ABSTRACT

Owing to the inconclusive results of prior studies on the strategic change-firm performance relationship, this paper extends the marketing strategy literature by specifically investigating the marketing strategic change phenomenon in a non-Western emerging economy. An emerging market context is of particular interest given that little is known about it while generating half of global GDP based on the IMF’s World Economic Outlook in 2014. Unconventional to the existing stream of research, an ‘inverted U-shaped’ relationship is postulated with a moderating role of ‘organizational learning’. A self-administered survey was employed to collect data from different SBUs of 550 firms operating in Thailand. Factor analyses were used to validate the scales while linear- and quadratic regressions, and analysis of covariance were used to analyze data and test hypotheses. This study suggests that organizational learning plays a crucial part in clarifying the association between marketing strategic change and performance. The results also imply that the relationship could be context-specific since some of the findings from Thailand—as an Asian emerging economy—are inconsistent with the theory. The study also reveals that the relationship is inverted U-shape among smaller and older firms whose learning is relatively weak while it is positive and linear among firms with stronger organizational learning. Hence, firm age and size provide an insightful explanation that extends the traditional research stream and mixed research findings in the past. This study extends international marketing strategy literature by empirically testing the hypotheses in an emerging Asian economy. Although some findings are counter-intuitive, they provide insights that further our theoretical understanding about marketing strategic change to both researchers and managers. The research also proposes a non-linear relationship between marketing strategic change and firm performance as well as introduces a moderating role of organizational
learning. The findings from this study reveal that the frequency of marketing strategic changes may not always have a positive impact on firm performance due to the level of organizational learning the firms established. Such level of organizational learning also varies based on firm age and size. Therefore, managers need to take into account these firm characteristics before implementing an appropriate number of marketing strategic changes in order to maximize the firm performance. Specifically, how often the firm should add/divest new products and/or new product lines, launch new products to new customers, extent current products to new customers, and add/remove services depends on the firm’s level of learning. When a firm is relatively smaller and older, very frequent and infrequent marketing strategic changes are harmful to firm performance because of its relatively weaker learning. Younger and newer firms normally establish higher learning level; therefore, frequent marketing strategic changes tend to improve performance.

**Keywords:** Organizational change, Organizational learning, Marketing strategic change, Firm performance, Emerging economies, Thailand