stronger marketing competencies. Secondly, we controlled the buyer's ownership. The buyer must not be a public sector (controlled by the government of Pakistan) because they tend to have a monopolistic status in the market.

3.2. Measurement reliability and validity

The PLS method provides details on any significant relationships between survey items and identifies support for the hypotheses. As shown in Table 2, the factor loadings for this research were between 0.65 and 0.96 except three items, indicating that the survey questions successfully explain the model

(Nunnally, 1978). The composite reliability of each construct is above 0.9, indicating that the constructs can be considered reliable. Both the reliability and internal consistency of the items are acceptable.

In addition, Fornell and Larcker (1981) suggested using the average variance extracted (AVE) as a criterion for convergent validity. The AVE for each variable is shown in Table 2. In this study, the AVEs of all the constructs are above the critical value of 0.5, indicating that more than 50 per cent of the variance in the observable measures of all the constructs is explained. Moreover, to ensure discriminant validity, the square root of a construct's AVE should exceed the correlation between that construct and any other construct (McFarland et al., 2008). In all cases, these values (on the diagonal of the matrix in Table 3) are considerably higher than any bivariate correlations between constructs, indicating adequate discriminant validity.

Table 1 Demographic characteristics of the respondents.

Supplier construction	No. of buyers	No. of suppliers
Buyer with five suppliers	31	155
Firm ownership	No. of buyers	Percentage (%)
Private owned	27	87.1
Public limited	4	12.9
Firm age	Frequency	Percentage (%)
1-2 years	2	6.5
7-8 years	3	9.7
9-10 years	26	83.9
Top management respondents (job tenure)	Frequency	Percentage (%)
1-5 years	14	45.2
6-10 years	9	29.0
11-15 years	4	12.9
16-20 years	1	3.2
21 years or above	3	9.7
Collaboration duration	Frequency	Percentage (%)
1-5 years	15	48.4
6-10 years	8	25.8
11-15 years	5	16.1

21 years or above	3	9.7
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4. Analysis and results

Structural equation modeling is used to test hypotheses in this study and smart PLS was used to test the model, because PLS is able to estimate a causal subsystem sequence of paths when the sample size is small (O’Cass and Sok, 2013). Table 3 showcase summary statistics of all variables and table 4 showcase results of structural model. In structural model, results present sufficient model fit SRMR = 0.095 (saturated model), 0.097 (estimated model). The SRMR (standardized Root Mean Square Residual) is an absolute measure of fit criterion. According to Hu and Bentler (1999), a value of SRMR less than 0.10 is considered a good fit. SRMR was introduced by Henseler et al. (2014) as a goodness of fit measure for PLS-SEM to avoid model misspecification.

Hypothesis 1 suggest that there is a positive influence of supplier information sharing on buyer’s outside marketing competencies, results ($\beta = 0.432$, $p < 0.01$) support this hypothesis. Hypothesis 2 argues that there is a positive influence of supplier flexibility on buyer’s outside marketing competencies, results ($\beta = 0.523$, $p < 0.01$) also support this hypothesis. Hypothesis 3 proposes that buyer’s outside marketing competencies mediates

the positive influence of supplier information sharing on buyer’s performance ($\beta = 0.360$, $p < 0.05$), buyer’s outside marketing competencies mediates the positive influence of supplier flexibility on buyer’s performance ($\beta = 0.297$, $p < 0.05$). Results of this study support hypothesis 3. Hypothesis 4 suggests that transformational leadership works as a moderator between buyer’s outside in marketing competencies and buyer’s performance, this hypothesis is supported by the results ($\beta = 1.169$, $p < 0.05$). Hypothesis 5 argues that employee proactivity works as a moderator between buyer’s outside in marketing competencies and buyer’s performance, results ($\beta = -0.738$, $p < 0.1$) do not support this hypothesis.

Therefore results show that supplier information sharing and flexibility has a positive influence on buyer’s outside-in marketing competencies, buyer’s outside in marketing competencies mediates the positive influence of supplier information sharing and supplier flexibility on buyer performance and the human capital element transformational leadership enhancing the positive influence of buyer’s outside in marketing competencies on buyer’s performance.

Table 2 Measurement of constructs.

Constructs	Description	Standardized loading
Supply Information Sharing (Cai et al., 2010) AVE = 0.790 CR = 0.938	Suppliers share technological information with your firm.	0.934
	Suppliers share information on new product with your firm.	0.825
	Suppliers share market information with your firm.	0.860
	Suppliers share information that might help your firm.	0.933

Supplier flexibility (Slack, 1987) AVE = 0.784 CR = 0.935	Under the conduction changes, suppliers can modify the level of aggregated output based on our requirement.	0.931
	Under the conduction changes, suppliers can modify planned or assumed delivery dates based on our requirement.	0.870
	Under the conduction changes, suppliers can modify the range of products made within a given time period based on our requirement.	0.835
	Under the conduction changes, suppliers can introduce novel products, or to modify existing ones.	0.903
Buyer's outside-in marketing capabilities (Mu, 2015) AVE = 0.680 CR = 0.949	Continuously scan and sense emerging market trends and events.	0.837
	Quite alert to changing market conditions.	Removed
	Everyone in our company is sensitized to listen to latent problems and opportunities in the market.	Removed
	Anticipate market trends and events accurately before they are fully apparent.	Removed
	Provide reliable and timely responses to customers' needs.	0.844
	Proactively respond to customer expectations.	Removed
	Invest resources necessary to closely connect with customers.	0.931
	Attend seriously to customers' views, ideas, and circumstances.	0.834
	Take customers' viewpoint to consider how to design and improve business process.	0.852
	Are quite accessible to partners (e.g., distributors, retailers, research universities and institutions, suppliers) when needs arise.	0.524
	Have a formal system in place that can help us find right partners (e.g., distributors, retailers, research universities and institutions, suppliers) with which to work.	0.811
	Dynamically fine-tune and adjust our relationships with partners (e.g., distributors, retailers, research universities and institutions, suppliers) over time.	0.862
	Effectively coordinate and orchestrate partner relationships (e.g., distributors, retailers, research universities and institutions, suppliers) over time.	0.860
Transformational Leadership	Facilitate the acceptance of group goals.	0.714

(Bass & Avolio, 1995) AVE = 0.644 CR = 0.947	Are able to get others committed to his/her dream of the future.	0.726
	Encourage employees to be “team players”.	Removed
	Articulate a compelling vision of the future	0.887
	Express their confidence that we will achieve our goals.	0.869
	Insist on only the best performance.	Removed
	Seek differing perspectives when solving problems.	0.692
	Challenge us to think about old problems in new ways.	0.875
	Have ideas that have challenged us to reexamine some of our basic assumptions about our work.	0.918
	Treat us as an individual rather than just a member of a group.	0.589
	Spend time teaching and coaching us.	0.783
	Behave in a manner that is thoughtful of employee personal needs.	0.905
Employee proactivity (Van Dyne & LePine, 1998; Morrison & Phelps, 1999; & Grant et al., 2011) AVE = 0.628 CR = 0.907	Actively attack problems.	0.824
	Search for a solution immediately whenever something goes wrong.	0.722
	Try to bring about improved procedures for the work.	0.884
	Speak up with new ideas or changes for work procedures or projects.	0.882
	Feel comfortable discussing work-related issues with their supervisors.	0.898
	Feel that their supervisors openly accept ideas for improving work procedure.	0.449
Buyer’s performance (Vorhies & Morgan, 2005; Im & Workman, 2004) AVE = 0.776 CR = 0.945	Market share growth relative to competition effectiveness.	0.852
	Acquiring new customers.	0.892
	Increasing sales to current customers.	0.905
	Customer satisfaction.	Removed
	Profitability.	0.859
	Return on investment (ROI).	0.894
	Return on sales (ROS).	Removed
Reaching financial goals.	0.894	

Notes: Ave = average variance extracted and CR = composite reliability

5. Discussion

5.1. Theoretical contributions

Our study has four theoretical contributions. First contribution is towards the literature of outside-in marketing competency by showing its relational antecedents between firms. This study has two

camps constructed on different viewpoints and theories, which classifies various antecedents and suggests different approaches for enhancement. Studies like Akdeniz et al., 2010; O'Cass & Ngo, 2011; Trainor et al., 2011 have taken inside out approach. But, studies in the past have argued that taking an inside out perspective will eventually lead to myopia that will expand the gap among marketing competencies and complexities. The findings of this study support the outside-in approach and reveal that external relations with suppliers can also be a possible origin and play a part in shaping marketing competencies. This study is a scarce effort that intends to identify and empirically investigate the external antecedents of outside-in marketing competencies. Our study also describes the mediation mechanism by which BOMC enhances buyer performance. Second contribution is towards the outside in study by revealing two external antecedents SIS and SF enhancing outside-in marketing competencies. SIS gives a buying firm with such benefits as widening the vision and possible anticipation of a change in environment, a more profound understanding of implicit knowledge and guidelines of new technology, which assist the buying firm in making sense of the outer environment. SF enables a buying

firm to leverage resources outside of the firm, test various solutions and adaptively search for possible opportunities. Hence, this research improves our understanding of outside-in marketing competencies building through a new outside-in lens and show the way outside in relations are transformed into a buying firm's competencies to assist narrow the gap among buyer's marketing competency and market complexity. Third, this study contributes a novel and nuanced understanding of boundary conditions of the relation among BOMC and BP. Our study reveals that buying firm by the means of their outside-in marketing competencies can further improve its performance in the presence of sufficient human capital in terms of TL. The inadequacy of human capital at the top level of the leadership can cancel any benefit that comes from outside in marketing competency. Buying firm can get more benefits by dedicating resources for improving the skills of the leaders. Hence, our study responds to an understudied question in the existing literature: How and when do buying firms, with the help of their outside-in marketing competencies can deliver superior performance residing in such competencies (Day, 2011, 2014; Moorman & Day, 2016)?

Table 3 Descriptive statistics and all key variables' correlation matrix.

	Sample mean		SD				
BOMC -> BP	0.626		0.194				
Moderating Effect 1 -> BP	0.774		0.563				
Moderating Effect 2 -> BP	-0.451		0.506				
SF -> BOMC	0.513		0.149				
SIS -> BOMC	0.438		0.150				
Indirect effect:							
SF -> BOMC -> BP	0.322		0.142				
SIS -> BOMC -> BP	0.276		0.135				
	1	2	3	4	5	6	7
BOMC	1						
BP	0.830	1					

EP	0.357	0.265	1				
Moderating TL	0.085	0.313	-0.595	1.000			
Moderating EP	0.036	0.195	-0.631	0.971	1.000		
SF	0.873	0.771	0.378	-0.014	-0.069	1	
SIS	0.855	0.797	0.347	0.132	0.045	0.809	1
TL	0.368	0.299	0.811	-0.421	-0.478	0.269	0.320

5.2. Managerial implications

This study has four important managerial implications to offer to the managers of buying firms in the manufacturing sector of Pakistan. First, managers should recognize that the outside-in perspective can be another approach to improve their firm's outside in marketing competency. To match the complexities of the market, buyers must be sensible and proactive towards the changes arising from their firm's external relations, and leverage resources laying behind the boundaries of their firm to assist in shaping their firm's outside in marketing competencies. For outside-in marketing competencies adopting outside in approach instead of inside out provides the manager of the buying firm with fresh solutions to convert external resources into competencies. Second, managers in the buying firms must recognize the potential importance of SIS and SF, With SIS and SF, buyer is more likely to learn and experiment with various alternatives and leverage various external resources. Hence, enhances outside in marketing competencies of the buying firm to adapt to the changes in the market effectively. Third, outside-in marketing competencies are vital sources to attain an advantage in performance. Managers of the buying firm should be prompted to engage in outside-in thinking because it results in performance superiority. For instance, by adopting an outside-in approach to operate the business, IBM gradually transformed into a business solution firm from a PC

maker (Mathewson & Moran, 2016). Forth, capable leaders are vital for the buying firm to attain full advantages from outside in marketing competency. So, buying firms must invest to nurture TL. TL forms an environment that welcomes positive adjustments to deliver more efficient and effective customer value creation. Managers in buying firms should give proper attention to TL if they want to lead high-performance firms because having the best outside in marketing competencies can be unproductive in the absence of TL.

6. Conclusions

Taking a different approach from inside out, that concentrates on resources on the inside to improve marketing competencies and performance. On the other hand, the outside-in approach provides a different route for improvement. This study concentrates on external relations and proves that they can be the key to improve outside in marketing competencies and performance. While conducting this study, we found out that supplier sharing information and being flexible leads to the Improvement of outside-in marketing competencies of the buyer, buyer outside in marketing competencies plays a mediating role to improve buyer performance and transformational leaders have a positive influence on the positive impact of a buyer outside in marketing competencies on buyer performance.

Table 4 Standardized results of structural equation modeling.

Hypotheses paths	Expected sign	Standardized coefficient	Hypothesis supported or not supported
H1: Supplier information sharing → Buyer's outside in marketing competencies	+	0.432**	Supported
H2: Supplier flexibility → Buyer's outside in marketing competencies	+	0.523**	Supported
H3: Buyer's outside in marketing competencies → buyer's performance	+	0.688***	Supported
Supplier information sharing → buyer's outside in marketing competencies → buyer's performance	+	0.360*	Supported
Supplier flexibility → buyer's outside in marketing competencies → buyer's performance	+	0.297*	Supported
H4: Buyer's outside in marketing competencies × transformational leadership → buyer's performance	+	1.169*	Supported
H5: Buyer's outside in marketing competencies × employee proactivity → buyer's performance	+	-0.738 [†]	Not Supported
Model fit indices	SRMR = 0.095 (saturated model), 0.097 (estimated model)		

Note: [†]p < 0.1, *p < 0.05, **p < 0.01, ***p < 0.001 and SRMR = standardized Root Mean Square Residual.

6.1. Limitation and future research

Our study comes with some limitations that can be addressed in future studies. First, responses are from the buyer side. Studies in the past have taken consistent responses from both supplier and buyer (Heide & John, 1992), there is still a possibility that supplier can have different perspectives than the buyer. So, in the future researchers may gather data from both supplier and buyer. Second, we adopted the scale to measure BOMC from Mu (2015, p. 162). Despite the fact, we run different reliability and validity analyses, scholars must focus on developing a new scale to measure outside in marketing competencies. Developing a new scale lies outside the scope of our study but it may be a huge contribution to future studies. Third, we investigated the number of variables between the relation of BOMC and BP. We examined how

BOMC and human capital (TL & EP) influence BP. So, studies in the future may investigate other human capital elements and cultural elements to find their influence on BP. Forth, the theoretical construct of this study can be applied to different settings and we suspect that findings would be similar to our study. Nevertheless, hypotheses are tested utilizing the data gathered from Pakistan based manufacturing firms. There is a possibility that the generalization of our study can be limited to different settings and countries. Replication in non-manufacturing and different countries might give us further insights to understand the relations and identify differences produced by different cultures and business settings. Fifth, we haven't taken into account other competency improving or preventing factors like integration and coordination competency, branding strategy, competitor's moves,

content marketing and business models (online & offline) in the relation among BOMC and BP. Investigating the impact of these factors on the influence of BOMC on BP would improve our understanding of the context. Sixth, our findings show the positive influence of BOMC on BP. But under some conditions, BOMC may have a negative influence on BP. For instance, BOMC may not positively influence some variables of BP such as process innovation, cost reduction, resource acquisition and production cost control. Addressing this in future research could enable managers to avoid certain conditions that can limit the positive influence of BOMC on BP. Seventh, this study is carried out in Covid 19 pandemic and this might have affected the findings of this study. For instance, it was a very difficult task to collect responses from the top management of manufacturing firms in Pakistan as we couldn't visit the firms because they didn't allow it due to lockdown. So, studies post coronavirus pandemic should be carried out to see if they find any new results.

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