

# **Intra-Organisational Attitudes to Marketing and the Implementation of the Marketing Concept in Nonprofit Organisations**

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## **Abstract**

This paper explores the market orientation and marketing culture of all staff within a nonprofit organisation to ascertain the extent to which members of the organisation support or create barriers to the implementation of the marketing concept. Of particular interest in this research is the role of nonprofit organisations, which are often thought of as having a production, rather than marketing focus. Consequently, there may be cultural and behavioural conflicts between, for example, marketing personnel and production personnel. This paper provides a brief overview of the existing literature in the field of market orientation and marketing culture. After detailing the general research design, a summary of the results of 11 initial focus groups, consisting of all staff in one nonprofit organisation, is presented. The findings indicate that while all areas within this organisation are committed to marketing, there are various interpretations of marketing and how it should be implemented.

## **Marketing Culture and Market Orientation**

It is commonly accepted that the implementation of the marketing concept (Drucker, 1954; Kotler, 1977) is related to the market orientation and marketing culture of the organisation (Heiens, 2000). However, for traditionally production-focussed nonprofit service organisations, the investigation of these relationships has not been reported in the international literature in any expansive form to date. Furthermore, the concept of intra-organisational marketing culture has only recently been examined empirically in the international marketing literature (Kennedy, Lassk and Goolsby, 2002; Leisen, Lilly and Winsor, 2002), despite discussion about the desirability of such an approach by service researchers and practitioners over the past 20 years (Grönroos, 1983, 1990; Gummesson, 1991; Heskett, Sasser and Schlesinger, 1997; Heiens, 2000). Kennedy *et al.* (2002), for example, developed an instrument for measuring customer mindsets of employees, arguing that the most important element of market orientation is an internal and external focus on customers, while Leisen *et al.* (2002) investigated the role of marketing culture in business marketing alliances.

Market orientation research has focussed predominantly on work climate, which is “the manifest evidence (behaviours and activities) that arises from the culture” (Kennedy *et al.*, 2002, p. 161), through the observation and measurement of marketing and management operatives (Homburg and Pflesser, 2000; Kohli and Jaworski, 1990; Yagil and Gal, 2002). Marketing culture is considered a higher-level abstraction than market orientation. Deshpandé and Webster (1989, p. 4) defined organisational culture as “the pattern of shared values and beliefs that help individuals understand organisational functioning and thus provide them norms for behaviour in the organisation.” In other words, culture is not simply the overt behaviour of individuals within the organisation; rather, it is the underlying assumptions and attitudes that shape the behaviour of individuals within the organisation.

Market orientation is considered to be an integral influence in the success of small and medium enterprises (SMEs), such as nonprofit organisations (González, Vijande and

Casielles, 2002), and relates to gaining a sustainable competitive advantage by creating a consistently superior offering for customers. There is a general understanding that market orientation appears to be related positively to organisational performance, and therefore, would be beneficial to an organisation. There are, however, some market and industry circumstances that may not necessitate market orientation as a requirement for success, or where the cost of achieving an effective level of market orientation would be cost inhibitive (Matsuno and Mentzer, 2000; Pelham, 1997; Pelham, 2000; Slater and Narver, 1994). Market orientation has been found to have a positive relationship with a range of organisational performance measures, such as organisational viability and organisational responsiveness.

Previous research in the area of market orientation has focussed on the organisation as a unit, resulting in the use of senior management, or marketing departments, to provide the assessment of market orientation (Kohli and Jaworski, 1990; Narver and Slater, 1994). However, it is arguable that all people in the organisation have the ability to influence consumer evaluation, even those who are not in the marketing department or have any direct contact with consumers (Gummesson, 1991). Certainly, the marketing literature, particularly in the area of service marketing, has for some time argued that marketing is the domain of all within the organisation, and as such, all employees are responsible for developing long term relationships and delivering customer value (Christopher, Payne and Ballantyne, 1993). To date, there is limited empirical research that has included a sample of all staff within an organisation to determine market orientation, beliefs and attitudes. This paper examines the adoption of a marketing culture and market orientation by individual workers through an exploration of cognitive, affective and conative (behavioural) aspects of attitudes to marketing (Ajzen and Fishbein, 1980; Rosenberg and Hovland, 1960), and examines how these support or resist the adoption of the marketing concept.

### **Marketing Issues and Method**

One of the impediments in relation to the implementation of the marketing concept in nonprofit organisations has been the existence of an internal orientation toward the product or offer. In a large number of nonprofit organisations, there is a tendency to place emphasis on what the organisation has considered most appropriate for its “market”, rather than responding directly to expressed market needs and wants. For example, public libraries build a collection of books and other resources predominantly based on internal knowledge, and, similarly, use reactive marketing techniques such as advertising and “sales promotion” to encourage their customers to use the collection. In many cases, this approach is an important element, or even a reason for being, of the operations of nonprofit organisations (Garborino and Johnson, 1999).

Incorporating the previous review of the current literature in the area of marketing culture, market orientation and nonprofit organisations, the following propositions are considered.

For nonprofit organisations:

P<sub>1</sub> - The attitudes of individuals toward marketing are related to the organisation’s marketing culture;

P<sub>2</sub> - The attitudes of individuals toward marketing are related to the organisation’s market orientation;

where attitudes have several components, viz., cognitive, affective, and conative.

This paper extends recent research conducted by Kennedy *et al.* (2002) by studying how the marketing concept is operationalised in the nonprofit context through the recording of cognitive, affective and conative attitudes (Rosenberg and Hovland, 1960). Drawing upon qualitative techniques adopted by Gummesson (1991), Parasuraman, Zeithaml and Berry (1984, 1986) and Harris (1998), the research used focus groups of all personnel employed in a public library service as recommended by Gummesson (1991). Focus groups were considered most appropriate in that they allowed a free flowing discussion amongst a broad range of participants, and, in the context of resources, were the most efficient way to involve all staff in the research (Hussey and Hussey, 1997). In all, 11 focus groups were conducted over a period of nine weeks with a total of 165 people. A semi-structured approach focusing on key issues, such as the role of marketing, the different elements of the marketing mix, and the influence of marketing strategy, was taken. Each focus group lasted for more than three hours, which allowed participants to relax and provide more substantial and candid responses. Detailed notes were taken by the researcher during and after the focus groups, and were analysed in relation to the research design and propositions discussed previously.

### **Findings of the Exploratory Focus Groups - Antecedents of Marketing Culture and Market Orientation**

Narver and Slater (1990) developed a practical conceptualisation of market orientation through empirical research, and established that market oriented organisations presented three types of behaviours: customer orientation, competitor orientation, and interfunctional coordination. Kohli and Jaworski (1990) proposed that an organisation with a market orientation would utilise information collection, dissemination and responsiveness. Incorporating culture as attitudes and beliefs, and orientation as behaviours and activities, this research explores the adoption of the marketing concept through four essential antecedents, viz., gathering of market intelligence, customer orientation, competitor orientation, and interfunctional coordination. In terms of analysis, this paper utilises the three-component view of attitude, which assumes attitudes consist of affect, cognition and conation (behavioural intention or predisposition) (Rosenberg and Hovland, 1960).

In keeping with the focus on the examination of all staff and functions within the organisation (Harris, 1998), the discussion delineates perspectives from staff in four separate areas: (i) Management [including the Chief Financial Officer and other administrative staff located remotely from the branches]; (ii) Branch managers [a total of 15 staff members responsible for marketing their own branch library]; (iii) Professional / Customer Service [the majority of the customer service staff are trained in library or information management areas, and of these participants, more than 70 per cent had a formal library based degree or equivalent level of study]; and (iv) marketing staff [these personnel are located separately from branches, and in addition to marketing tasks such as advertising, strategy formulation, and sponsorship, are also responsible for community relationships, and staff training]. Unfortunately, the researcher was not able to conduct interviews with Board members. Ideally, this should occur, as boards of nonprofit organisations are often involved in micro, as well as macro-management, decisions (Kotler and Andreasen, 1996). In addition, the CEO did not participate in the focus groups, which allowed more frank discussion amongst all other participants. As it is the usual practice to only interview the CEO in market orientation research, this atypical approach was undertaken to provide a broader picture of the organisation. The key findings in relation to the antecedents of the implementation of the

marketing concept are outlined below. In many cases, as with all strategic approaches, many of these antecedents are interrelated. This is noted in the discussion.

### **Gathering of Market Intelligence**

Limited intelligence gathering processes appeared to be in place across all areas. Regular surveys were conducted, investigating user satisfaction and seeking suggestions for future acquisitions. Analysis of the survey data was limited to summaries of descriptive information such as mean ratings of satisfaction. Management and the Board monitored usage through rudimentary quantitative methods, such as the number of borrowings and traffic through each branch. However, very little market intelligence beyond these methods was being gathered. The branch staff were receptive to the development of innovative intelligence gathering mechanisms that would go some way towards accurately measuring the reach and impact of the services offered. They identified that the perceived community value of the organisation was not measured and that an analysis of usage patterns and behaviours in relation to population segments was required.

### **Customer Orientation**

All personnel were highly committed to customer service and to the importance of customers to the organisation. Both attitudes and illustrations of their behaviour, demonstrated a high commitment to achieving high levels of satisfaction and service quality. Most of the professional/customer staff were willing to go beyond their normal duties to assist customers. These staff were also committed to forming long-term relationships with their customers and saw that their role included making the customers feel comfortable and relaxed in the library environment. However, there was conflict between the perceptions of management and marketing staff, who believed that the customer service staff were not committed to providing high-quality service. For example, during one session, one of the marketing managers stated that there were some “hard-nosed” staff who did not believe that they had to provide service to customers and “would prefer to do things the way they always have.” Two staff members expressed frustration in trying to interpret what “head office” (management and marketing departments) wanted from them and stated that they would be happier if there were more standardisation in the customer service process. Others displayed antipathy toward their perception of customer orientation based behaviours. In particular, five members in different focus groups said, without prompting, “Would you like fries with that”, which can be interpreted as antipathy toward some elements of marketing.

### **Competitor Orientation**

The analysis of competitors’ long-term capabilities and strengths and weaknesses is a key factor in determining market orientation and marketing culture. Kennedy *et al.* (2002) found that an awareness of the marketplace by individuals within the organisation influenced marketing culture. When participants were asked to comment on competitors, their initial reaction was that they had no competitors. After probing, the majority of participants named bookshops as their main competitors. As one participant said, “the patrons want the latest bestseller, and if we don’t have it, then they just go across the street to the bookshop and buy it for \$15.00. It doesn’t make sense, but that’s what they do.” No participants initially considered other libraries, even within their network, as competitors. Overall, there was little awareness of how competitors influence their organisation, from upper management through to front-line service staff. However, one participant commented, “I guess you could even say

that the Internet is a competitor, as well”, after discussion about the information management role of libraries.

### **Interfunctional Coordination**

There was a wide acceptance of the need for interfunctional coordination, particularly by branch managers. However, there was a clear distinction between the attitudes and perceived outcomes in this context. Branch managers and production / customer service personnel believed that there was little practical interfunctional coordination beyond the branch level, i.e., interfunctional coordination was limited by geography. One example provided was the charging of patrons to have a book brought from one branch to another: “this is supposed to be a library network, yet we charge our patrons to have a book brought across from another branch in our network. They don’t even do that in book and clothing shops,” was the statement from a number of branch managers and production / customer service personnel. Personnel at the branch level felt that they were “left out of the loop” when management were determining marketing strategy, offering that if there were more marketing and management time spent at the branches, they would understand why there should be different marketing approaches depending on the location and users of the service. Branch staff at all levels believed that this was exacerbated by the fact that library management head office was remote from branches, residing in the city council chambers. However, a marketing staff member disputed this, saying that branch staff were represented at the marketing strategy level by their branch manager’s involvement in the marketing committee.

### **Discussion**

The marketing literature clearly indicates that the implementation of the marketing concept can have an influence on the organisation’s performance. Overall, it has been found that, in the case of this nonprofit organisation, cognitive, affective and conative attitudes of individuals have influenced both the marketing culture and the market orientation of the organisation. Examples have been provided to illustrate this finding. Factors such as staff training, geographical and psychological distance, and communication issues, have influenced these attitudes. An integrated multi-level approach may be required that will ensure management, marketing and branch staff share the market. The approach in this paper is conceptual and integrative. Its purpose is to contribute to theory and instrument generation grounded on qualitative, empirical data rather than quantitative theory testing. As such, the findings provide insight into one particular nonprofit organisation, rather than generalisable conclusions. Research currently underway will investigate a range of nonprofit organisations and determine the generalisability of these results. In addition, future research will utilise the insights from these focus groups and the literature to develop an instrument to measure the adoption of the marketing concept, and the relationship between marketing culture and market orientation, and consumer evaluation and other elements of organisational performance. Of particular interest, is the relationship between functional or divisional areas of the nonprofit organisation, such as production departments, and the evaluation of the offering by their varied customers and publics, as well as the role of geographical and psychological distance between these areas. The distinction between the cognitive, affective, and conative components facilitates the understanding of the relevant attitudes, and hence the scope for targeted intervention, as appropriate.

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