Available online at www.sciencedirect.com
SCIENCE DIRECT
Journal of Business Research 58 (2005) 854–862
ELSEVIER
JOURNAL OF BUSINESS RESEARCH

The relationship between market-oriented activities and market-oriented culture: implications for the development of market orientation in nonprofit service organizations

Brenda Gainer[a,*], Paulette Padanyi[b]

[a]Schulich School of Business, York University, 4700 Keele Street, Toronto, ONT, Canada M3J 1P3
[b]University of Guelph, Canada

Received 1 January 2003; received in revised form 1 September 2003; accepted 1 October 2003

Abstract

Market orientation is the means by which the theoretical marketing concept is implemented. As of yet, however, no agreement has been reached on the exact nature of market orientation. It is viewed as a cultural construct, a behavioral construct, or a hybrid incorporating both cultural and behavioral aspects or as separate behavioral and cultural constructs that are causally related. Our study is an investigation of alternative models that incorporate separate cultural and behavioral constructs and the relationship between them. In the nonprofit service organizations studied here, results show that a positive relationship between market-oriented behaviors and organizational performance is mediated by market-oriented culture. The study contributes to an understanding of the theoretical relationship between market-oriented culture and behaviors in nonprofit organizations, and also to the managerial processes involved in introducing market orientation into this sector.
© 2003 Elsevier Inc. All rights reserved.

Keywords: Market orientation; Nonprofit organizations; Marketing management

1. Introduction

The marketing concept states that organizational success depends upon satisfying customers' needs better than competitors (Kotler and Armstrong, 1994). Thus, it is widely believed that market orientation, the implementation of the marketing concept, leads to higher levels of organizational performance in business organizations. A comprehensive search of the empirical literature revealed that 13 of 19 studies found a significant positive relationship between market orientation and at least one performance variable, while only six did not. A search of five recent studies of nonprofit organizations also revealed that four of these studies found the same positive relationship between market orientation and organizational success. Given the evidence that market orientation can play an important role in management, this study was undertaken to investigate the process involved in its development in the nonprofit sector.

Early work on market orientation (Deshpande and Webster, 1989) led to two interpretations of market orientation: (1) values that are part of an organization's culture, and (2) activities that implement the marketing concept. Despite recognition that these different interpretations exist (e.g., Kumar and Subramanian, 2000; Moorman and Rust, 1999) and some attempts to blend them (e.g., Ruekert, 1992; Pelham and Wilson, 1996), no consensus on the nature of market orientation has emerged. Moreover, many researchers simply measure market orientation according to one interpretation and do not incorporate both a culture and an activities perspective into their research.

Hurley and Hult (1998) question the practice of treating market orientation as an aspect of culture or a set of behaviors that are substitute measures for the same construct and suggest that there may be a causal, ‘‘values-drive-behaviors’’ relationship between them. It may be possible that a reverse order is also worthy of consideration, given (a) concerns in the literature about the appropriateness of the ‘‘rational’’ model (e.g., Bowles, 1997; Slater and Narver, 1995) and (b) findings that subjective factors have a significant impact on market orientation (Harris, 1999).

* Corresponding author. Tel.: +1-416-736-2100/66416.
E-mail address: bgainer@schulich.yorku.ca (B. Gainer).

0148-2963/$ – see front matter © 2003 Elsevier Inc. All rights reserved.
doi:10.1016/j.jbusres.2003.10.005

An investigation of the relationship between these two different constructs of market orientation not only has theoretical implications but is also relevant to the process involved in introducing market orientation into organizations. A better understanding of the causal relationship between market-oriented values and behaviors will suggest where managers should focus their efforts when initiating a change in organizational culture. However, the process of introducing market orientation into organizations has received scant attention in the literature (Tadepalli and Avila, 1999). In this study, we build upon the above stream of literature that recognizes market-oriented values and behaviors as two separate constructs that are causally related and develop and test two empirical models of the relationship between organizational values and behaviors that are applicable to the process of introducing market orientation into nonprofit organizations.

1.1. Market orientation in the nonprofit sector

In the nonprofit sector, it is difficult to define the market towards which an organization might be oriented inasmuch as most nonprofit organizations engage in relationships with several markets at once. In a nonprofit marketing environment, there is a basic division between those who consume the services or the messages the organization produces and those who provide the resources that are used in that production (Lovelock and Weinberg, 1989). The implication of this notion for research on market orientation in the nonprofit sector is that studies must analyze data which do not conflate an organization's activities and values with respect to different constituencies. While market orientation in several of an organization's markets could be studied simultaneously, data must be collected using appropriate constructs and measures for each different constituency of interest (clients, donors, taxpayers, policy makers, etc.).

Understanding organizational success is equally problematic. In the nonprofit sector, success is likely to be measured using a variety of nonquantitative measures as opposed to profit sector measures like ROI (Herman, 1990; Kanter and Summers, 1987). While financial performance may be examined in the nonprofit sector, this variable is obviously only relevant when examining outcomes in the resource provision market. Other variables often provide more important information when studying the responses of other constituencies (such as "satisfaction" for client-serving organizations or "public opinion" for advocacy organizations).

In this paper, we explore an important question for nonprofit managers, namely, how to improve the ability of their organizations to respond to the needs of their constituents, by examining market orientation in one nonprofit constituency (that of the market for clients) in a subset of nonprofit organizations operating in the cultural, social service, and community sectors (those that are in the business of providing services and attracting users for those services). While these organizations and this market constitute an extremely important aspect of nonprofit marketing, however, it should be noted that this study is not representative of the whole set of nonprofit markets and organizations in which market orientation could be studied.

2. The nature of the market orientation construct

According to Deshpande and Webster (1989), organizational culture is a pattern of "shared values and beliefs that...provide (individuals) with norms for behavior in the organization." Narver and Slater (1990) characterize market orientation as the culture that produces behaviors that create superior value for customers. The practical implication of their work is that management must develop a high ongoing level of market orientation to maximize flexibility in dealing with conditions as they arise and create a sustainable competitive advantage (Slater and Narver, 1994). Their scale was developed to study empirically the effect of a market-oriented culture on business profitability (1990). A review of 25 market orientation–organizational performance studies published during 1990–2000 indicated that 10 used all or major portions of the Narver and Slater (1990) scale, of which 7 found that market-oriented culture directly affects organizational performance. Narver and Slater (1990) assume this relationship occurs because a market-oriented culture produces market-oriented behaviors which in turn lead to organizational performance. Therefore, although a behavior construct is not modeled or measured explicitly in this approach, behavior is recognized as having an impact on performance and therefore playing an implicit mediating role. The managerial implication of this work is that managers need to be aware of the benefits of developing a market-oriented culture in their organizations and take actions to initiate this.

Kohli and Jaworski (1990) placed more emphasis on measuring market-oriented behaviors directly. Deshpande and Webster (1989) had argued that culture could be viewed as a tool used by managers to implement strategy and to direct the course of their organizations more effectively, and building on this, Kohli and Jaworski (1990) defined market orientation as "specific activities that translate the (marketing concept) philosophy into practice". These activities are organization-wide generation of market intelligence pertaining to customer needs, dissemination of intelligence across departments, and organization-wide responsiveness to intelligence (Kohli et al., 1993). Kohli et al. (1993) developed the MARKOR scale to operationalize this behavior-based definition. The review of 25 studies uncovered 5 which used the MARKOR scale, all of which found that market-oriented activities contribute directly to organizational performance. This work rests on a belief that it is behaviors that produce performance and that these behaviors are elective, and managers can switch them on and off as

متن کامل مقاله ← دریافت فوری

ISIArticles
مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات