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INNOVATION AND COMMUNICATION AS DIMENSIONS OF THE MARKETING CULTURE: THEIR INFLUENCE ON FINANCIAL PERFORMANCE IN SLOVENIA'S INSURANCE AND CONSTRUCTION INDUSTRIES

Inovativnost in komuniciranje kot dimenziji marketinške kulture v luči finančne uspešnosti poslovanja v slovenski gradbeni in zavarovalniški panogi – primerjalna analiza

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Abstract

This study explores the meaning and role of the marketing culture within organizations—specifically, innovativeness and internal communications, both of which have a significant impact on an organization's financial performance. A qualitative study was conducted in the insurance and construction industries in Slovenia based on theoretical insights, in which 11 semi-structured interviews were conducted with top and middle managers of medium-sized and large organizations. Recommendations to be applied in practice and for further research are given based on the findings.

Keywords: Marketing culture, financial performance, innovation, internal communications, insurance industry, construction industry

Izvleček

V prispevku so opredeljeni pomen in vloga marketinške kulture organizacije in njenih kategorij inovativnosti ter interno komuniciranje, ki pomembno vplivajo na finančno uspešnost poslovanja organizacij. Na podlagi teoretičnih spoznanj je bila izvedena kvalitativna raziskava v gospodarskih panogah zavarovalništvo in gradbeništvo v Republiki Sloveniji. Na osnovi ugotovitev raziskave so podana priporočila za prakso in nadaljnje raziskovanje.

Ključne besede: marketinška kultura, finančna uspešnost, inovativnost, interno komuniciranje, zavarovalništvo, gradbeništvo

1 Introduction

Macroeconomic indicators (gross domestic product, inflation, gross capital expenditure, registered unemployment, and real value of performed work) affect the efficiency and effectiveness of individual industries. Within these industries, the efficiency and effectiveness of individual organizations need to be examined in light of the 2008 economic crisis, recession and economic stagnation. Garelli (2010: 5) called this period a "tragedy in three acts"—that is, the convergence of a financial crisis, an economic crisis and a social crisis.

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In such circumstances, companies must constantly adapt and learn to understand and develop their competitive edge, shifting their focus from emphasizing long-term relationships (social processes) between the organization and stakeholders linking all the factors of mutual relationships to increasingly take into account the partner's needs, desires, and expectations (Moretti, 2011; Barney, 1991; Fahy, 2000). The assets of such features, which are important for creating a competitive advantage, include the organization's marketing culture (Kasper, 2002:1049; Ross-Wooldridge and Minsky, 2002:30).

A competitive edge leads the organization to above-average market performance and consequently improved financial performance (Day and Wensley, 1981:14). Indeed, the presence or absence of a marketing culture (comprising six dimensions: service quality, interpersonal relationships, sales tasks, organization, internal communications and innovativeness) plays an important role in financial performance (Webster, 1995:7). Despite the strong influence of a marketing culture on organizational performance, only two studies on the topic have been conducted in the context of Slovenia: one in the education sector and another in the food processing industry.

Studies that have examined the dimensions of marketing culture show that the category of innovation is the most important for the organization's competitiveness (Simon, 2010), with radical innovation[1] being crucial to the growth of firms and economics (Tellis, Prabhu, and Chandy, 2009). Employees can be viewed as the only sustained source of competitive advantage (Englehardt and Simmons, 2002). Furthermore, internal communications are a precondition for the operations of any organization; despite the important role of communication, few researchers have undertaken systematic research on this topic (Mumel et al., 2006:361). Thus, two dimensions of the marketing culture—internal communications and innovativeness—are empirically analyzed in the present study.

Construction companies—once the pillars of development—were the first to be hit hard by the financial crisis, although they have not yet fully experienced the consequences (Pavlin, 2011). Insurance companies have also been hit as they do not compete only among themselves; indeed, banks and other financial institutions are entering this field (Bešter, 1998:157). Significant differences in financial performance have been noted in these two industries during the crisis, recession and economic stagnation.

The present study is divided into four sections. The introduction is followed by the study's theoretical basis. The third section describes the qualitative research, including the methodology and results. The final section consists of a conclusion and recommendations for further research.

2 Theoretical Basis

2.1 Marketing Culture

The business environment has been experiencing increasingly rapid and more radical changes in technology and other complex knowledge, with a corresponding increase in stakeholders' expectations (Snoj, 2007:57). As a result, organizations must assess and, if necessary, adapt their culture and their way of doing business (Schneider et al., 1996:18–19). The marketing culture is a concept derived from theoretical and practical research on organizational culture. Scholars generally agree that the organizational culture is comprised of a set of values, beliefs, and norms that the members of an organization share. As Chatman and Cha (2003:4) noted, organizational culture is "a system of shared values (defining what is important), and norms (defining the appropriate behaviour and attitude)."

Some definitions of organizational culture emphasize knowledge (Hofstede, 1993:89, Peters, 1993:34) whereas others focus on organizational ethics (Maull, Brown and Cliffe, 2001:305), myths, symbols, and rituals (Schein, 1985:9; Kotter and Heskett, 1992:4; Drennan in Brown 1988:8), and values and convictions (Cook and Yannov, 1993:379; Rousseau, 1990:160).

The most established definition of organizational culture is that formulated by Schein (1985:9):

Culture is a pattern of shared fundamental assumptions that the group learned as it solved its problems that has worked well enough to be considered valid and is passed on to new members as the correct way to perceive, think, and feel in relation to those problems.

According to organizational theory, organizational culture is the synthesis of the dominant culture's values and the ways in which individuals or groups at various levels of the organization think as well as how they transfer those thoughts into behaviours (Homburg and Pflesser, 2000:449).

An organization has a strong culture if a majority of its employees are strongly committed to the same values—namely, the organization's fundamental values. To this end, successful organizations such as Southwest Airlines and Hewlett-Packard devote significant resources to maintaining and developing a strong culture (Sandri and Lees, 2001).

In the organizational culture literature that stresses the fundamental orientation of the customers, we find two terms: marketing culture (Webster, 1992, 1995; Kotler, 1996; Appiah-Adu in Singh, 1999; Appiah-Adu and Fyall in Singh, 2000) and market orientation (Narver in Slater, 1990; Kohli in Jaworski, 1990; Cadogan in Diamantopoulos, 1995). Webster (1993) was the first to study the marketing culture within organizations. According to Webster (1995:7), marketing culture is the element of the

[1] The research across 17 nations has shown that several factors assumed to be important drivers of radical innovation (such as the metrics of national labour, capital, government regulation, and culture) are not important. In contrast, internal corporate culture has been shown to be an important driver of radical innovation (Tellis, Prabhu and Chandy, 2009:15).

entire organizational culture related to the pattern of shared values and beliefs that helps individuals understand and "feel" the marketing function. As such, the marketing orientation provides employees with norms for behaviour in the organization. It also relates to the meaning the organization ascribes to elements such as the marketing function and the manner of performing marketing activities in the organization. Marketing culture refers to the organization's implementation of values that enable it to meet stakeholders' expectations, both internal and external, while simultaneously developing, advancing and surviving in the current highly developed and competitive environment. Glick (2004:29) believed that an organization's marketing culture is evident in its way of life, practices, habits, traditions and routines. Ideally, all employees accept the organization's culture. Marketing culture has been outlined as a culture of illustrations and symbols, developed and used to support, define and strengthen products and symbols (Žostautienė and Vaičiulėnaitė, 2010:875). As Seabrook (2000:153) noted, the marketing is the culture and the culture is the marketing.

The second term we find within organizational culture that stresses an orientation toward customers is market orientation (Narver and Slater, 1990, in Langerak, 2002:3), which is an orientation toward the competition, toward the customers and an inter-functional orientation—in other words, how marketing is aligned with other business functions. Market orientation (i.e., the extent to which management philosophy is based on the concept of marketing) is an integral part of the marketing culture (Deshpande and Farley, 2004) and has been the subject of intense theoretical and empirical research (see Baker and Sinkula, 2005; Narver and Slater, 1990; Narver et al., 2004). When following the principles of the market-oriented organization (Kotler, 2003) to exercise organizational objectives compared with the competition, it is essential to achieve greater efficiency and effectiveness when detecting the needs of customers and stakeholders.

Marketing culture is a core element of organizational policy and serves as a distinct organizational competence and a competitive edge of the organization. However, this is only true when that marketing culture is a scarce resource among competitors and when it has significant meaning for the organization's target groups (Trnavčevič et al., 2007:92). If the culture is available to all competitors and they implement this quality at all quality levels, that culture can no longer represent a competitive edge of the organization. In such cases, the marketing culture is a necessary precondition for successful operations in the market (Hunt and Morgan, 1995:11). In fact, a well-devised and implemented strategy can improve the financial performance of the enterprise. Furthermore, a well-studied marketing culture[2] plays an important role in developing and implementing such a strategy.

Marketing culture can be divided into two approaches (Gainer and Padanyi, 2005:856):

- Programming approach: training programs are used to establish desired customer-oriented values
- The approach based on experience and learning from behaviour: the marketing culture emerges as a result of daily inputs in creating value for the customers

The construction and insurance companies in Slovenia are no different in any of the issues discussed thus far. To thrive, they must adopt certain core values of the marketing culture.

Internal communications

According to Flatt and Kowalczyk (2008:15-16), strong organizational cultures (where marketing culture is a term related to organizational culture) "reflect values, beliefs and norms that are widely shared and internalised by employees." Different authors have defined internal communications as efforts that affect employee motivation with the aim of increasing the efficiency of operations of the organization. Effective internal communications is one of the main factors behind the success of any organization. They play roles in socializing, improving the work environment for employees and providing management with feedback. Including internal communications also helps meet the organization's and individuals' goals (Mumel et al., 2006:361-362).

As research has shown, economic factors predict reputation (Sabate and Puente, 2003). Culture also plays an important role in developing reputation (Fombrun and Shanley, 1990; Dukerich and Carter, 2003). Internal (culture) and external elements co-determine one another (Hatch and Schultz, 2000). Kowalczyk (2005) empirically demonstrated a correspondence between cultural attributes and reputation. Carmeli (2004) found that culture interacts with communication.

[2] In newly established organizations, owners and managers decide on a marketing culture as a type of an organizational culture. Those who work to build the marketing culture can encounter the obstacle of a lack of knowledge and inappropriate staffing. Claiming the existence of a culture is no guarantee that the culture is actually embedded in the organization's reality—a culture, of course, does not appear in its pure form in an organization; thus, the criterion of predominance should be applied (Snoj, 2007:69). An organization's marketing culture is not created overnight, but is the result of experience with the challenges of a competitive environment. Changes in top management are necessary in the majority of cases. Glick (2004:30–47) recommended definitive communications (from the owners and the management) to all employees so that they stand behind the changes; this should include forming an organizational unit in charge of marketing that implements and monitors behavioural norms, training in marketing, reporting successes and providing for a long-term input of energy into building the marketing culture. In these ways, top management's philosophy strongly influences how the marketing culture of an organization develops.

However, communication in and of itself represents the integrated and comprehensive management of organizational communications with the publics that affect the perceptions, market position, business, or existence of the organization, including internal stakeholders, such as employees (Postružnik in Možina, Zupančič and Postružnik, 2010:51). Effective internal communications provide vital support to the organization's suite of communications. Organizations must consider the importance of internal communications to avoid and understand the obstacles while fulfilling the strategy (Harisson, 1995:122). A marketing culture supports open internal communications and encourages cultural and open dialogue among all employees. The communications system itself offers support for employee-friendly information (Moretti, 2011:22).

Argenti and Forman (2002) and Tourish and Hargie (2004) stated that internal communications play an important role in organizations due to the evidence that companies with effective communication strategies are usually successful whereas those without strategies or that implement a strategy that is not effective do not achieve optimal results. In contrast, Kalla (2005) pointed out that communications are rarely recognized as an important principal competency. Internal communication can be defined in many ways. Bovee and Thill (2000:7) defined internal communication as "the exchange of information and ideas within an organization." Argenti (2003:128) noted that "internal communication is, in essence, about creating an atmosphere of respect for all employees within the organisation. Communication from management should come directly from one manager to the next and from supervisor to employee, but as companies grow larger and more complex, this often becomes more difficult—hence the need for the internal communication function." Kalla (2005:304) defined internal communications (in the plural form) as "integrated internal communications, i.e. all formal and informal communication taking place internally at all levels of an organisation."

Innovativeness

According to the EU Lisbon Strategy, innovation is essential for the EU to compete successfully with the most developed countries in the world; thus, innovation is one of the most important engines of sustainable growth for EU countries (Rodrigues, 2006).

Successful operations are the goal of all organizations. Innovation is achieved in several forms depending on the organization's objective. Radical innovation drives market growth, firms' success and nations' economic growth (Sorescu, Chandy and Prabhu, 2003; Sood and Tellis, 2005). Well-thought-out planning of the innovation policy—notably, in innovations in production and service processes, which modernize and enhance production and the competitive edge—is important for achieving positive results (Markič, 2004:15). Research on the concept of innovation has shown that firms at the leading edge of radical innovation tend to dominate world markets (Atuahene-Gima, 2005). Majaro (1992:6) said that innovation is a sort of application of ideas to meet the organization's objectives more efficiently; such objectives should be defined clearly and established formally while the ideas must be useful, practical and fruitful.

Schumpeter (1951:341) posited that innovation as a process may include opening or entering new markets and discovering new raw material for specific producers. Elements of an innovative organization include challenge and involvement (dedication), freedom (authority), trust/openness, time for ideas, playfulness/humour, low level of conflict/disputes, support for ideas, discussion and debate and the assumption of risks (Prokesch, 2009:102). The following formula of innovation was developed by Mulej and Ženko (2002:14):

Innovation = invention[3] × entrepreneurship × requisite holism × management × employees × culture × competition × customers × suppliers × socioeconomic conditions × natural environment × chance/luck.

A successful innovation process-supporting attitude requires changing/innovating the attitude of employees, most often starting with management. People with knowledge, energy, creativity, and flexibility emerge as this effort is undertaken. Thus, innovativeness is becoming a key competitive edge for organizations compared to their competitors (Likar, Križaj and Fatur, 2006:142).

Organizations that want to reach the top of their field must set high, ambitious and achievable goals. Managers must support any attempt to make a business breakthrough with innovations (Sorenson, 2001:26). Employees in an innovative organization are open to changes and give proposals for changes. Furthermore, the company is among the first to introduce changes in business processes and new products (Moretti, 2011:22). Empirical research has revealed that innovation capacity positively predicts organizational performance (Gatignon and Xuered, 1997), innovation resources positively affect sales volume and market shares (Ge and Ding, 2005) and innovation resources and reputational resources are positively associated with market shares and sales volume (Snoj, Milfelner and Gabrijan, 2007).

2.2 Financial performance of organizations

An organization's main objective is to work effectively and efficiently. Efficient work means doing things the right way, whereas effective work means doing the right things (Turk, 1999:620). The performance of an enterprise is shown in its operations, which are aimed outward and measured by determining the profit and turnover of the organization, comparing outputs to inputs. It entails ensuring the profitability of an organization, accounting for the sales prices of created products and services, measuring

[3] An invention is defined as a promising new idea that has not yet been developed enough and satisfactorily applied by its users to deserve the label of innovation (EU, 1995).

the success of resources used and measuring relationships between different costs and the turnover or profit (Benedik, 2003:33).

Determining return in practice mostly relies on two indicators (Biloslavo, 1999:119): return on equity – ROE and return on assets – ROA (using the assets of the organization successfully). Modern methods for measuring business performance serve several purposes (Gruban 2002:3): monitoring the parameters linked to satisfying all stakeholders (employees, consumers, shareholders, etc.); managing business processes and the ability of the organization to innovate and continually create added value; recognizing signals that indicate a weak immune system of the organization; selecting information that puts the organization in front of new challenges; and consciously neutralizing the "herd" logic of measuring business excellence.

A well-devised and implemented corporate strategy can improve the organization's financial performance. Developing and implementing such a strategy is significantly marked by the presence or absence of the marketing culture. In turn, the marketing culture comprises characteristics of the organization, such as quality, employee satisfaction, interpersonal relationships, competitiveness, organization, internal communications and innovativeness.

As Sorenson (2002) and Singh (2004) pointed out, research has shown that a strong culture influences a firm's financial performance by improving employee coordination, control, goal alignment and effort. Most studies within the organizational-corporate and culture-performance literature have focused on financial indicators. According to various results, strong cultures lead to greater short-term performance (Denison, Haaland and Goelzer, 2003); greater-than-average levels of ROI, net income growth, and share prices (Kotter and Heskett, 1992); and increases in the performance of insurance companies (Gordon and DiTomaso, 1992). A significant relationship between culture and performance has been found for some industries, such as manufacturing and insurance, but not others, such as hospitals (Lee and Yu, 2004). Using a sample of 104 companies, Flatt and Kowalczyk (2008) showed that strong culture significantly predicts financial performance. Still, some studies have shown negative as well as positive relationships between marketing culture and organizational performance (see, e.g., the empirical test of a UK retailer by Booth and Hamer, 2008). Therefore, it is appropriate to analyze and guide the marketing culture, using it to improve business performance.

3 Empirical study

3.1 Collecting data for the empirical study and empirical study results

The present research is part of a project to develop an assessment model to analyze marketing culture. This assessment will be designed to evaluate a representative sample of medium and large companies in Slovenia, with the goal of devising and proposing concrete measures to develop the marketing culture in Slovenian companies. The ultimate goal is to develop organizations to the point where marketing culture becomes a distinctive factor of sustainable competitive advantage. As previously mentioned, only two studies on marketing culture have been conducted in Slovenia thus far: one in the education sector (Trnavčevič et al., 2007) and one in the food processing industry (Rupnik and Biloslavo, 2009:A152). Both revealed the importance of the marketing culture on business performance. The research for the current paper was conducted in the insurance and construction industries, primarily because these have a major impact on the country's economy, and secondly because of the lack of research on marketing culture in Slovenia, particularly in these industries.

Qualitative studies are recommended for small and purposefully made samples. Data for qualitative studies are generally obtained via qualitative techniques comprising structured and semi-structured interviews, notes from personal observations and available financial data. Easterby-Smith, Thorpe, and Lowe (2005:111) defined the analysis of qualitative data as:

> an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.

Bryman and Bell (2003:573) defined the analysis of qualitative data as a non-numeric view that enables interpreting observations to discover the basic meanings and patterns of relationships. Thus, in the current study, answers to the research questions were based on the analysis of the qualitative data.

The current study used the qualitative method and semi-structured individual interviews as the data collection technique. Interviews allow for in-depth insights into the studied subject. The advantage of interviewing lays in its "exchange of views", depth, and flexibility during the interview (Kvale 1996:189–190). Eleven semi-structured individual interviews were conducted between November 2009 and May 2010. The credibility of the qualitative part of the present study (semi-structured individual interviews) was improved using triangulation according to group and source.

Top and middle managers of medium-sized and large organizations from the insurance and construction industries in the Republic of Slovenia were invited to participate (purpose sample: 11 companies). Key respondents were used, because senior managers have been shown, in general, to be reliable in their evaluations of firm activities and performance (Hart and Banbury, 1994; Venkatraman and Ramanujan, 1986). The interviews lasted 30 to 45 minutes. All invited persons agreed to participate in the interviews. Their anonymity was assured, and they agreed to audio recording of the interviews. We used sub-questions to encourage the interviewed persons to participate fully. The interview consisted of four open-end questions[4]:

– Are you familiar with the term "marketing culture"?
– In your opinion, what is the importance of developing the marketing culture in organizations?
– What elements does the marketing culture comprise in your view?
– How is the marketing culture expressed in your organization?

A transcript was made from the recordings, which allowed for data analysis. The results of the qualitative study are not generalizable beyond the sample; indeed, this was not the purpose of the present study.

Research studies should explain the procedures, the analysis method and the manner of transforming data into contextual categories, where the meanings of the obtained data are classified. Qualitative data can be analysed in two ways (Easterby-Smith, Thorpe and Lowe, 2005:147-148): content analysis and substantiation analysis. For the present study, we decided to analyse the contents by key terms. To ensure anonymity, participants in the study were designated as Person Z1, Person Z2, Person Z3, Person Z4, and Person Z5 from the insurance industry and Person G1, Person G2, Person G3, Person G4, Person G5, and Person G6 from the construction industry.

The process of analysing individual audio recording transcripts from interviews was performed using the following steps:

Step 1: Identifying key terms.

Step 2: Sorting the key terms into categories.

Step 3: Analyzing and interpreting the categories of the marketing culture in both industries.

Step 4: Performing a comparative analysis of the two industries for their innovativeness and internal communications categories, in line with the present study's theoretically grounding.

Research Results

General Observations

All interviewed persons, both from the insurance and the construction industry, were familiar with the term marketing culture, but they could not give a detailed or correct definition of the term. Thus, we informed them of the definition of this key term under investigation.

The essential key result was that the dimensions of the marketing culture were not difficult to detect when analyzing both industries. The interviewed persons took a relatively uniform position on the issues contained in the questions. The analysis identified six categories in both the construction and the insurance industries: quality, satisfaction, interpersonal relations, organization, internal communications and innovativeness, with the additional element of reputation being important for the insurance industry. Webster's (1995:7) theoretical discussion defined the marketing culture using the following dimensions: service quality, interpersonal relationships, communications, innovativeness, sales task and organization. Comparing the obtained categories with Webster's, all identified categories except for reputation are dimensions of the marketing culture within the organisations, participating in the study.

Enhancing reputation is very important to insurance companies in addition to the marketing culture. The marketing culture and its dimensions, as well as reputation, contribute to an organization's performance. The analysis has shown that organizations from the construction industry place no importance whatsoever on the category of reputation. The results apply only to the firms represented.

Internal Communications

Based on the present study's theoretical approach to showing the innovativeness category as the most important element for an organization's competitiveness (Simon, 2010) and internal communications as the basis for doing business (Mumel et al., 2006), we will now analyse in some detail these two categories of the marketing culture.

Internal communications are the systematic ways in which the organization communicates with employees. In an organization, internal communications are conducted both upward and downward as well as diagonally and trans-sectional (Tavčar, 1995:14). A new approach to internal communications is emerging in theory, in which theorists speak of "employee engagement" (and no longer of satisfaction or loyalty) (see Gruban, 2010). Gallup studies (Gruban, 2010) have shown that the ratio between the number of engaged and actively disengaged employees is a macro indicator of the health of organizations. Furthermore, a more recent Gallup study (see Gruban, 2010) showed that earnings per share are 18% higher at companies with the highest level of employee engagement.

Internal communications in the companies of the interviewed persons from the insurance industry were conducted as indicated:

– Person Z1: communicates vertically through special meetings, weekly meetings with department heads, by telephone, and by e-mail.
– Person Z2: employs personal communications, written communications, and open house events with the CEO or CEO's visits with business units. The company employs a person working exclusively on internal communications. It has also developed virtually every tool used to enhance relations with employees: the intranet, forums, blogs, company bulletins, logs of proposals,

[4] The questionnaire for the present study was developed by the Faculty of Management Koper, which is currently conducting a three-year project (set to conclude in September 2012) entitled *Marketing Culture as a Tool for Strategic Planning in the Post-transition Economy.*

surveys, award competitions, contests, and employee engagement studies. This interviewee's company has also developed an internal communications strategy.

- Person Z3: the company developed a corporate communications department for internal and external communications. The aim of internal communications at the company is to provide timely information to employees, the free flow of information, etc. Suggestion boxes (a way to submit suggestions, ideas, and opinions anonymously) were placed in all regional units; the corporate communications department ensures that staff receive appropriate replies and solutions to the proposals.
- Person Z4: uses regular internal meetings and communicates via e-mail and the intranet.
- Person Z5: uses the intranet, bulletins, events for employees and meetings with business partners.

Meanwhile, internal communications in companies from the construction industry featured the following:

- Person G1: uses internal bulletins and intranet (but with a poor response). The interviewee blamed the "company staff structure" for the poor response.
- Person G2: was thinking about introducing internal communications at the time of the interview, but used no tool at the time of the interview. A re-organization was underway, and the interviewee was aware that internal communications should be given more importance.
- Person G3: the interviewee's company has developed many tools, from a magazine for employees (also translated into foreign languages) to weekly informational bulletins, TV, and intranet and extranet.
- Person G4: attributed internal communications to the personalities of people working in the environment; said that it was very hard to influence personalities, but found the issue extremely important.
- Person G5: defined internal communications as communications with the entire organization (i.e., all departments), deeming each department to be an enterprise. The interviewee mentioned the sales department and operational departments and claimed that the management makes the biggest contribution. He also mentioned the importance of feedback information in improving internal communications.
- Person G6: defined internal communications as talking and communicating and claimed communications have an important effect on business. He stated that he used regular meetings, visits to construction sites, and an open-door policy ("they can ask anything anytime").

Two interviewed persons from the insurance industry listed the strategy and goals of their internal communications, which leads us to conclude that they are aware of the strategic importance of this function. Only one interviewee from the construction industry stated the effect of communications on business, and in most cases the range of tools used was more modest than that in the insurance industry. One construction company is only thinking about introducing internal communication techniques, while another interviewee ascribes the importance of communication to people's personalities. Only one interviewed person in the construction industry explicitly stated the importance of feedback information.

The majority of the interviewed people listed various tools that meet the internal communication function as defined by Možina et al. (2004). Yet half of the surveyed construction companies are not engaged in internal communications, list no tools, and do not ascribe any particular practical importance to the area.

Innovativeness

According to Likar (2006:54), innovation is a new or significantly improved product or service that appears on the market successfully. Innovative organizations have a chance of long-term success.

In the insurance industry, Person Z2 places great significance on innovativeness as a tool for creating the marketing culture, contributing to improved (bigger or better) sales. This person said that his organization did not place great emphasis on innovation, notably at the strategic level. He then went on to say: "We include employees in innovation processes and use methods to promote creativity that should encourage employees to think creatively, which should lead to innovations." Meanwhile, Person Z4 said that "innovations are important in our organization. We continuously ask employees if they have any ideas. Nothing is set in concrete at our company. We have a variable bonus system. A breakthrough idea will be always be rewarded." Regarding his company, Person Z5 said, "we encourage and develop the ability of innovative problem solving, efficient idea implementation, as well as the ability employees to work independently and in teams."

Rašič and Markič (2008:26) noted the same notions expressed by Persons Z2 and Z4—namely, that organizations must plan the innovation policy and constantly turn inventions into innovations. A good innovation strategy enables organizations to improve efficiency and competitiveness, results in related superior performance compared to their competitors and enhances returns. Person Z3 pointed out that the company's innovative information service is for insured persons, which is an advantage.

In the construction industry, Person G1 stated that innovativeness is not a topic for his company; staff members are informed of all new developments and accept them. Person G2 linked innovativeness with the pay system. He claimed that persons receiving variable pay were more innovative. Person G2 further said that it was difficult to be innovative in the construction industry because "there is nothing innovative about the structures […] you cannot be innovative in building apartments if you want to sell at a normal price."

Innovativeness is the least important marketing culture dimension for the company of Person G2.

Person G3 understands innovativeness in a completely different way from person G2, describing the innovation process as Prokesch (2009) expressed (i.e., as external and internal processes), claiming that otherwise it would be "hypocritical": "We take care of products, constantly improve them, upgrade them, look out for new ones, we have a process developed […] We are known for our innovativeness and an innovative approach." Person G4 stated that he became aware of the importance of innovativeness and set up a new department three years ago to "formalize the issue and increase the effect." He stated that the effects have been visible, but "not to the extent we believed they would be." He added that a formal focus is no guarantee of the results.

Person G5 said that in their organization they "used to be more robust, but now they take time for satisfaction and communications between employees and with the management in order to promote innovativeness." Person G6 said that "there is more than enough of that around here, but I cannot define it and neatly list it." He found it to be "self-evident. If you have no innovativeness, you will get nowhere. I used to get my fingers burnt many times on my old job for seeking new solutions too much."

With the exception of one person from each industry, the interviewees did not consider innovativeness to be of importance. In the construction industry, innovativeness was referred to as being "taken for granted" and as a "non-issue," or the interviewee claimed that there "is nothing innovative" in the construction industry. Some even considered innovation to be the least important dimension of marketing culture.

Financial Performance

The financial indicators for the insurance and the construction industry, as described in section 2.2 of the present paper, show the following results for the analysed companies for 2009:

Table 1: *ROA and ROE Financial Indicators for the Construction and the Insurance Industries, 2009*

	Return on assets (in %)	Return on equity (in %)
G1	0,23	1,02
G2	-0,83	-5,5
G3	2,25	5,1
G4	0,24	1,95
G5	0,64	4,09
G6	0,43	1,59
Z1	2,22	15,72
Z2	-0,08	-0,94
Z3	-1,29	-1,31
Z4	0,75	12,97
Z5	0,0028	21,31

The two construction companies that paid the most attention to innovativeness and internal communications achieved by far the highest ROE in the construction industry. Interestingly, the only construction company with a negative return in 2009 did not deal with internal communications and attributed no major significance to innovativeness.

Empirical research and financial indicators show that financially successful companies (Companies C and E) in the construction industry are more aware of the importance of innovation and internal communication to business performance as Mumel et al. (2006) and Simon (2010) defined (see chapter 1). Two of the analyzed construction companies were still enjoying above-average financial success in 2010, while another two (Companies B and D) were initiating bankruptcy proceedings.

4 Conclusion and Recommendations for Further Work

The basic premise of the present research was that the industries included in the analysis would show significant differences in the level of development of the two analyzed categories of marketing culture—namely, internal communications and innovativeness. Furthermore, we performed a comparative financial analysis of all the companies included in the study and determined whether any differences exist. If differences were apparent, we examined what kind of differences we found in relation to being aware of the importance of innovation and internal communications.

The findings suggest that the interviewees' level of awareness regarding the importance and impact of internal communications on flow, information, education, motivation, and—ultimately—on business performance, is higher in the insurance industry. Furthermore, we conclude that the insurance industry does not attribute a significantly larger importance to the field of innovation than the construction industry, which is relatively surprising.

Companies that are not aware of the importance of internal communications techniques, are not implementing these techniques, and consequently are not managing communications strategically perform less well, which is consistent with the findings of other studies (see Gruban, 2010). From a theoretical standpoint, the performed interviews, the findings, and the comparison of the financial indicators, we can conclude that a linear link exists between sound financial performance of the analysed insurance and construction companies and the implementing and managing internal communications. Based on the empirical study, we can say that the insurance industry is engaged more systematically and strategically in internal communications. Furthermore, all companies in the insurance industry pay great attention to internal communications.

The analysis also demonstrated that—with one exception—the persons interviewed in the construction industry did not describe innovativeness as a part of the organizational process or stated that the innovativeness was "self-evident," "not an issue," or even that "nothing innovative can occur in the construction industry." They ranked innovativeness last among the dimensions of the marketing culture.

All analyzed companies from the insurance industry, as shown in the analysis, pay greater attention to innovativeness than the construction companies. Both of the insurance companies that showed losses in 2009 returned profits in 2010 (Slovensko zavarovalno združenje [Slovenian Insurance Association], 2011). It should be noted that other performance indicators are important in the insurance industry, which is not the case in the construction industry; these include gross premiums, net insurance premium as percentage of the gross premium, movement in gross claims paid, average damages paid and loss ratios. However, these factors were not included in the financial analysis.

Based on the analysis from the empirical study and the financial indicators, we can conclude that construction companies with superior financial performance (e.g., G3 and G5) are also more aware of the importance of innovativeness and internal communications and their impact on business, as Mumel et al. (2006) and Simon (2010) defined. These two analyzed construction companies also had above-average financial performance in 2010, whereas two other analyzed companies entered bankruptcy procedures (i.e., G2 and G4). It should also be noted that the majority of construction companies declined to participate in the present study.

The present paper did not aim to determine the correlation between financial indicators and innovativeness and internal communications. Rather, its aim was to present the significance and awareness of the two functions (according to the theory summarized) as important or even essential categories of the marketing culture. The field of the research limited itself to companies from the two industries investigated because these industries are important for national economic development, in light of financial performance of companies participating in the empirical study.

Discussion

As the analysis of the present study shows, it is rare for companies to be explicitly aware of the impact of innovativeness and internal communications on operations; however, those that showed such awareness in the interviews tended to perform better financially. In contrast, the two companies that placed no importance on innovativeness and noticed no effect performed poorly and were operating at a loss.

The analysis also demonstrated that the level of awareness on the importance of internal communications and its impact on the flow, information, awareness, motivation and—last but not least—business performance is higher in the insurance industry than in construction. One surprising result of the analysis was that the insurance industry does not give much greater meaning to innovativeness than the construction industry. It seems that both industries are very traditional and poorly exposed to competition demanding more innovation.

We can conclude from these results that companies are dealing relatively strategically with internal communications (more so in the insurance than in the construction industry), but place too little importance on the role of innovativeness in their business processes. Why that is the case could be a topic of another study, especially in light of the study conducted in 2005–2007 in which the author found that "the success of innovations has a statistically significant and positive impact on the company performance" (Bodlaj, 2009:204).

The theoretical and empirical studies summarized at the beginning of this paper defined through empirical studies the effect and importance of innovativeness and internal communications for successful performance. The results of the analyzed insurance and construction companies cannot lead to any definitive conclusions about the awareness of the two industries in Slovenia on business performance. An exception is company C in the construction industry, which shows a high rate of ROE.

Despite the great impact on business performance ascribed to innovativeness and internal communications by numerous authors, only two studies have been performed in the Republic of Slovenia context to date on the subject of the marketing culture—namely, in education and the food industry. No study has been previously performed that analyzed the marketing culture in the construction or insurance industry in Slovenia, nor did we find any comparative analysis on the marketing culture between industries addressing economic development.

The empirical studies presented in the present article can be useful to top managers and shareholders/stakeholders of insurance and construction companies as well as in corporate governance and management, particularly if management takes a strategic approach to marketing culture with an emphasis on innovativeness and internal communications in order to improve business performance through a developed marketing culture.

Recommendations

- Continue research in Slovenian industries in the form of in-depth studies examining dimensions of the marketing culture and perform such studies on a regular basis.
- Compare the results of the studies among various industries and determine progress and changes.
- Determine the reasons for the findings of the present study, which suggest that innovation is not significant for the insurance industry in Slovenia compared to the findings by Gordon and Ditomaso (1992).
- Establish a model for effective internal communications and efficient innovations based on the findings of the present study.

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